

Länsförsäkringar AB

Interim Report January-June 2014

JANUARY-JUNE 2014 COMPARED WITH JANUARY-JUNE 2013

- The Group's operating profit amounted to SEK 714 M (326). The Group's operating income amounted to SEK 11,934 M (7,751). The return on equity amounted to 7% (4).
- Operating profit in the non-life insurance operations amounted to SEK 308 M (128). Premiums earned after ceded reinsurance amounted to SEK 2,267 M (2,073).
- Operating profit for the Bank Group totalled SEK 428 M (297). Net interest income strengthened to SEK 1,208 M (1,095).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 171 M (103). Premium income amounted to SEK 4,585 (5,166). Commission income amounted to SEK 570 M (472).
- Net sales for the Parent Company amounted to SEK 1,197 M (1,213).

SECOND QUARTER OF 2014 COMPARED WITH FIRST QUARTER OF 2014

- The Group's operating profit amounted to SEK 421 M (293). The Group's operating income amounted to SEK 7,329 M (4,606). The return on equity amounted to 8% (6).
- The Group's equity rose SEK 875 M to SEK 16,267 M (15,392).
- Operating profit in the non-life insurance operations amounted to SEK 219 M (89). Premiums earned after ceded reinsurance amounted to SEK 1,087 M (1,180).
- Operating profit for the Bank Group totalled SEK 231 M (197). Net interest income amounted to SEK 624 M (584). Business volumes rose SEK 13 billion during the quarter to SEK 334 billion.
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 94 M (77). Premium income amounted to SEK 2,257 (2,328). Commission income amounted to SEK 292 M (278).
- Net sales for the Parent Company amounted to SEK 631 M (566).

STEN DUNÉR, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB:

” The economic recovery in Sweden continued. Consumption and investments performed at a healthy pace and employment continued to grow. However, low inflation and the low interest-rate scenario are giving cause for concern. A clear message was sent from the Governor of the Riksbank following the latest repo-rate cut that further political measures would be needed to reduce the risks associated with household leverage.

Earnings for the Länsförsäkringar AB Group continued to perform well. A favourable volume trend and cost control strengthened earnings in all business units. The combined ratio for the non-life insurance strengthened primarily on the basis of more robust earnings in Agria, and amounted 92%. The bank is affected by lower market interest rates but the earnings trend

improved and the return on equity amounted to 8%. The bank continues to have healthy funding opportunities and financing takes place at the current low interest rates on favourable terms.

Changed banking and insurance regulation impose new demands on the solvency and capitalisation of the Group. To further strengthen the Group's capital base, a new share issue of SEK 500 M was carried by the regional and local insurance companies at the end of June. Strong banks and insurance companies are a prerequisite for a healthy finance sector and, over time will provide value to customers and society. The regulations must be clear, harmonised and predicated on a long-term view so that we as a company get a clear understanding of the regulatory framework and can act long-term.

Market commentary

Economic statistics in the US improved significantly during the second quarter and the Federal Reserve continuing to reduce its bond buying programme. Despite the strengthening of the US economy in the second quarter, long-term interest rates remained low. General security concerns in Ukraine, speculation on the heightened interest-rate sensitivity of the economy and a generally pressurised interest-rate environment due to increased expectations of further measures from the ECB put downward pressure on interest rates.

Continued weak inflation in Europe led to the ECB reducing its key interest rate to 0.15% and deposit rate to -0.1% in June. Meanwhile, extraordinary measures were announced to address the strong euro and to stimulate inflation. As a result, interest rates in the eurozone continued to fall. In Sweden, economic recovery continued; domestic demand in the form of consumption and investments performed at a healthy pace and employment continued to grow. However, inflation remained low, which led to interest rates falling based on high expectations of further cuts from the Riksbank.

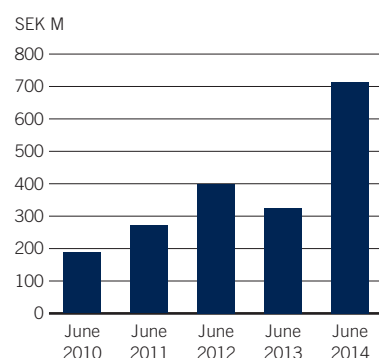
There was a mixed performance in global stock markets during the second quarter, with the US and Swedish stock markets strengthening slightly, while the European stock market weakened marginally. The stock market in Japan reported the strongest trend with the country's economy appearing to have managed the VAT increase in April better than expected. In the credit market, spreads continued to narrow. The effect could also be seen in the interest-rate margins between Swedish mortgage bonds and the government bond curve, which continued to shrink during the period, primarily for longer maturities.

JANUARY-JUNE 2014 COMPARED WITH JANUARY-JUNE 2013

This report provides comments on the performance in the first six months of 2014 compared with first six months of 2013, unless otherwise stated.

Group earnings

GROUP OPERATING PROFIT



The Group's operating profit strengthened on the basis of volume increases and cost controls, and amounted to SEK 714 M (326). The return on equity improved to 7% (4). The earnings trend was positive in all business units and the non-life insurance operations accounted for the largest increases with operating profit rising to SEK 308 M (128). The increase was primarily due to very high earnings in Agria and also stronger investment income. The bank's operating profit strengthened to SEK 428 M (297) primarily attributable to improved net interest income. The managed assets of unit-linked insurance operations increased 24% to SEK 86 billion (69), which contributed to operating profit-strengthened to SEK 171 M (103).

Group equity

Strong second-quarter earnings, combined with a new share issue of SEK 500 M from the owners the regional and local insurance companies, contributed to the Group's equity increasing by SEK 875 M to SEK 16,267 M. The share issue was undertaken due to new legislation requiring that the parent company is included in the consolidated position both for the banking group and the insurance group. For further information, refer to the Bank section.

The Länsförsäkringar AB Group is a financial conglomerate and subject to a special solvency test. The surplus from

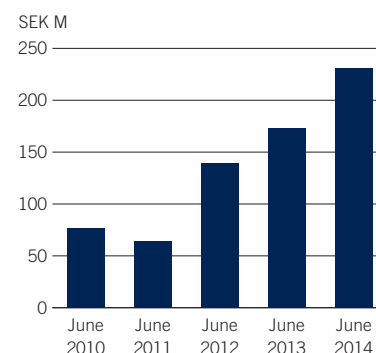
this solvency test increased SEK 238 M to SEK 3,856. The new share issue combined with the earning for the first six months of the year outweighed the effects of higher capital requirement attributable to growing business volumes.

