

Länsförsäkringar AB

Interim Report January-September 2014

JANUARY-SEPTEMBER 2014 COMPARED WITH JANUARY-SEPTEMBER 2013

- The Group's operating profit amounted to SEK 1,277 M (601). The Group's operating income amounted to SEK 15,640 M (12,533). The return on equity amounted to 8% (5).
- Operating profit in the non-life insurance operations amounted to SEK 604 M (224). Premiums earned after ceded reinsurance amounted to SEK 3,373 M (3,048).
- Operating profit for the Bank Group totalled SEK 679 M (472). Net interest income strengthened to SEK 1,882 M (1,652).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 261 M (176). Premium income amounted to SEK 6,563 M (7,344). Commission income amounted to SEK 875 M (732).
- Net sales for the Parent Company amounted to SEK 1,783 M (1,765).

THIRD QUARTER OF 2014 COMPARED WITH SECOND QUARTER OF 2014

- The Group's operating profit amounted to SEK 563 M (421). The Group's operating income amounted to SEK 3,706 M (7,329). The return on equity amounted to 11% (8).
- The Group's equity rose SEK 495 M to SEK 16,762 M (16,267).
- Operating profit in the non-life insurance operations amounted to SEK 295 M (219). Premiums earned after ceded reinsurance amounted to SEK 1,106 M (1,087).
- Operating profit for the Bank Group totalled SEK 251 M (231). Net interest income amounted to SEK 673 M (624). Business volumes rose SEK 9 billion during the quarter to SEK 343 billion.
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 90 M (94). Premium income amounted to SEK 1,978 M (2,257). Commission income amounted to SEK 305 M (292).
- Net sales for the Parent Company amounted to SEK 585 M (631).

STEN DUNÉR, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB:



During the third quarter of 2014 it has become clear that the economic recovery in the eurozone is stalling. Persistently weak and falling inflation led to the ECB reducing interest rates again in September and also announcing more specific plans regarding its future purchases in the credit market.

In this financially unstable economic environment, Länsförsäkringar AB reports very strong earnings after three quarters and we are pleased that the operating profit of SEK 1.3 billion is double compared with the year-earlier period. We see a healthy volume trend in all business areas. The bank's market shares are steadily growing amid fierce competition. Fund volumes are growing strongly, both measured in new sales and growth in value. Growth in managed assets in Länsförsäkringar Fondliv (unit-linked life assurance) was also satisfactory and the most positive performances in non-life insurance were noted in Agria

(pet insurance) and Business Area Health. A long-term focus on ensuring that operating expenses are unchanged is yielding results – the combined ratio for the quarter declined to 90 and the bank's cost/income ratio also moved in the right direction.

Changed banking and insurance rules impose new demands on solvency and capitalisation in the Länsförsäkringar AB Group. We are continuing to regularly review the need for additional measures to strengthen our capital.

It is positive that Sweden's new government has decided to retain the VAT groupings, not only for Länsförsäkringar but also for the corporate customers and private individuals who need access to financial services in their local area. In addition to our favourable earnings and strong growth, we are pleased to see that the Swedish Quality Index announced in October that we once again are the most popular bank among retail customers in Sweden.

Market commentary

Economic statistics in the US continued to improve during the third quarter with falling unemployment and the Federal Reserve reducing its bond-buying stimulus programme.

Despite this, long-term interest rates remained low. A general downgrade of the outlook for global growth and global inflation, elevated geo-political concerns in Ukraine and a general pressured interest-rate scenario due to increased expectations of further measures from the ECB put downward pressure on interest rates.

Economic recovery in the eurozone was weak. Persistently low and falling inflation and inflation expectations in Europe pressured the ECB to reduce interest rates again at its meeting in September, when more specific plans regarding the bank's future purchases in the credit market were announced.

However, the first round of the ECB's new long-term loans was not utilised as much as expected, which meant that the market is harbouring doubts about whether the ECB will succeed in increasing its balance sheet to the extent that it would like. This is leading to speculations that the ECB will be forced to follow in the footsteps of the Federal Reserve and launch a government bond-buying stimulus programme, which would further press interest rates down.

Economic statistics in Sweden were mixed. In July, the Riksbank decided to reduce interest rates by 0.5 of a percentage point to 0.25%. The Riksbank also significantly lowered its forecast for the repo rate, which affected the entire Swedish interest-rate curve, with falling rates across the board.

Global stock markets increased marginally during the third quarter. Returns in local currency were positive for all regions including Sweden. Japanese shares rose significantly during the quarter, mainly due to the weak JPY. Spreads for US loans widened in the credit market. European loans of a lower credit quality widened during the quarter, while higher quality loans did not widen due to forthcoming ECB purchases.

