

# Länsförsäkringar AB

*Interim report January–March 2015*

## FIRST QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2014

- The Group's operating profit amounted to SEK 487 M (293). The Group's operating income amounted to SEK 13,455 M (4,580). The return on equity amounted to 9% (6).
- Operating profit in the non-life insurance operations amounted to SEK 171 M (89). Premiums earned after ceded reinsurance amounted to SEK 1,227 M (1,089).
- Operating profit for the Bank Group totalled SEK 279 M (197). Net interest income strengthened to SEK 685 M (584).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 132 M (77). Premium income amounted to SEK 2,454 M (2,328). Commission income amounted to SEK 343 M (278).
- Net sales for the Parent Company amounted to SEK 578 M (566).

## FIRST QUARTER OF 2015 COMPARED WITH FOURTH QUARTER OF 2014

- The Group's operating profit amounted to SEK 487 M (192). The Group's operating income amounted to SEK 13,455 M (7,113). The return on equity amounted to 9% (4).
- The Group's equity rose SEK 1,010 M to SEK 17,867 M (16,857).
- Operating profit in the non-life insurance operations amounted to SEK 171 M (187). Premiums earned after ceded reinsurance amounted to SEK 1,227 M (726).
- Operating profit for the Bank Group totalled SEK 279 M (256). Net interest income amounted to SEK 685 M (699). Business volumes rose SEK 51 billion during the quarter to SEK 372 billion.
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 132 M (112). Premium income amounted to SEK 2,454 M (1,980). Commission income amounted to SEK 343 M (296).
- Net sales for the Parent Company amounted to SEK 578 M (708).

**STEN DUNÉR**, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB:



2015 began as 2014 ended – the US economy is driving global growth, while recovery in Europe is sluggish.

The highly expansive monetary policies of central banks have resulted in interest rates reaching record-breaking low levels. Low inflation in Sweden also led to the Riksbank taking robust measures to reduce the repo rate to minus 0.25%. Low interest rates also increase general risk-taking in the hunt for returns, which contributes to increasing the values of classes of assets other than interest bearing assets.

The Länsförsäkringar AB Group began 2015 with a very strong quarter in terms of both earnings and growth. All business units reported earnings improvements and operating profit amounted to SEK 487 M, up 66% compared with the year-earlier period. Profit for the total non-life insurance business

doubled due to strong earnings in the pet-insurance business and improved investment income. Business volumes rose in the banking operations and growth remained stable. The bank's net interest income increased despite low interest rates and operating profit and profitability strengthened. Mortgage lending remained strong, together with a sharp increase in the value of fund savings. Deposits and net savings in funds weakened slightly compared with first quarter of 2014. Insurance capital in unit-linked life assurance continued to grow. A strong stock-market performance and highly valued classes of assets had a positive effect on first-quarter earnings.

During the quarter, a new share issue of SEK 600 M from the owners was implemented aimed at further strengthening the Group's capital situation.

## Market commentary

Incoming economical indicators showed that US GDP growth in the first quarter was weak. The probable cause was such temporary factors as adverse weather and a major port strike. The labour market strengthened and unemployment fell. Inflation displayed a relatively weak trend due to the sharp decline in oil prices and the stronger USD. The Federal Reserve signalled that interest-rate increases would be made at a slower pace than previously announced, although interest rates will probably start to be raised at some point during the year.

The ECB initiated a bond-buying stimulus scheme in March that is planned to continue until at least September 2016. The ECB will purchase bonds totalling EUR 60 billion per month. The large volumes of bond buying weakened the EUR and also pressed interest rates down. Future indicators suggest a certain improvement in the eurozone and unemployment is continuing to fall, albeit from high levels. Political developments, primarily in Greece, generated unease in the market.

Economic statistics for Sweden were stronger than expected. Low inflation and falling inflation expectations led to the Riksbank taking robust measures to lower its repo rate to minus 0.25% and initiate a bond-buying stimulus programme for government bonds totalling SEK 40 billion. These measures affected the entire Swedish yield curve, with falling rates across the board.