Non-life insurance

Operating profit amounted to SEK 308 M (128). The improvement was due to a stronger technical result and higher investment income.

The technical result for insurance operations reported a profit of SEK 231 M (173). The improvement was mainly attributable to the stronger earnings for Agria's pet insurance and positive earnings in Agria's international business after previous losses. Lower expenses for depreciation and lower expenses for Solvency II adjustments also contributed to the earnings improvement.

TECHNICAL RESULT



Premiums earned after ceded reinsurance increased 9.4% to SEK 2,267 (2,073). Portfolio growth and premium increases in Agria's pet-insurance and health-care business were the main drivers of the favourable increase in volumes.

Claims payments after ceded reinsurance rose year-on-year due to portfolio growth and also because of higher claims costs in Agria's pet-insurance and health-care business. The claims ratio remained unchanged at 72% since premiums earned also increased. The expense ratio declined year-on-year to 20% (23). The combined ratio improved to 92% (95).

Most of the investment assets in the company are interest-bearing assets and properties. Excluding returns from nominal and real return bonds held for the purpose of managing interest-rate risk and

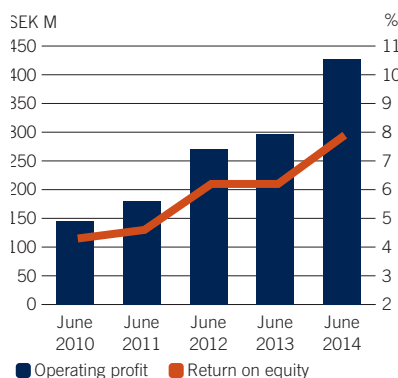
hedging the discounted annuity reserve, the total return amounted to 1.9% (1.3). Properties generated a higher return than in the preceding year and accounted for most of the improved return. Loans in the fixed-income portfolio also posted a stronger trend year-on-year.

The liability hedge at the end of the period amounted to approximately 34% of the investment assets and increased in value due to the falling interest-rate level. The total return including the liability hedge amounted to 3.4% (neg: 1.3). However, the positive result from the liability hedge was offset by a negative change in the value of the annuity reserve.

Banking

Operating profit rose 44% to SEK 428 M (297), due to higher net interest income, lower loan losses, improved net gains from financial items and increased commission income. The return on equity strengthened to 8.0% (6.3). Net interest income strengthened 10% to SEK 1,208 M (1,095), primarily attributable to higher volumes. Net gains from financial items improved to SEK 42 M (-43), primarily as a result of negative effects of changes in fair value being reported for the preceding year and the repurchase of own debt. Net commission amounted to an expense of SEK 186 M (140), attributable to increased volumes and consequently higher remuneration to the regional insurance companies. Operating expenses rose 5% to SEK 690 M (655).

OPERATING PROFIT AND RETURN ON EQUITY



From January 1, 2014, a new method is applied regarding the commitment that the regional insurance companies have regarding loan losses related to business they

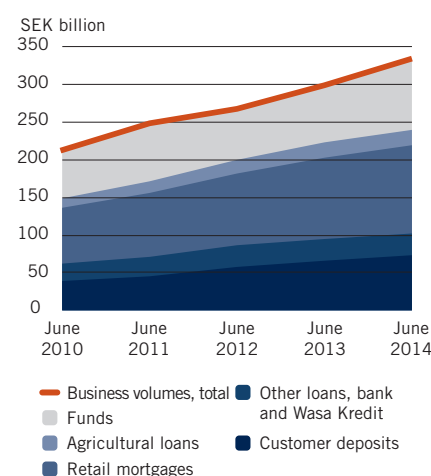
have originated in the Bank Group. The new model entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. The transition to the new model means that the provision requirement will be gradually reduced by SEK 158 M over two years and SEK 50 M was reversed during the period.

Loan losses amounted to SEK -23 M (63), net, corresponding to loan losses of -0.03% (0.07). Reserves totalled SEK 377 M (392), corresponding to a reserve ratio in relation to loans of 0.21% (0.23). The cost/income ratio before loan losses amounted to 0.65 (0.64) and the cost/income ratio after loan losses strengthened to 0.63 (0.71).

Business volumes increased SEK 20 billion to SEK 334 billion during the first six months of the year. Deposits from the public increased 11% to SEK 73 billion (66) and the market share strengthened to 4.6% (4.4) on May 31, 2014.

Fund volumes increased 25% to SEK 94 billion (76). Monthly savings in funds performed well, as did fund transfers, Individual Pension Savings (IPS) and the number of securities depositories. Lending increased 7% to SEK 167 billion (157). Retail mortgages in Länsförsäkringar Hypotek increased 9% to SEK 117 billion (108) and the market share of household lending remained unchanged at 5.0% on May 31, 2014.

BUSINESS VOLUMES



Funding and liquidity

The Bank Group has a low refinancing risk and the maturity structure is highly diversified. Debt securities in issue fell to

SEK 120 billion (124), of which senior funding accounted for SEK 22 billion (25) and covered bonds for SEK 93 billion (95). During the second quarter, Länsförsäkringar Hypotek 506 and a EUR 1 billion three-year Euro benchmark covered bond matured. After handling this maturity concentration, the maturity structure of the Group's capital market funding improved. The average remaining term was 3.0 years (2.2) on June 30, 2014. Covered bonds were issued at a volume corresponding to a nominal SEK 13.5 billion (7.1), with repurchased covered bonds amounting to a nominal SEK 4.6 billion (4.5) and matured covered bonds to a nominal SEK 15.3 billion (3.2) for the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 10.9 billion (9.3) during the second quarter.

The liquidity reserve amounted to SEK 40.7 billion (46.6) and is invested in securities with very high credit quality that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings for almost two years can be met without needing to secure new funding in the capital market.

The Liquidity Coverage Ratio (LCR) amounted to 187% (246) and was an average of 306% (229) during the second quarter of 2014. The LCR in EUR amounted to 154% (182).

Capital adequacy

The Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposure and to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The foundation IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M, and the Standardised Approach for other exposures.