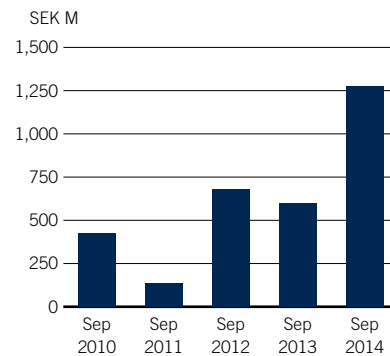
The interest-rate difference between Swedish mortgage bonds and the government bond curve continued to shrink during the period.

JANUARY-SEPTEMBER 2014 COMPARED WITH JANUARY-SEPTEMBER 2013

The report provides commentary on the performance in the January-September 2014 period compared with the corresponding period in 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 1,277 M (601). The return on equity improved to 8% (5). 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 604 M (224). The increase was primarily due to high earnings in Agria and stronger investment income, with all classes of assets making positive contributions, but particularly properties and loans reporting a stronger year-on-year performance. The bank's operating profit strengthened to SEK 679 M (472) primarily attributable to improved net interest income and lower loan losses. The managed assets of unit-linked insurance operations increased 21% to SEK 88 billion (73), which contributed to operating profit strengthening to SEK 261 M (176).

Group equity

Group equity rose SEK 1,578 M during the year, primarily due to high earnings and the regional insurance companies and local insurance companies signing a new share issue in the amount of SEK 500 M in June. Equity increased during the third quarter due to strong earnings that were up almost SEK 500 M to SEK 16,762 M.

Non-life insurance

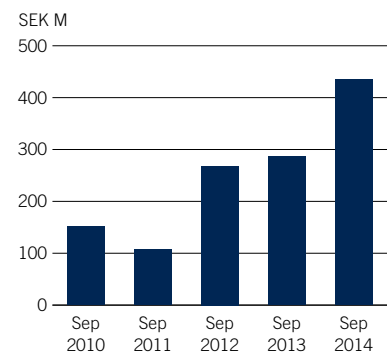
Operating profit amounted to SEK 604 M (224), attributable to a stronger technical result and higher investment income.

The technical result for insurance operations reported a profit of SEK 435 M (287). The improvement was mainly attributable to lower claims costs and higher premium levels for Agria's pet insurance. Lower expenses for depreciation and lower expenses for Solvency II adjustments also contributed to the earnings improvement.

Premiums earned after ceded reinsurance amounted to SEK 3,373 M (3,048), up 11%. Portfolio growth and a higher premium level in Agria's pet insurance and accident and health insurance were the main drivers of the volume increase.

Claims payments after ceded reinsurance rose, although the claims ratio declined from 73 to 70 due to increased premiums earned. The expense ratio improved to SEK 20 M (22). The improvement was due to operating expenses being kept unchanged despite higher business volumes. The combined ratio improved to 90% (94).

TECHNICAL RESULT



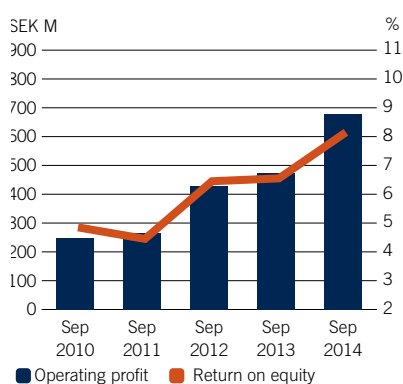
During the third quarter, the risk in investment assets remained at a relatively low level, with most of the investment assets being invested in interest-bearing assets and property. Excluding returns from nominal and real fixed-income assets held for the purpose of managing interest-rate risk and hedging the discounted annuity reserve, the total return amounted to 2.5% (1.9). Properties generated a higher return than in the preceding year and accounted for most of the improved return. Loans in the fixed-income portfolio, hedge funds and currencies also posted a stronger performance year-on-year.

A positive nonrecurring effect arose for the discounted annuity reserve with its liability hedging during the third quarter due to the transition to a new interest-rate curve, which positively affected investment income. Länsförsäkringar Sak has a time-limited exemption from the Swedish Financial Supervisory Authority to utilise the former interest-rate curve, based on the reasoning that the company would have a longer adjustment period.

Banking

Operating profit rose 44% to SEK 679 M (472), due to higher net interest income, increased commission income, improved net gains from financial items and lower loan losses. Return on equity strengthened to 8.2% (6.6). Net interest income increased 14% to SEK 1,882 M (1,652), mainly attributable to higher volumes and improved margins. Net gains from financial items improved to SEK 46 M (–50), primarily as a result of negative effects of changes in fair value being recognised in the preceding year, combined with the repurchase of own bonds. Net commission amounted to an expense of SEK 308 M (204), attributable to increased volumes and thus higher remuneration to the regional insurance companies and increased management costs in the securities business. Operating expenses rose 3% to SEK 1,019 M (990), primarily due to impairment of SEK 98 M resulting from changed calculation conditions for certain intangible assets.