Global stock markets generally increased during the first quarter. Returns in local currency were positive for all regions. European and Swedish shares rose considerably more than other markets due to surprisingly expansive monetary policies. The Japanese stock market also reported a strong performance. Two of the weaker stock markets were the US and China.

Spreads for US loans narrowed in the credit market during the period and particularly for credits of a lower quality. For European credits, spreads for the less risk-exposed segment of Investment Grade widened slightly, due to falling government bond rates and also a larger range of new share issues in the corporate-bond market. The interest-rate difference in Swedish

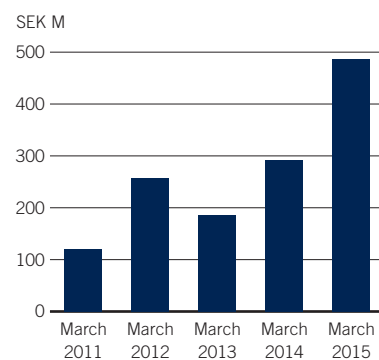
mortgage bonds compared with the government bond curve widened slightly during the period, mainly in the segments with longer terms.

## FIRST QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2014

This report provides commentary on the performance in the first quarter of 2015 compared with the first quarter of 2014, unless otherwise stated.

### Group earnings

#### GROUP OPERATING PROFIT



The Group's operating profit increased 66% to SEK 487 M (293). The return on equity improved to 9% (6).

The earnings trend was positive in all business units and the non-life insurance operations accounted for the largest increase. The Group's operating income amounted to SEK 13,455 M (4,580). Operating income includes the change in value of unit-linked insurance assets – policyholder bears the risk. Customer capital strengthened by SEK 8,798 M. The improvement in the non-life insurance operations was primarily due to healthy earnings in Agria's pet-insurance business and run-off gains in the health care business. The Bank Group's operating profit rose 42% to SEK 279 M (197), due to higher net interest income and lower loan losses. The managed assets of unit-linked insurance operations increased 12% to SEK 105 billion (94), which contributed to operating profit strengthening to SEK 132 M (77).

The total return amounted to 1.4% (1.2). Equities performed strongly during the quarter, contributing 0.4 percentage points to the total return. The fixed-income

portfolio made a contribution of 0.4 percentage points, with primarily credits contributing positively. Properties made a contribution of 0.3 percentage points and hedge funds 0.3 percentage points.

### Group equity

Strong first-quarter earnings, combined with a new share issue of SEK 600 M from the company's owners (the regional insurance companies and local insurance companies), contributed to the Group's equity increasing by SEK 1,010 M to SEK 17,867 M. The new share issue took place due to changed capital requirement rules for banking and insurance operations that are applied from 2014, imposing new demands on the solvency of the Parent Company of the Bank Group and insurance group. Accordingly, capitalisation has now been strengthened to counteract the effects of the new rules.

### The Group's capital situation

The Länsförsäkringar AB Group is a financial conglomerate. The Group's companies are encompassed by regulations on group solvency in accordance with legislation on financial conglomerates, legislation on bank groups and legislation on insurance groups.

The capital situation in the first quarter was strengthened with the new share issue of SEK 600 M and sales of internal holdings of subordinated debt amounting to SEK 800 M. The increase in equity was lower than the increase in the capital requirement of the consolidated Group, measured by applying the capital requirement rules for financial conglomerates. The increase in capital requirement amounted to SEK 478 M, with respect to the transition rules from Basel I being binding for some of the legal units in the Bank Group.

The capital surplus in the financial conglomerate amounted to SEK 3,759 M, up SEK 945 M during the period. At the same time as the new share issue and sales of intra-Group subordinated debt helped increase the capital base, deductions for non-transferable surpluses also increased. The rules applying to financial conglomerates from 2014 under an EU Regulation state that it must be legally and practically possible to transfer surpluses in a legal entity in order for them to be included in the

capital base of the conglomerate. The reason for the increase in deductions is an assumption that, for calculations of the solvency test, the rules are to be interpreted in such a manner that capital is to be retained in the banking operations for Pillar II risks, even though these rules are not formal capital requirements under the conglomerate regulations. A strengthened capital situation for the banking operations resulted in increases in such deductions.