The Risk Exposure Amount (REA) in the Bank Group on June 30, 2014 amounted to SEK 51,336 M (51,405). The REA declined SEK 70 M due to lower exposure to institutions and improved credit quality in the private segment.

Furthermore, during the period, the bank received permission to apply netting agreements to financial counterparties,

which affected REA for counterparty risk and CVA (credit value adjustment).

With CRR (capital requirement regulation) (575/2013) coming into force, Länsförsäkringar Bank will be subject to a change of rules regarding the reporting of capital adequacy concerning the consolidation level. Under CRR, the consolidated situation is to also include the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group.

To better reflect the actual risk and capital situation of the Bank Group, Länsförsäkringar Bank and Länsförsäkringar AB applied, as permitted under the rules, for an exemption to being encompassed by such double supervision of financial groups, as entailed by the rules. The Swedish Financial Supervisory Authority announced in its decision of June 30 that the exemption had not been granted. One of the reasons given was that the EU capital requirements directive CRD IV would not be incorporated into Swedish law until August 2, 2014. The bank is likely to submit a new application after August 2, 2014. Since the bank maintains the opinion that the actual risk and capital situation is best seen in the Bank Group's capital ratios, if the exemption is granted by the Financial Supervisory Authority, the actual risk and capital situation will, until further notice, be published in parallel with the capital ratios according to the new consolidated situation.

Measures were taken prior to the end of the half-year in the event that the exemption described above was not granted. Beyond the contribution of SEK 500 M from the regional and local insurance companies, an extra dividend was made from Länsförsäkringar Sak to Länsförsäkringar AB in the amount of SEK 500 M. These measures strengthen Länsförsäkringar Bank's capital ratios according to the new consolidated situation. Länsförsäkringar AB also paid a conditional shareholders' contribution of SEK 550 M to Länsförsäkringar Bank on June 27, 2014. The Bank Group's Core Tier 1 ratio, if the exemption is granted by the Financial Supervisory Authority described above, amounted to 16.0% and the capital adequacy ratio to 20.5%. According to the

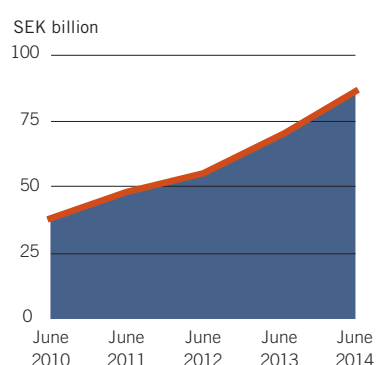
new consolidation situation, the Core Tier 1 ratio amounted to 13.5% and the capital adequacy ratio to 17.3%.

Unit-linked insurance

Profit for the unit-linked life assurance company increased 66% to SEK 171 M (103). Income from customer fees for unit-linked insurance contracts rose 19% to SEK 282 M. Management remuneration amounted to SEK 284 M, up 21%. Operating expenses totalled SEK 431 M, an increase of SEK 41 M year-on-year. The increase in operating expenses was primarily explained by changes in organization which makes this year's costs not comparable with previous years.

Managed assets for life-assurance and pension-insurance customers increased 11% to SEK 86.2 billion, which was due to strong returns on funds and a positive net inflow during the quarter.

MANAGED ASSETS



Premium income amounted to SEK 4,585 (5,166). The reason for the decline was lower capital transferred, which amounted to SEK 1,018 M (1,548). Most of the premium flows are recognised in the balance sheet. Premium income in the income statement amounted to SEK 53 M (24) and pertains to the portion of premiums containing insurance risk.

More than 90% of the offering performed positively during the first six months. 25 funds increased more than 10%. The India fund Fidelity India Focus, Länsförsäkringar Fastighetsfond and DNB Renewable Energy performed the best. The best funds also included those investing in Swedish shares, including small companies. Funds oriented to Russia and Eastern Europe experienced a difficult start with

sharp downturns at the start of 2014. They recovered a large portion of their declines, yet remained at a minus at the end of the half-year.

The offering was supplemented with Länsförsäkringar Tillväxtmarknad Index and Macquarie Asia New Stars during the second quarter. Länsförsäkringar Teknologi was merged with Länsförsäkringar USA Aktiv and DNB Asian Small Cap was removed from the offering.

Rating

Länsförsäkringar AB's credit rating is A3/Stable from Moody's. Länsförsäkringar Bank's credit rating is A3/Stable from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest credit rating of Aaa from Moody's and AAA/stable from Standard & Poor's. Länsförsäkringar Sak's rating from Moody's is A2/stable.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A3/Stable	P-2
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/Stable	
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	
Agria Djurförsäkring	Standard & Poor's	A-/pi ²⁾	

¹⁾ Pertains to the company's covered bonds

²⁾ Pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

Significant events after the end of the interim period

No significant events took place after the end of the interim period.

Risks and uncertainty factors of the operations

The Group's banking and insurance operations give rise to various types of risks, with credit risk in the Bank Group and market risks and insurance risks attributable to the Group's non-life insurance and unit-linked life assurance companies comprising most of the risks.

Credit risk in the bank is affected by the macroeconomic situation in Sweden since all loans are granted in Sweden. Loan losses remained very low.

Market risks primary arise in Fondliv

on the basis of indirect exposure to market risk since income in the unit-linked insurance operations is dependent on the trends in the financial market. The non-life insurance company's market risk occurs on the basis of investment decisions concerning the management of investment assets and is less extensive than the unit-linked life assurance company's market risk.

Life-assurance risks are primarily attributable to cancellation risk in the unit-linked life assurance company, meaning the risk of external transfers out of the company. Market and insurance risks in non-life insurance and the unit-linked insurance operations are maintained at a stable and controlled level.

The risks that arise directly in the Parent Company are primarily attributable to the company's financing, investments in liquidity and the business-support operations conducted on behalf of the subsidiaries and the regional insurance companies.

A more detailed description of the risks to which the Group and Parent Company are exposed and how these risks are managed is presented in the 2013 Annual Report. No significant changes in the risk profile for the Group or the Parent Company took place during the quarter or compared with the description provided in the 2013 Annual Report.