OPERATING PROFIT AND RETURN ON EQUITY



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

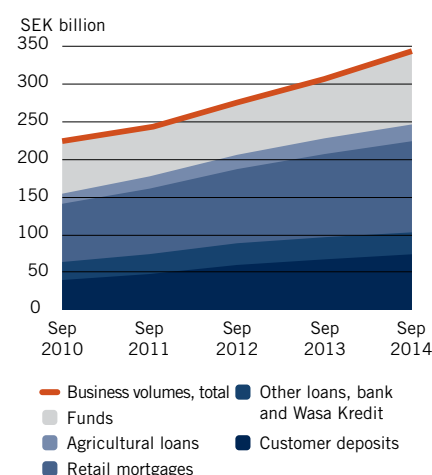
have originated in the Bank Group. The new model entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the new model means that the provision requirement will be gradually reduced by SEK 158 M over two years and SEK 67 M was reversed during the period.

Loan losses amounted to SEK -22 M (95), net, corresponding to loan losses of -0.02% (0.08). Reserves totalled SEK 347 M (416), corresponding to a reserve ratio in relation to loans of 0.19% (0.25). The cost/income ratio before loan losses amounted to 0.63 (0.64) and the cost/income ratio after loan losses strengthened to 0.62 (0.70).

Business volumes increased SEK 37 billion to SEK 343 billion (305). Deposits from the public increased 10% to SEK 74 billion (67) and the market share strengthened to 4.6% (4.5) on August 31, 2014.

Fund volumes increased 24% to SEK 97 billion (78). Monthly savings in funds performed well, as did fund transfers, Individual Pension Savings (IPS) and the number of securities depositories. Lending increased 8% to SEK 172 billion (160). Retail mortgages in Länsförsäkringar Hypotek increased 9% to SEK 120 billion (110) and the market share of household lending remained unchanged at 5% on August 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 increased to SEK 122 billion (119), of which senior funding accounted for SEK 27 billion (24) and covered bonds for SEK 95 billion (95). A ten-year CHF transaction was issued during the quarter. The average remaining term was 3.0 years (2.7). Covered bonds were issued at a volume corresponding to a nominal SEK 18.5 billion (17.8), with repurchased covered bonds amounting to a nominal SEK 4.6 billion (5.9) and matured covered bonds to a nominal SEK 16.6 billion (8.1) for the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 7.6 billion (10.5) during the January-September period.

The liquidity reserve amounted to SEK 41.6 billion (41.0) 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 181% (246) and was an average of 211% (250) during the third quarter of 2014. The LCR in EUR amounted to 483,315% (782).

Capital adequacy

The Bank 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.

With the Capital Requirement Regulation (CRR) (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 the CRR, the consolidated situation is to also include the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank

Group. Since the bank maintains the opinion that the actual risk and capital situation is best presented in the Bank Group's capital ratios, these are published in parallel. In October, the bank submitted a new application to the Swedish Financial Supervisory Authority for an exemption from the provision under the Swedish Special Supervision of Credit Institutions and Investment Firms Act.

The owners expressed their intention in the interim report dated March 31, 2014 to contribute capital so that the bank will remain well-capitalised according to the new consolidated situation, and during the quarter several measures were taken in line with this intention. Länsförsäkringar AB carried out a new share issue of SEK 500 M in June. In addition, 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 30, 2014.

The Risk Exposure Amount (REA) on September 30, 2014 amounted to SEK 59,697 M (58,571) in the consolidated situation. REA increased SEK 1,126 M due to the continued growth in lending.

The Bank Group's Core Tier 1 ratio amounted to 15.9% (13.7¹) and the capital adequacy ratio to 20.3% (18.2¹). According to the consolidated situation, the Core Tier 1 ratio amounted to 13.6% and the capital adequacy ratio to 17.2%.

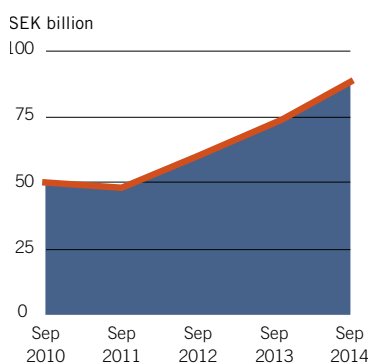
Unit-linked insurance

Operating profit for the unit-linked life assurance company increased 66% to SEK 261 M (176). Income from customer fees for unit-linked insurance contracts rose 16% to SEK 429 M. The increase in management remuneration was 23% and amounted to SEK 441 M. Operating expenses amounted to SEK 650 M, up 11%. The increase in operating expenses was primarily explained by organisational changes. Personnel were transferred to

Länsförsäkringar Fondliv in conjunction the formation of a shared life-assurance service for Länsförsäkringar Alliance.