Net capital surplus in the insurance group amounted to SEK 2,267 M, up SEK 924 M for the quarter. The new share issue and sales of internal holdings of subordinated debt contributed to the increase, while a contribution of SEK 500 M from Länsförsäkringar AB to Länsförsäkringar Bank restrained the amount of the increase in the surplus, in accordance with the rules on insurance groups.

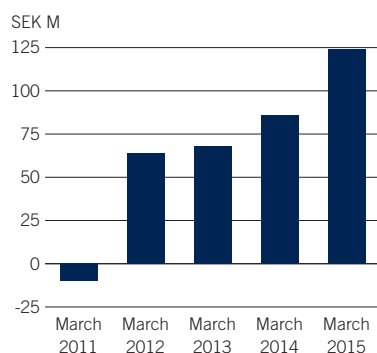
The Core Tier 1 ratio for the consolidated situation, meaning the Länsförsäkringar Bank Group consolidated with Länsförsäkringar AB, increased during the quarter from 13.9% to 15.4%. Further information about the capital situation under the rules on bank groups is provided under the section on “Banking” below.

### Non-life insurance

Operating profit amounted to SEK 171 M (89), attributable to both an improved technical result and higher investment income. The technical result for insurance operations reported a profit of SEK 124 M (86). The improvement was mainly due to stronger earnings in Agria’s pet-insurance business. Premiums earned after ceded reinsurance increased 13% to SEK 1,227 M (1,089). The increase was the result of portfolio growth and previous premium increases in the pet-insurance business, Agria’s international operations and in accident and health insurance.

Claims payments after ceded reinsurance rose to SEK 857 M (812), while the claims ratio declined to 70% (75) as a result of higher premiums earned combined with a stabilised claims-cost trend. The expense ratio improved to 21% (20). The combined ratio improved to 91% (95).

### TECHNICAL RESULT



The Länsförsäkringar Sak Group’s total return, including return on debt protection, amounted to 1.3% (1.3). Properties, which at end of the quarter amounted to about 30% of the investment assets, contributed 0.4 percentage points to the total return. Hedge funds performed very positively during the quarter, contributing 0.4 percentage points. The fixed-income portfolio, which has a short duration, made a contribution of 0.3 percentage points, with primarily credits contributing positively. All credit markets generated positive returns, but US credits with lower credit quality accounted for the largest contribution based on lower credit spreads.

A liability hedge to hedge interest-rate risk in the former discounted annuity reserve was previously applied. This liability hedge, which previously represented a large portion of the portfolio, was discontinued in connection with the portfolio transfer of the annuity reserve to the regional insurance companies in December 2014. The liability hedge made a significant contribution to the total return during the first quarter last year. The improved total return for other assets was due to a larger contribution from hedge funds, properties and credits in the fixed-income portfolio, while government bonds made a lower contribution.

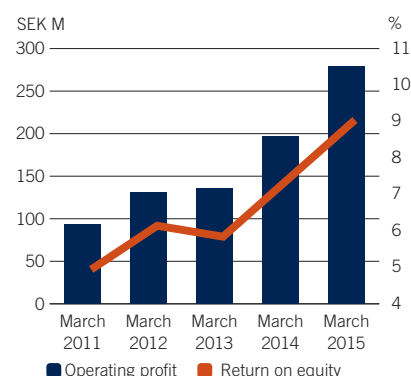
### Banking

Operating profit rose 42% to SEK 279 M (197), primarily due to higher net interest income. Return on equity strengthened to 9.1% (7.5). Net interest income increased 17% to SEK 685 M (584), mainly attributable

to higher volumes and improved margins.

Net gains from financial items amounted to SEK 1 M (losses: 1). Net commission amounted to an expense of SEK 80 M (expense: 79). Operating expenses totalled SEK 355 M (345) and the increase was due to the fund company’s higher administration costs related to increased volumes. The volume of managed funds increased 28% to SEK 113 billion (88), primarily the result of the growth in value.