Solvency II preparations

Adjustments in the Group's insurance companies to the Solvency II regulations, which will come into effect on January 1, 2016, continued to be made. The companies have applied for a preparatory review regarding the use of a partial internal model to calculate their capital requirements under Solvency II. On May 23, the Financial Supervisory Authority announced a decision regarding reliability in this matter. The decision stated that the Authority believes that the model is reliable subject to a number of conditions being fulfilled before a final application is made. The Financial Supervisory Authority's decision

is an important milestone in the Solvency II preparations, although it does not give final approval to the partial internal model.

Related-party transactions

In 2014, the Länsförsäkringar AB Group has had the same type of agreements as those described in the notes to the 2013 Annual Report. The most important related-party transactions during the interim period are reported in note 3 for the Group and note 2 for the Parent Company.

SECOND QUARTER OF 2014 COMPARED WITH FIRST QUARTER OF 2014

The Group's operating profit amounted to SEK 421 M (293).

The Non-life Group operating profit amounted to SEK 219 M (89). The improved second-quarter profit was due to strong earnings in Agria's pet-insurance business, a positive effect of the final settlement from Swedish Motor Insurers in 2013 and strong investment income. Premiums earned after ceded reinsurance amounted to SEK 1,087 M (1,180).

The Bank Group's operating profit increased to SEK 231 M (197) due to higher net interest income, lower loan losses, improved net gains from financial items and increased commission income. The return on equity strengthened to 8.5% (7.5).

Second-quarter operating profit for Fondliv amounted to SEK 94 M (77). Fees in the second quarter amounted to SEK 142 M, which was a slight improvement. Management remuneration reported a large improvement and amounted to SEK 149 M (135). The main reason for the higher fees and improved management remuneration is the increase in managed assets. Operating expenses totalled SEK 203 M (228).

PARENT COMPANY EARNINGS, JANUARY-JUNE 2014 COMPARED WITH JANUARY-JUNE 2013

Profit after financial items for the Parent Company amounted to SEK 946 M (250). The improved earnings were due to dividends from subsidiaries SEK 1,066 M (392). An extra dividend was made in the second quarter from Länsförsäkringar Sak to Länsförsäkringar AB in the amount of SEK 500 M. Income declined to SEK 1,197 M (1,213).

The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at June 30, 2014 are shown in the following financial statements with accompanying notes for the Group and Parent Company.

KEY FIGURES

Länsförsäkringar AB Group	Q 2 2014	Q 1 2014	Q 2 2013	Jan-jun 2014	Jan-jun 2013	Full-year 2013
SEK M						
Group						
Operating profit	421	293	140	714	326	923
Net profit for the period	342	241	108	583	259	682
Return on equity, % ¹⁾	8	6	3	7	4	5
Total assets, SEK billion	339	339	316	339	316	323
Equity per share, SEK	1,616	1,579	1,508	1,616	1,508	1,557
Solvency capital ²⁾	19,087	18,229	17,427	19,086	17,427	18,031
Solvency margin, % ³⁾	415	415	422	415	422	420
Capital base for the financial conglomerate ⁴⁾	17,823	16,729	16,130	17,823	16,130	16,391
Necessary capital requirement for the financial conglomerate	13,967	13,243	12,611	13,967	12,611	12,773
Insurance operations ⁵⁾						
<i>Non-life insurance operations</i>						
Premiums earned (after ceded reinsurance)	1,059	1,033	960	2,092	1,898	3,905
Investment income transferred from financial operations	31	29	38	61	73	152
Claims payments (after ceded reinsurance) ⁶⁾	-750	-769	-615	-1,520	-1,262	-2,613
Technical result, non-life operations	135	89	131	224	192	351
<i>Premium income, non-life insurance</i>						
Premium income before ceded reinsurance	1,176	2,729	950	3,905	3,663	5,949
Premium income after ceded reinsurance	1,134	1,550	923	2,684	2,378	4,009
<i>Life-assurance operations</i>						
Premium income after ceded reinsurance	55	169	44	224	198	279
Fees pertaining to financial agreements	142	140	118	282	237	501
Investment income, net	40	12	8	52	19	62
Claims payments (after ceded reinsurance)	-46	-55	-34	-102	-67	-91
Technical result, life-assurance operations	102	321	25	423	238	484
Operating profit for insurance operations ⁷⁾	313	166	116	479	232	675
<i>Key figures</i>						
Cost ratio ⁸⁾	26	25	30	26	29	28
Expense ratio ⁹⁾	19	20	23	20	23	21
Claims ratio ¹⁰⁾	71	74	71	73	73	73
Combined ratio	90	94	94	92	96	95
Management cost ratio, life-assurance operations ¹¹⁾	1	1	1	1	1	1
Direct yield, % ¹²⁾	0.6	0.0	0.3	0.6	0.4	0.8
Total return, % ¹³⁾	2.0	1.2	-1.0	3.2	-1.1	-0.6
Total return, % ¹⁴⁾	1.2	0.7	0.7	1.9	1.4	3.1
<i>Financial position</i>						
Investment assets, SEK billion ¹⁵⁾	17	17	16	17	16	17
Unit-linked insurance assets – policyholder bears the risk, SEK billion	84	79	68	84	68	78
Technical reserves (after ceded reinsurance), SEK billion	15	14	14	15	14	14

Continued on next page

KEY FIGURES, CONT.

Länsförsäkringar AB Group	Q 2 2014	Q 1 2014	Q 2 2013	Jan-Jun 2014	Jan-Jun 2013	Full-year 2013
Banking operation						
Net interest income	624	584	551	1,208	1,095	2,230
Operating profit	231	197	161	428	297	647
Net profit for the period	180	153	126	334	232	479
Return on equity, % ¹⁶⁾	8	7	7	8	6	7
Total assets, SEK billion	220	224	214	220	214	213
Equity	9,162	8,407	7,716	9,162	7,716	8,288
Cost/income ratio before loan losses ¹⁷⁾	0.69	0.62	0.64	0.65	0.64	0.63
Investment margin, % ¹⁸⁾	1.10	1.07	1.04	1.09	1.06	1.06
Tier 1 ratio according to Basel III, % ¹⁹⁾	16.0	14.1	–	16.0	–	14.4
Capital adequacy ratio according to Basel III, % ²⁰⁾	20.5	18.6	–	20.5	–	19.1
Tier 1 ratio according to Basel III consolidated situation, % ¹⁹⁾	13.5	11.3	–	13.5	–	–
Capital adequacy ratio according to Basel III consolidated situation, % ²⁰⁾	17.3	15.0	–	17.3	–	–
Loan losses in relation to loans, % ²¹⁾	–0.09	0.04	0.07	–0.03	0.07	0.08