Managed assets for life-assurance and pension-insurance customers have increased 14% to SEK 88.0 billion since year-end 2013, which was due to positive returns on funds and a positive net inflow.

MANAGED ASSETS



Premium income amounted to SEK 6,563 (7,344). The reason for this difference is the decline in capital transferred. Capital transferred amounted to SEK 1,373 M (2,140). Most of the premium flows are recognised in the balance sheet. Premium income in the income statement amounted to SEK 78 M (41) and pertains to the portion of premiums containing insurance risk.

Fund management

Some 87% of the funds in the fund range performed positively during the first nine months of the year. Twelve funds increased more than 20%. The best performances were in the following funds: Fidelity India Focus, Fidelity Global Health Care and Macquarie Asia New Stars. Other funds that performed well were dominated by funds investing fully or mostly in US shares. The handful of funds on the minus side were focused on Russia and Eastern Europe.

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 co-

vered 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

¹ Comparative data according to Basel II

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 period or compared with the description provided in the 2013 Annual Report.

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.

THIRD QUARTER OF 2014 COMPARED WITH SECOND QUARTER OF 2014

The Group's operating profit amounted to SEK 563 M (421).

The Non-life Group's operating profit amounted to SEK 295 M (219). The improved third-quarter profit was due to strong earnings in Agria's pet-insurance business, and strong investment income due to high returns on property and loans. Premiums earned after ceded reinsurance amounted to SEK 1,106 M (1,087).

The Bank Group's operating profit rose to SEK 251 M (231), due to higher net interest income, lower loan losses, improved net gains from financial items and increased commission income. Return on equity strengthened to 8.6% (8.5).

Third-quarter operating profit for Fondliv amounted to SEK 90 M (94). Fees improved to SEK 146 M (142). Management remuneration reported a large improvement and amounted to SEK 159 M (149). The main reason for the higher fees and improved management remuneration was the increase in managed assets. Operating expenses totalled SEK 218 M (203).

PARENT COMPANY EARNINGS JANUARY-SEPTEMBER 2014 COMPARED WITH JANUARY-SEPTEMBER 2013

Profit after financial items for the Parent Company amounted to SEK 907 M (216). The improved earnings were due to dividends from subsidiaries SEK 1,066 M (387). An extra dividend was made in the second quarter from Länsförsäkringar Sak to Länsförsäkringar AB in the amount of SEK 500 M. Income amounted to SEK 1,783 M (1,765).

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

KEY FIGURES

Länsförsäkringar AB Group	Q 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
SEK M							
Group							
Operating profit	563	421	293	276	1,277	601	923
Net profit for the period	417	342	241	203	1,000	461	682
Return on equity, % ¹⁾	11	8	6	4	8	5	5
Total assets, SEK billion	345	339	339	313	345	313	323
Equity per share, SEK	1,665	1,616	1,579	1,533	1,665	1,533	1,557
Solvency capital ²⁾	19,604	19,087	18,229	17,651	19,604	17,651	18,031
Solvency margin, % ³⁾	414	415	415	418	414	418	420
Capital base for the financial conglomerate ⁴⁾	18,309	17,805	16,732	16,076	18,309	16,076	16,391
Necessary capital requirement for the financial conglomerate	14,255	13,967	13,243	12,663	14,255	12,663	12,773
Insurance operations ⁵⁾							
<i>Non-life insurance operations</i>							
Premiums earned (after ceded reinsurance)	1,116	1,059	1,033	987	3,208	2,885	3,905
Investment income transferred from financial operations	33	31	29	39	94	111	152
Claims payments (after ceded reinsurance) ⁶⁾	-680	-674	-712	-676	-2,066	-1,937	-2,613
Technical result, non-life operations	198	135	89	102	422	257	351
<i>Premium income, non-life insurance</i>							
Premium income before ceded reinsurance	1,043	1,176	2,729	935	4,948	4,598	5,949
Premium income after ceded reinsurance	991	1,134	1,550	868	3,675	3,246	4,009
<i>Life-assurance operations</i>							
Premium income after ceded reinsurance	48	55	169	33	272	232	279
Fees pertaining to financial agreements	146	142	140	134	429	371	501
Investment income, net	19	40	12	7	71	26	62
Claims payments (after ceded reinsurance)	-60	-46	-55	-33	-162	-99	-91
Technical result, life-assurance operations	93	102	321	90	516	364	484
Operating profit for insurance operations ⁷⁾	386	313	166	169	865	401	675
<i>Key figures</i>							
Cost ratio ⁸⁾	24	26	25	25	25	28	28
Expense ratio ⁹⁾	18	19	20	19	19	21	21
Claims ratio ¹⁰⁾	67	71	74	75	71	74	73
Combined ratio	85	90	94	94	90	95	95
Management cost ratio, life-assurance operations ¹¹⁾	1	1	1	1	1	1	1
Direct yield, % ¹²⁾	-1.2	0.6	0.0	-0.1	-0.6	0.3	0.8
Total return, % ¹³⁾	1.5	2.0	1.2	-0.2	4.7	-1.3	-0.6
Total return, % ¹⁴⁾	0.8	1.2	0.7	0.6	2.6	1.8	3.1
<i>Financial position</i>							
Investment assets, SEK billion ¹⁵⁾	18	17	17	17	18	17	17
Unit-linked insurance assets – policyholder bears the risk, SEK billion	86	84	79	72	86	72	78
Technical reserves (after ceded reinsurance), SEK billion	15	15	14	14	15	14	14