- 1) Operating profit plus change in value of owner-occupied property less standard tax at 22.0% in relation to average equity adjusted for share issue and dividends.
- 2) Total of shareholders' equity, subordinated loan and deferred taxes.
- 3) Solvency capital as a percentage of full-year premium income after ceded reinsurance.
- 4) The financial conglomerate comprises the Parent Company Länsförsäkringar AB, all insurance companies in the Group, Länsförsäkringar Bank AB, Wasa Kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. The financial conglomerate also includes Länsförsäkringar Liv Försäkrings AB, despite the Länsförsäkringar Liv Group is not consolidated in the Länsförsäkringar AB Group. The capital base is calculated in accordance with the aggregation method. In accordance with the Swedish Special Supervision of Financial Conglomerates Act (2006:531).
- 5) The earnings, key figures and financial position of the insurance operations are presented in accordance with the Swedish Annual Accounts Act for Insurance Companies and Swedish Financial Supervisory Authority's directives and general guidelines FFFS 2008:26.
- 6) Excluding claims adjustment costs.
- 7) The operating profit of the insurance operations includes the Länsförsäkringar Sak Group's and Länsförsäkringar Fondliv's investment income and other non-technical income and expenses.
- 8) Operating expenses and claims adjustment costs as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance.
- 9) Operating expenses as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance. Excluding claims adjustment costs in accordance with the regulation of the Swedish Financial Supervisory Authority.
- 10) Claims payments as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance. Includes claims adjustment costs in accordance with the regulation of the Swedish Financial Supervisory Authority.
- 11) Operating expenses and claims adjustment costs in relation to the average value of investment assets, investment assets for which the policyholder bears the investment risk and cash and cash equivalents.
- 12) Direct yield refers to the total of rental income from properties, interest income, interest expense, dividends on shares and participations, administrative expenses of asset management and operating expenses for properties in relation to the average value of the investment assets during the period. Pertains to non-life insurance and life-assurance.
- 13) Total return is calculated as the sum of direct yields and changes in the value of the investment portfolio in relation to the average value of the investment assets during the period. Pertains to non-life insurance and life-assurance.
- 14) Total return is calculated as the sum of direct yields and changes in the value of the investment portfolio, excluding returns from nominal and real return bonds held for the purpose of hedging the discounted claims annuities reserve, in relation to the average value of the investment assets during the period. Pertains to non-life insurance and life-assurance.
- 15) Investment assets comprise owner-occupied property, shares and participations in associated companies, investment property, loans to Group companies, shares and participations, bonds and other interest-bearing securities, derivatives (assets and liabilities), cash and cash equivalents, and interest-bearing liabilities.
- 16) Operating profit plus less standard tax at 22.0% in relation to average equity adjusted for changes in value of financial assets recognised in equity.
- 17) Total expenses before loan losses in relation to total income.
- 18) Net interest in relation to average total assets.
- 19) Tier 1 capital base in relation to the closing risk-weighted amount.
- 20) Closing capital base in relation to the closing risk-weighted amount.
- 21) Net loan losses in relation to the carrying amount of loans to the public and to credit institutions.

FINANCIAL STATEMENTS – GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Q 2 2014	Q 1 2014	Q 2 2013	Jan-Jun 2014	Jan-Jun 2013	Full-year 2013
Premiums earned before ceded reinsurance	1,414	1,542	1,330	2,956	2,824	6,105
Reinsurers' portion of premiums earned	-314	-346	-328	-660	-728	-1,949
Premiums earned after ceded reinsurance	1,100	1,196	1,002	2,296	2,096	4,156
Interest income	2,151	2,303	2,305	4,454	4,691	9,488
Interest expense	-1,522	-1,705	-1,739	-3,227	-3,561	-7,187
Net interest income	629	598	566	1,227	1,130	2,301
Change in unit-linked insurance assets – policyholder bears the risk	4,412	1,814	122	6,226	2,757	8,251
Dividends in unit-linked insurance assets – policyholder bears the risk	–	–	–	–	–	4
Investment income, net	135	-19	-51	116	-138	-203
Commission income	547	525	468	1,072	929	2,014
Other operating income	505	491	519	997	976	2,036
Total operating income	7,329	4,606	2,626	11,934	7,751	18,558
Claims payments before ceded reinsurance	-901	-936	-770	-1,836	-1,725	-4,084
Reinsurers' portion of claims payments	183	175	121	358	397	1,381
Claims payments after ceded reinsurance	-718	-761	-649	-1,479	-1,328	-2,704
Change in life-assurance reserve	27	-91	26	-64	-64	-1
Change in unit-linked insurance liabilities – policyholder bears the risk	-4,447	-1,825	-122	-6,272	-2,757	-8,308
Commission expense	-590	-550	-514	-1,139	-1,019	-2,074
Staff costs	-476	-444	-432	-920	-855	-1,657
Other administration expenses	-744	-626	-767	-1,370	-1,339	-2,765
Loan losses	39	-16	-30	23	-63	-126
Total expenses	-6,908	-4,312	-2,486	-11,220	-7,425	-17,635
Operating profit	421	293	140	714	326	923
Tax	-79	-52	-32	-131	-67	-242
NET PROFIT FOR THE PERIOD	342	241	108	583	259	682
Earnings per share before and after dilution, SEK	36	26	11	62	27	70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 2 2014	Q 1 2014	Q 2 2013	Jan-Jun 2014	Jan-Jun 2013	Full-year 2013
Net profit for the period	342	241	108	583	259	682
Other comprehensive income						
Items that have been transferred or can be transferred to profit for the period						
Translation differences attributable to foreign operations	14	4	9	19	-10	-0
Cash-flow hedges	1	-53	16	-53	30	15
Change in fair value of available-for-sale financial assets	11	-7	-54	4	-28	16
Tax attributable to items that have been transferred or can be transferred to profit for the period	-3	13	8	11	-1	-7
Total	24	-43	-21	-19	-8	24
Items that cannot be transferred to profit for the period						
Revaluation of owner-occupied property	13	13	26	26	26	53
Revaluation of defined-benefit pension plans	–	–	–	–	–	7
Tax attributable to items that cannot be reversed to profit for the period	-3	-3	-6	-6	9	2
Total	10	10	21	21	36	62
Total other comprehensive income for the period, net after tax	34	-32	0	1	28	87
Comprehensive income for the period	375	209	108	584	287	768

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	Jun 30, 2014	Dec 31, 2013
ASSETS		
Goodwill	723	711
Other intangible assets	3,710	3,804
Deferred tax assets	43	13
Property and equipment	53	58
Owner-occupied property	2,410	2,423
Shares in Länsförsäkringar Liv Försäkrings AB	183	208
Shares and participations in associated companies	57	31
Reinsurers' portion of technical reserves	7,754	7,208
Loans to the public	167,241	162,003
Unit-linked insurance assets – policyholder bears the risk	84,463	76,207
Shares and participations	1,175	1,148
Bonds and other interest-bearing securities	41,710	47,979
Treasury bills and other eligible bills	6,038	4,881
Derivatives	3,204	1,101
Change in value of hedge portfolios	914	551
Other receivables	11,897	8,146
Prepaid expenses and accrued income	2,944	3,933
Cash and cash equivalents	4,782	2,145
TOTAL ASSETS	339,302	322,550

SEK M	Jun 30, 2014	Dec 31, 2013
EQUITY AND LIABILITIES		
Share capital		
Other capital contributed	1,007	975
Reserves	9,708	9,240
Retained earnings including profit for the period	498	496
	5,055	4,472
Total equity	16,267	15,183
Subordinated liabilities	2,000	2,000
Technical reserves	22,431	20,753
Provisions for life assurance – policyholder bears the risk	85,097	76,712
Deferred tax liabilities	862	861
Other provisions	133	132
Debt securities in issue	121,680	124,866
Deposits from the public	71,372	68,752
Due to credit institutions	7,350	1,600
Derivatives	2,429	2,801
Change in value of hedge portfolios	2,537	646
Other liabilities	3,209	3,284
Accrued expenses and deferred income	3,935	4,961
TOTAL EQUITY AND LIABILITIES	339,302	322,550

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings including net profit for the period	Total
Opening equity, January 1, 2013	941	8,774	410	3,790	13,915
Comprehensive income for the period			28	259	287
Shareholders' contribution					
New share issue	34	466			500
Closing equity, June 30, 2013	975	9,240	438	4,049	14,701
Opening equity, July 1, 2013	975	9,240	438	4,049	14,701
Comprehensive income for the period			59	423	482
Closing equity, December 31, 2013	975	9,240	496	4,472	15,183
Opening equity, January 1, 2014	975	9,240	496	4,472	15,183
Comprehensive income for the period			1	583	584
Shareholders' contribution					
New share issue	32	468			500
Closing equity, June 30, 2014	1,007	9,708	498	5,055	16,267

The number of shares amounted to 10,066,372 (9,749,715). Of total equity, SEK 5,802 M (5,770) is restricted equity.

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	Jan 1 2014 –Jun 30, 2014	Jan 1 2013 –Jun 30, 2013
Cash flow from operating activities before changes in working capital	3,962	4,326
Cash flow from changes in working capital	1,535	–13,081
Cash flow from operating activities	5,497	–8,755
Cash flow from investing activities	–179	–120
Cash flow from financing activities	–2,685	10,749
Net cash flow for the period	2,633	1,875
Cash and cash equivalents, January 1	2,145	2,680
Net cash flow for the period	2,633	1,875
Exchange-rate differences in cash and cash equivalents	5	0
Cash and cash equivalents at end of period	4,782	4,554

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and the regulation FFFS 2008:26 of the Swedish Financial Supervisory Authority were applied. The Group also complies with recommendation RFR 1 Supplementary Accounting Rules for Groups and statements issued by the Swedish Financial Reporting Board. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

Changed estimates and judgements

In 2014, new estimates have been applied to the credit reserve model to better reflect the Bank Group's contractual terms and conditions pertaining to credit risk. These new estimates will come into effect continuously throughout 2014 as the contractual terms and conditions arise and are applied prospectively in accordance with IAS 8.

In all other respects, the interim report for the Group has been prepared in accordance with the same accounting policies and calculation methods applied in the 2013 Annual Report.

NOTE 2 EARNINGS PER SEGMENT

Jan 1, 2014 – June 30, 2014, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned before ceded reinsurance	2,267	49	–	–	–20	2,296
Interest income	–	–	1,208	–	19	1,227
Change in unit-linked insurance assets – policyholder bears the risk	–	6,226	–	–	–	6,226
Investment income, net	62	46	42	1,007	–1,041	116
Commission income	10	570	629	–	–137	1,072
Other operating income	161	131	104	1,197	–596	997
Total operating income	2,499	7,022	1,984	2,204	–1,775	11,934
Claims payments before ceded reinsurance	–1,592	–29	–	–	142	–1,479
Change in life-assurance provision	–64	–	–	–	–	–64
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–6,272	–	–	–	–6,272
Commission expense	–191	–284	–816	–	151	–1,139
Staff costs	–175	–96	–232	–421	4	–920
Other administration expenses	–247	–168	–532	–836	413	–1,370
Loan losses	–	–	23	–	–	23
Total expenses	–2,268	–6,849	–1,556	–1,258	711	–11,220
Technical result	231	172	–	–	–403	–
Non technical recognition	77	–1	–	–	–76	–
Operating profit/loss in profit and loss	308	171	428	946	–1,139	714
Tax						–131
Profit for the period						583
Income distribution						
External income	2,418	6,879	1,988	1,668	–1,019	11,934
Internal income	81	143	–4	536	–756	–
Total operating income	2,499	7,022	1,984	2,204	–1,775	11,934

The distribution into operating segments matches how the Group is organised and is monitored by Group Management. The technical result is presented for Non-life Insurance and Unit-linked Life Assurance since the result is followed up by Group management.

The Non-life Insurance segment pertains to non-life and group life-assurance; group life-assurance comprises a minor portion only. The Länsförsäkringar Alliance's internal and external reinsurance and run-off of previously underwritten international reinsurance are also included.

The Unit-linked insurance segment pertains to life-assurance with links to mutual funds.