Continued on next page

KEY FIGURES, CONT.

Länsförsäkringar AB Group	Q 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Banking operation							
Net interest income	673	624	584	557	1,882	1,652	2,230
Operating profit	251	231	197	174	679	472	647
Net profit for the period	196	180	153	129	530	361	479
Return on equity, % ¹⁶⁾	9	8	7	7	8	7	7
Total assets, SEK billion	224	220	224	209	224	209	213
Equity	9,426	9,162	8,407	7,878	9,426	7,878	8,288
Cost/income ratio before loan losses ¹⁷⁾	0.58	0.69	0.62	0.62	0.63	0.64	0.63
Investment margin, % ¹⁸⁾	1.20	1.10	1.07	1.05	1.12	1.06	1.06
Tier 1 ratio according to Basel III, % ¹⁹⁾	15.9	16.0	14.1	14.3	15.9	14.3	14.7
Capital adequacy ratio according to Basel III, % ²⁰⁾	20.3	20.5	18.6	18.2	20.3	18.2	18.7
Tier 1 ratio according to Basel III consolidated situation, % ¹⁹⁾	13.6	13.5	11.3	–	13.6	–	–
Capital adequacy ratio according to Basel III consolidated situation, % ²⁰⁾	17.2	17.3	15.0	–	17.2	–	–
Loan losses in relation to loans, % ²¹⁾	0.00	–0.09	0.04	0.08	–0.02	0.08	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. The data for 2013 according to Basel II.
- 20) Closing capital base in relation to the closing risk-weighted amount. The data for 2013 according to Basel II.
- 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 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Premiums earned before ceded reinsurance	1,486	1,414	1,542	1,340	4,442	4,164	6,105
Reinsurers' portion of premiums earned	-324	-314	-346	-320	-985	-1,048	-1,949
Premiums earned after ceded reinsurance	1,162	1,100	1,196	1,020	3,458	3,117	4,156
Interest income	2,073	2,151	2,303	2,409	6,527	7,101	9,488
Interest expense	-1,395	-1,522	-1,705	-1,837	-4,622	-5,398	-7,187
Net interest income	678	629	598	572	1,905	1,703	2,301
Change in unit-linked insurance assets – policyholder bears the risk	729	4,412	1,814	2,299	6,955	5,055	8,251
Dividends in unit-linked insurance assets – policyholder bears the risk	3	–	–	4	3	4	4
Investment income, net	79	135	-19	-46	196	-184	-203
Commission income	566	547	525	488	1,639	1,417	2,014
Other operating income	489	505	491	445	1,486	1,421	2,036
Total operating income	3,706	7,329	4,606	4,783	15,640	12,533	18,558
Claims payments before ceded reinsurance	-1,216	-901	-936	-861	-3,053	-2,586	-4,084
Reinsurers' portion of claims payments	479	183	175	153	837	549	1,381
Claims payments after ceded reinsurance	-738	-718	-761	-708	-2,216	-2,036	-2,704
Change in life-assurance reserve	35	27	-91	18	-29	-47	-1
Change in unit-linked insurance liabilities – policyholder bears the risk	-744	-4,447	-1,825	-2,323	-7,016	-5,061	-8,308
Commission expense	-625	-590	-550	-476	-1,764	-1,495	-2,074
Staff costs	-397	-476	-444	-384	-1,317	-1,239	-1,657
Other administration expenses	-673	-744	-626	-620	-2,043	-1,959	-2,765
Loan losses	-2	39	-16	-32	22	-95	-126
Total expenses	-3,143	-6,908	-4,312	-4,507	-14,363	-11,932	-17,635
Operating profit	563	421	293	276	1,277	601	923
Tax	-146	-79	-52	-72	-277	-139	-242
NET PROFIT FOR THE PERIOD	417	342	241	203	1,000	462	682
Earnings per share before and after dilution, SEK	41	36	26	22	99	49	70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Net profit for the period	417	342	241	203	1,000	462	682
Other comprehensive income							
Items that have been transferred or can be transferred to profit for the period							
Translation differences attributable to foreign operations	7	14	4	4	25	-6	-0
Cash-flow hedges	20	1	-53	-1	-33	29	15
Change in fair value of available-for-sale financial assets	57	11	-7	42	61	14	16
Tax attributable to items that have been transferred or can be transferred to profit for the period	-17	-3	13	-9	-6	-10	-7
Total	66	24	-43	36	47	28	24
Items that cannot be transferred to profit for the period							
Revaluation of owner-occupied property	14	13	13	13	40	39	53
Revaluation of defined-benefit pension plans	–	–	–	–	–	–	7
Tax attributable to items that cannot be reversed to profit for the period	-3	-3	-3	-3	-9	6	2
Total	11	10	10	10	31	46	62
Total other comprehensive income for the period, net after tax	77	34	-32	46	78	74	87
Comprehensive income for the period	494	375	209	249	1,078	536	768