The Bank segment pertains to deposits and lending operations. The legal structure of Länsförsäkringar Bank Group matches the product offering to customers.

The Parent Company segment pertains to service, IT and development for the Länsförsäkringar Alliance, administration of securities funds and costs for joint functions.

Depreciation/amortisation and impairment: Depreciation of property and equipment and amortisation of intangible assets is included in "Other administration expenses in Non-life Insurance and Unit-linked Life Assurance. The impairment of the holdings in Länsförsäkringar Liv is included in net investment income in "Parent Company".

Investment income, net Investment income, net, for non-life insurance includes return on investments, return on securities held to hedge claims annuities operations and discounting claims annuities reserve. The change in value of properties in property-owning subsidiaries is recognised in other comprehensive income. Fair value changes are included in the bank. Dividends from subsidiaries and interest expense are included in the Parent Company.

Continued on next page

NOTE 2 EARNINGS PER SEGMENT, CONT.

Jan 1, 2013 – June 30, 2103, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned before ceded reinsurance	2,073	23	–	–	–	2,096
Interest income	–	–	1,095	–	35	1,130
Change in unit-linked insurance assets – policyholder bears the risk	–	2,757	–	–	–	2,757
Investment income, net	74	16	–43	312	–497	–138
Commission income	19	472	555	–	–117	929
Other operating income	144	32	104	1,213	–517	976
Total operating income	2,310	3,300	1,710	1,525	–1,094	7,751
Claims payments before ceded reinsurance	–1,448	–11	–	–	131	–1,328
Change in life-assurance provision	–64	–	–	–	–	–64
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–2,757	–	–	–	–2,757
Commission expense	–138	–308	–695	–	122	–1,019
Staff costs	–167	–25	–220	–450	7	–855
Other administration expenses	–320	–94	–434	–825	334	–1,339
Loan losses	–	–	–63	–	–	–63
Total expenses	–2,137	–3,195	–1,413	–1,275	595	–7,425
Technical result	173	106	–	–	–279	–
Non technical recognition	–45	–2	–	–	47	–
Operating profit/loss in profit and loss	128	103	297	250	–452	326
Tax						–67
Profit for the period						259
Income distribution						
External income	2,228	3,182	1,725	689	–73	7,751
Internal income	82	118	–15	836	–1,021	–
Total operating income	2,310	3,300	1,710	1,525	–1,094	7,751

NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan-Jun	Expenses Jan-Jun	Receivables Jun 30	Liabilities Jun 30	Commitments Jun 30
2014					
Länsförsäkringar Liv Group	212	75	97	962	1,487
Regional insurance companies	852	793	7,662	10,525	52
Other related parties	9	7	5	24	5
2013					
Länsförsäkringar Liv Group	200	73	488	1,199	1,750
Regional insurance companies	637	770	7,419	9,739	154
Other related parties	129	47	1	18	5

Income and expenses include interest. Receivables and liabilities to regional insurance companies include technical reserves.

NOTE 4 FAIR VALUE VALUATION TECHNIQUES

Financial assets and liabilities measured at fair value in the statement of financial position are presented in the table based on the valuation techniques applied:

Level 1 refers to prices determined from prices listed in an active market.

Level 2 refers to prices determined by calculated prices of observable market listings.

Level 3 refers to prices based on own assumptions and judgements..

Table 1 Fair value valuation techniques

June 30, 2014, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Unit-linked insurance assets – policyholder bears the risk	84,463	–	–	84,463
Shares and participations	654	11	510	1,175
Bonds and other interest-bearing securities	41,710	–	–	41,710
Treasury bills and other eligible bills	6,038	–	–	6,038
Derivatives	1	3,203	–	3,204
Liabilities				
Provisions for life assurance – policyholder bears the risk	–	85,097	–	85,097
Derivatives	0	2,429	–	2,429

June 30, 2013, SEK M				
Assets				
Unit-linked insurance assets – policyholder bears the risk	76,207	–	–	76,207
Shares and participations	664	11	473	1,148
Bonds and other interest-bearing securities	47,979	–	–	47,979
Treasury bills and other eligible bills	4,881	–	–	4,881
Derivatives	1	1,100	–	1,101
Liabilities				
Provisions for life assurance – policyholder bears the risk	–	76,712	–	76,712
Derivatives	0	2,801	–	2,801

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NOTE 4 FAIR VALUE VALUATION TECHNIQUES, CONT

Table 2 Change level 3	Shares and participations
Opening balance, January 1, 2014	473
Acquisition	–
Divestments	–6
Recognised in net profit for the year	43
Closing balance, June 30, 2014	510
Change level 3	
Opening balance, January 1, 2013	700
Acquisition	3
Divestments	–275
Recognised in net profit for the year	45
Closing balance, December 31, 2013	473

There were no significant transfers between Level 1 and Level 2 during January-June 2014 or during 2013. There were no transfers from Level 3 during January-June 2014 or 2013.

Shares and participations in Level 3 are measured at equity per share based on the most recent company report. Delisted, insolvent companies are measured at zero, if no other listing can be found. For holdings in private equity funds, measurement data is received quarterly from each fund evaluation; the measurement follows guidelines from the European Private Equity & Venture Capital Association. The measurement data is certified every year by each fund's external auditors.

Gains and losses are recognised in profit and loss under Investment income, net. For information on determination of fair value, valuation techniques and inputs, see note 1 Accounting policies.

The fair value of shares in Länsförsäkringar Liv Försäkrings AB comprises cost adjusted for impairment requirements.

When calculating the fair value of deposits and lending, anticipated future cash flows have been discounted using a discount rate set at the current deposit and lending rates applied.

The main principle for measuring the fair value of debt securities in issue is that the value is measured at prices from external parties at period-end or the most recent trading date. If external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities, a standard method or valuation technique based on the estimated or original issue spread has been utilised.

The fair value of other receivables, cash and cash equivalents, due to credit institutions and other liabilities comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities since these assets and liabilities have short terms.

Table 3 Financial assets and liabilities

SEK M	Jun 30, 2014		Dec 31, 2013	
	Book value	Fair value	Book value	Fair value
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	183	183	208	208
Loans to the public	167,241	168,462	162,003	156,278
Unit-linked insurance assets – policyholder bears the risk	84,463	84,463	76,207	76,207
Shares and participations	1,175	1,175	1,148	1,148
Bonds and other interest-bearing securities	41,710	41,710	47,979	47,979
Treasury bills and other eligible bills	6,038	6,038	4,881	4,881
Derivatives	3,204	3,204	1,101	1,101
Other receivables	9,966	9,966	1,159	1,159
Cash and cash equivalents	4,782	4,782	7,484	7,484
Total assets	318,762	319,983	302,170	296,445
Liabilities				
Subordinated liabilities	2,000	2,191	2,000	2,150
Provisions for life assurance – policyholder bears the risk	85,097	85,097	76,712	76,214
Debt securities in issue	121,680	130,394	124,866	129,382
Deposits from the public	71,372	72,695	68,752	70,070
Due to credit institutions	7,350	7,350	1,600	1,600
Derivatives	2,429	2,429	2,801	2,801
Other liabilities	1,589	1,589	2,498	2,498
Total liabilities	291,517	301,745	279,229	284,715

FINANCIAL STATEMENTS – PARENT COMPANY

INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Q 2 2014	Q 1 2014	Q 2 2013	Jan-Jun 2014	Jan-Jun 2013	Full-year 2013
Net sales	631	566	636	1,197	1,213	2,503
Operating expenses						
External expenses	–453	–357	–455	–810	–795	–1,654
Staff costs	–222	–199	–225	–421	–450	–875
Depreciation/amortisation and impairment of property and equipment and intangible assets	–13	–13	–15	–27	–31	–61
Operating profit/loss	–57	–3	–59	–60	–62	–87
Profit/loss from financial items						
Profit from participations in Group companies	500	566	392	1,066	392	521
Interest income and similar profit/loss items	10	10	1	21	8	26
Interest expense and similar profit/loss items	–39	–41	–50	–80	–88	–211
Profit/loss after financial items	414	532	283	946	250	249
Tax	20	9	19	28	24	–2
PROFIT/LOSS FOR THE PERIOD	434	541	302	975	274	247

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK M	Q 2 2014	Q 1 2014	Q 2 2013	Jan-Jun 2014	Jan-Jun 2013	Full-year 2013
Profit/loss for the period	434	541	302	975	274	247
Other comprehensive income						
Items that have been transferred or can be transferred to profit for the period						
Cash-flow hedges	–19	–16	16	–35	30	15
Tax attributable to items that have been transferred or can be transferred to profit for the period	4	3	–4	8	–7	–3
Total other comprehensive income for the period	–15	–13	13	–27	24	12
Comprehensive income for the period	419	528	315	947	298	259

BALANCE SHEET FOR THE PARENT COMPANY

SEK M	Jun 30, 2014	Dec 31, 2013
ASSETS		
Intangible assets	116	120
Property and equipment	188	206
Shares and participations in Group companies	16,342	15,742
Derivates	–	15
Other fixed assets	183	215
Current assets	1,883	1,083
Cash and bank balances	675	1,095
TOTAL ASSETS	19,386	18,477
EQUITY, PROVISIONS AND LIABILITIES		
Equity	15,675	14,228
Provisions	75	77
Derivates	20	–
Long-term liabilities	2,189	2,626
Current liabilities	1,427	1,546
TOTAL EQUITY, PROVISIONS AND LIABILITIES	19,386	18,477
PLEDGED ASSETS AND CONTINGENT LIABILITIES		
Pledged assets	1,487	1,473
Contingent liabilities	72	73
Total	1,559	1,546

STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

SEK M	Jan 1, 2014 –Jun 30, 2014	Jan 1, 2013 –Jun 30, 2013
Cash flow from operating activities before changes in working capital	931	–69
Cash flow from changes in working capital	–748	–679
Cash flow from operating activities	183	–749
Cash flow from investing activities	–604	–11
Cash flow from financing activities	1	501
Net cash flow for the period	–420	–259
Cash and cash equivalents, January 1	1,095	1,229
Net cash flow for the period	–420	–259
Cash and cash equivalents at end of period	675	970

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

SEK M	Restricted reserves		Non-restricted equity			Total
	Share capital	Statutory reserve	Hedging reserve	Share premium reserve	Retained earnings, including net profit for the year	
Opening equity, January 1, 2013	941	4,801	0	3,973	3,754	13,468
Comprehensive income for the period	–	–	24	–	274	298
Shareholders' contribution						
New share issue	34	–	–	466	–	500
Closing equity, June 30, 2013	975	4,801	24	4,438	4,028	14,266
Opening equity, July 1, 2013	975	4,801	24	4,438	4,028	14,266
Comprehensive income for the period	–	–	–12	–	–27	–38
Closing equity, December 31, 2013	975	4,801	12	4,438	4,001	14,228
Opening equity, January 1, 2014	975	4,801	12	4,438	4,001	14,228
Comprehensive income for the period	–	–	–27	–	975	947
Shareholders' contribution						
New share issue	32	–	–	468	–	500
Closing equity, June 30, 2014	1,007	4,801	–15	4,906	4,976	15,675

NOTES TO THE FINANCIAL STATEMENTS FOR THE PARENT COMPANY

NOTE 1 ACCOUNTING POLICIES

The Parent Company prepares its accounts according to the Annual Accounts Act (1995:1554). The company also applies recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2013 Annual Report.

NOT 2 DISCLOSURES ON RELATED PARTIES

SEK M	Income Jan-Jun	Expenses Jan-Jun	Receivables Jun 30	Liabilities Jun 30	Commit- ments Jun 30
2014					
Group companies	520	164	713	272	–
Länsförsäkringar Liv Group	124	13	22	627	1,487
Regional insurance companies	533	16	95	97	–
Other related parties	9	–	–	–	–
2013					
Group companies	445	86	191	766	–
Länsförsäkringar Liv Group	200	16	41	735	1,750
Regional insurance companies	544	19	79	83	–
Other related parties	11	2	–	–	–

Income and expenses include interest.

The President submitted the report on behalf of the Board of Directors.

This report has not been reviewed by the company's auditor.

Stockholm, July 18, 2014

Sten Dunér
President

Financial calendar 2014

THIRD QUARTER:

Interim report, Länsförsäkringar AB.....**October 23**

This interim report contains such information that Länsförsäkringar AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on July 18, 2014 at 13.00 p.m Swedish time.

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