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	Sep 30, 2014	Dec 31, 2013
ASSETS		
Goodwill	727	711
Other intangible assets	3,653	3,804
Deferred tax assets	20	13
Property and equipment	52	58
Owner-occupied property	2,404	2,423
Shares in Länsförsäkringar Liv Försäkrings AB	158	208
Shares and participations in associated companies	59	31
Reinsurers' portion of technical reserves	7,811	7,208
Loans to the public	172,113	162,003
Unit-linked insurance assets– policyholder bears the risk	86,054	76,207
Shares and participations	1,395	1,148
Bonds and other interest-bearing securities	47,538	47,979
Treasury bills and other eligible bills	4,883	4,881
Derivatives	3,922	1,101
Change in value of hedge portfolios	1,020	551
Other receivables	8,104	8,146
Prepaid expenses and accrued income	3,141	3,933
Cash and cash equivalents	2,262	2,145
TOTAL ASSETS	345,317	322,550

SEK M	Sep 30, 2014	Dec 31, 2013
EQUITY AND LIABILITIES		
Equity		
Share capital	1,007	975
Other capital contributed	9,708	9,240
Reserves	575	496
Retained earnings including profit for the period	5,472	4,472
Total equity	16,762	15,183
Subordinated liabilities	2,000	2,000
Technical reserves	22,465	20,753
Provisions for life assurance – policyholder bears the risk	86,749	76,712
Deferred tax liabilities	862	861
Other provisions	133	132
Debt securities in issue	124,890	124,866
Deposits from the public	72,616	68,752
Due to credit institutions	5,974	1,600
Derivatives	2,556	2,801
Change in value of hedge portfolios	3,089	646
Other liabilities	2,869	3,284
Accrued expenses and deferred income	4,353	4,961
TOTAL EQUITY AND LIABILITIES	345,317	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	–	–	74	462	536
Shareholders' contribution					
New share issue	34	466	–	–	500
Closing equity, September 30, 2013	975	9,240	484	4,252	14,951
Opening equity, October 1, 2013	975	9,240	484	4,252	14,951
Comprehensive income for the period	–	–	12	220	232
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	–	–	78	1,000	1,078
Shareholders' contribution					
New share issue	32	468	–	–	500
Closing equity, September 30, 2014	1,007	9,708	575	5,472	16,762

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 –Sep 30, 2014	Jan 1 2013 –Sep 30, 2013
Cash flow from operating activities before changes in working capital	5,370	6,315
Cash flow from changes in working capital	–5,548	–11,090
Cash flow from operating activities	–178	–4,775
Cash flow from investing activities	–235	–110
Cash flow from financing activities	525	5,677
Net cash flow for the period	111	791
Cash and cash equivalents, January 1	2,145	2,680
Net cash flow for the period	111	791
Exchange-rate differences in cash and cash equivalents	6	0
Cash and cash equivalents at end of period	2,262	3,472

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 – Sep 30, 2014, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned before ceded reinsurance	3,373	78	–	–	6	3,458
Interest income	–	–	1,882	–	23	1,905
Change in unit-linked insurance assets – policyholder bears the risk	–	6,958	–	–	–	6,958
Investment income, net	95	59	46	965	–969	196
Commission income	12	875	967	–	–216	1,639
Other operating income	236	190	154	1,782	–876	1,486
Total operating income	3,716	8,160	3,049	2,747	–2,032	15,640
Claims payments before ceded reinsurance	–2,372	–56	–	–	211	–2,216
Change in life-assurance provision	–	–	–	–	–29	–29
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–7,016	–	–	–	–7,016
Commission expense	–276	–439	–1,275	–	226	–1,764
Staff costs	–257	–122	–337	–609	9	–1,317
Other administration expenses	–376	–269	–780	–1,230	612	–2,043
Loan losses	–	–	22	–	–	22
Total expenses	–3,281	–7,902	–2,369	–1,839	1,028	–14,363
Technical result	435	258	–	–	–693	–
Non technical recognition	168	3	–	–	–171	–
Operating profit/loss in profit and loss	604	261	679	907	–1,174	1,277
Tax	–	–	–	–	–	–277
Profit for the period	–	–	–	–	–	1,000
Income distribution						
External income	3,596	7,935	3,057	1,968	–916	15,640
Internal income	120	225	–8	778	–1,115	–
Total operating income	3,716	8,160	3,049	2,747	–2,031	15,640

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 – Sep 30, 2013, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned before ceded reinsurance	3,048	41	–	–	28	3,117
Interest income	–	–	1,652	–	51	1,703
Change in unit-linked insurance assets – policyholder bears the risk	–	5,059	–	–	–	5,059
Investment income, net	114	25	–50	277	–550	–184
Commission income	20	732	842	–	–178	1,417
Other operating income	220	44	158	1,765	–766	1,421
Total operating income	3,402	5,901	2,602	2,042	–1,414	12,533
Claims payments before ceded reinsurance	–2,213	–20	–	–	196	–2,036
Change in life-assurance provision	–	–	–	–	–47	–47
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–5,080	–	–	19	–5,061
Commission expense	–196	–439	–1,046	–	185	–1,495
Staff costs	–244	–36	–321	–648	10	–1,239
Other administration expenses	–462	–142	–669	–1,177	491	–1,959
Loan losses	–	–	–95	–	–	–95
Total expenses	–3,115	–5,717	–2,131	–1,825	854	–11,932
Technical result	287	184	–	–	–471	–
Non technical recognition	–63	–8	–	–	71	–
Operating profit/loss in profit and loss	224	176	472	217	–488	601
Tax	–	–	–	–	–	–139
Profit for the period	–	–	–	–	–	462
Income distribution						
External income	3,243	5,723	2,624	991	–48	12,533
Internal income	159	178	–22	1,051	–1,365	–
Total operating income	3,402	5,901	2,602	2,042	–1,414	12,533

NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan-Sep	Expenses Jan-Sep	Receivables Sep 30	Liabilities Sep 30	Commitments Sep 30
2014					
Länsförsäkringar Liv Group	318	93	103	927	1,487
Regional insurance companies	1,342	1,616	4,682	8,325	52
Other related parties	20	10	5	21	5
2013					
Länsförsäkringar Liv Group	295	148	492	1,349	1,767
Regional insurance companies	1,517	1,692	7,129	9,700	137
Other related parties	18	8	3	19	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

September 30, 2014, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Unit-linked insurance assets – policyholder bears the risk	86,054	–	–	86,054
Shares and participations	874	11	510	1,395
Bonds and other interest-bearing securities	47,508	–	30	47,538
Treasury bills and other eligible bills	4,883	–	–	4,883
Derivatives	6	3,916	–	3,922
Liabilities				
Provisions for life assurance – policyholder bears the risk	–	86,749	–	86,749
Derivatives	0	2,556	–	2,556

December 31, 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

Continued on next page

NOTE 4 FAIR VALUE VALUATION TECHNIQUES, CONT

Table 2 Change level 3	Shares and participations	Bonds and other interest-bearing securities	Total
Opening balance, January 1, 2014	473	–	473
Acquisition	–	30	30
Divestments	–6	–	–6
Recognised in net profit for the year	43	–	43
Closing balance, September 30, 2014	510	30	540

Change level 3

Opening balance, January 1, 2013	700	–	700
Acquisition	3	–	3
Divestments	–275	–	–275
Recognised in net profit for the year	45	–	45
Closing balance, December 31, 2013	473	–	473

There were no significant transfers between Level 1 and Level 2 during January-September 2014 or during 2013. There were no transfers from Level 3 during January-September 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	Sep 30, 2014		Dec 31, 2013	
	Book value	Fair value	Book value	Fair value
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	158	158	208	208
Loans to the public	172,113	173,415	162,003	156,278
Unit-linked insurance assets – policyholder bears the risk	86,054	86,054	76,207	76,207
Shares and participations	1,395	1,395	1,148	1,148
Bonds and other interest-bearing securities	47,538	47,538	47,979	47,979
Treasury bills and other eligible bills	4,883	4,883	4,881	4,881
Derivatives	3,922	3,922	1,101	1,101
Other receivables	7,941	7,941	1,159	1,159
Cash and cash equivalents	2,262	2,262	7,484	7,484
Total assets	326,267	327,568	302,170	296,445
Liabilities				
Subordinated liabilities	2,000	2,120	2,000	2,150
Provisions for life assurance – policyholder bears the risk	86,749	86,749	76,712	76,214
Debt securities in issue	124,890	133,325	124,866	129,382
Deposits from the public	72,616	72,924	68,752	70,070
Due to credit institutions	5,974	5,974	1,600	1,600
Derivatives	2,556	2,556	2,801	2,801
Other liabilities	1,938	1,938	2,498	2,498
Total liabilities	296,723	305,586	279,229	284,715

FINANCIAL STATEMENTS – PARENT COMPANY

INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Q 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Net sales	585	631	566	551	1,783	1,765	2,503
Operating expenses							
External expenses	–384	–457	–361	–338	–1,203	–1,132	–1,654
Staff costs	–185	–219	–195	–198	–599	–648	–875
Depreciation/amortisation and impairment of property and equipment and intangible assets	–13	–13	–13	–14	–40	–45	–61
Operating profit/loss	3	–56	–4	1	–58	–60	–87
Profit/loss from financial items							
Profit from participations in Group companies	0	500	566	2	1,066	394	521
Interest income and similar profit/loss items	8	10	10	1	29	8	26
Interest expense and similar profit/loss items	–50	–39	–41	–38	–130	–126	–211
Profit/loss after financial items	–39	414	532	–34	907	216	249
Tax	–21	20	9	5	8	29	–2
PROFIT/LOSS FOR THE PERIOD	–60	434	541	–29	915	245	247

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK M	Q 3 2014	Q 2 2014	Q 1 2014	Q 3 2013	Jan-Sep 2014	Jan-Sep 2013	Full-year 2013
Profit/loss for the period	–60	434	541	–29	915	245	247
Other comprehensive income							
Items that have been transferred or can be transferred to profit for the period							
Cash-flow hedges	–11	–19	–16	–1	–46	29	15
Tax attributable to items that have been transferred or can be transferred to profit for the period	2	4	3	0	10	–6	–3
Total other comprehensive income for the period	–9	–15	–13	–1	–36	23	12
Comprehensive income for the period	–69	419	528	–30	879	268	259

BALANCE SHEET FOR THE PARENT COMPANY

SEK M	Sep 30, 2014	Dec 31, 2013
ASSETS		
Intangible assets	114	120
Property and equipment	178	206
Shares and participations in Group companies	16,342	15,742
Derivates	–	15
Other fixed assets	227	215
Current assets	2,139	1,083
Cash and bank balances	215	1,095
TOTAL ASSETS	19,215	18,477
EQUITY, PROVISIONS AND LIABILITIES		
Equity	15,606	14,228
Provisions	74	77
Derivates	31	–
Long-term liabilities	2,177	2,626
Current liabilities	1,327	1,546
TOTAL EQUITY, PROVISIONS AND LIABILITIES	19,215	18,477
PLEDGED ASSETS AND CONTINGENT LIABILITIES		
Pledged assets	1,487	1,473
Contingent liabilities	73	73
Total	1,560	1,546

STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

SEK M	Jan 1, 2014 –Sep 30, 2014	Jan 1, 2013 –Sep 30, 2013
Cash flow from operating activities before changes in working capital	969	–94
Cash flow from changes in working capital	–1,744	–840
Cash flow from operating activities	–775	–934
Cash flow from investing activities	–606	–10
Cash flow from financing activities	501	501
Net cash flow for the period	–880	–443
Cash and cash equivalents, January 1	1,095	1,229
Net cash flow for the period	–880	–443
Cash and cash equivalents at end of period	215	786

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	–	–	23	–	245	268
Shareholders' contribution						
New share issue	34	–	–	466	–	500
Closing equity, September 30, 2013	975	4,801	23	4,438	3,999	14,236
Opening equity, October 1, 2013	975	4,801	23	4,438	3,999	14,236
Comprehensive income for the period	–	–	–11	–	2	–9
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	–	–	–36	–	915	879
Shareholders' contribution						
New share issue	32	–	–	468	–	500
Closing equity, September 30, 2014	1,007	4,801	–24	4,907	4,916	15,606

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-Sep	Expenses Jan-Sep	Receivables Sep 30	Liabilities Sep 30	Commit- ments Sep 30
2014					
Group companies	777	128	436	242	–
Länsförsäkringar Liv Group	184	3	24	634	1,487
Regional insurance companies	816	26	96	87	–
Other related parties	18	0	2	0	–
2013					
Group companies	656	132	229	679	–
Länsförsäkringar Liv Group	293	61	34	737	1,767
Regional insurance companies	799	27	112	56	–
Other related parties	17	2	1	1	–

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, October 23, 2014

Sten Dunér
President

Financial calendar 2014

Year-end report, Länsförsäkringar AB **February 10, 2015**

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 October 23, 2014 at 15.00 p.m Swedish time.

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