### OPERATING PROFIT AND RETURN ON EQUITY

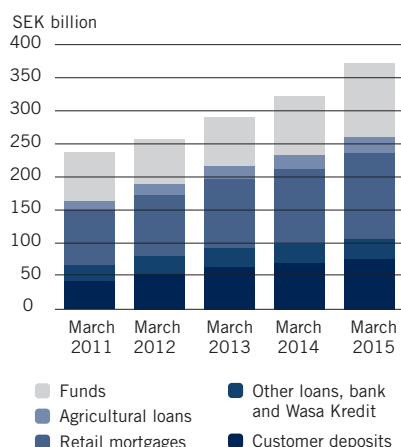


Loan losses amounted to SEK –0 M (16), net, corresponding to loan losses of 0.00% (0.03). Reserves totalled SEK 331 M (423), corresponding to a reserve ratio in relation to loans of 0.17% (0.25). The cost/income ratio before loan losses amounted to 0.56 (0.62), and the cost/income ratio after loan losses strengthened to 0.56 (0.65).

Business volumes increased SEK 51 billion to SEK 372 billion (321). Deposits from the public increased 9% to SEK 76 billion (70) and the market share strengthened to 4.7% (4.6) at 28 February 2015.

Fund volumes increased 28% to SEK 113 billion (88). Lending increased 12% to SEK 183 billion (163). Retail mortgages in Länsförsäkringar Hypotek increased 15% to SEK 131 billion (114) and the market share of household lending amounted to 5.2% (5.0) on 28 February 2015.

## BUSINESS VOLUMES FOR THE BANK GROUP



### Funding and liquidity

The Bank Group has a low refinancing risk and the maturity structure is highly diversified. Debt securities in issue declined to SEK 122 billion (130), of which covered bonds amounted to SEK 94 billion (105), senior long-term funding to SEK 25 billion (23) and short-term funding to SEK 3 billion (2). The average remaining term was 3.2 years (2.8). A transaction of a nominal EUR 1 billion in Länsförsäkringar Hypotek matured during the quarter. Covered bonds were issued at a volume corresponding to a nominal SEK 7 billion (10), repurchased covered bonds to a nominal SEK 2 billion (3) and matured covered bonds to a nominal SEK 6 billion (8) during the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 6 billion (3) during the period.

The liquidity reserve totalled SEK 36 billion (52), according to the Swedish Bankers' Association's definition. The lower amount of the liquidity reserve was due to a bond of a nominal EUR 1 billion in Länsförsäkringar Hypotek maturing during the quarter. However, the liquidity situation strengthened due to an improved maturity structure, which meant that the survival horizon was extended to exceed two years at the end of the quarter. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings for slightly more than two years can be met without needing to secure new funding in the capital market.

The Liquidity Coverage Ratio (LCR) amounted to 206% (428) according to the Swedish Financial Supervisory Authority's definition and to an average of 229% (251) in the first quarter of 2015. The LCR in EUR amounted to 34,696% (687,253).

### Capital adequacy<sup>1</sup>

The Bank Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied to all retail exposures and to most of the counterparty exposures to corporates and the agricultural sector. The foundation IRB Approach is used for other counterparty exposures to corporates and the agricultural sector, and the Standardised Approach for other exposures.

With the CRR (Capital Requirement Regulation) 575/2013 coming into effect, the consolidated situation also includes the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group. Since Länsförsäkringar 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. As previously stated in the company's reports, the bank has submitted, based on the new rules, an 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 application was submitted in October 2014.

The capital base of the consolidated situation amounted to SEK 11,726 M (10,514), the capital adequacy ratio to 19.1% (17.5) and the Core Tier 1 ratio to 15.4% (13.9). Core Tier 1 capital and Tier 1 capital amounted to SEK 9,430 M (8,369). The increase in Core Tier 1 capital primarily comprise a new share issue of SEK 600 M during the first quarter and generated profit of SEK 270 M. From 1 January 2015, equity is no longer to be adjusted for unrealised gains related to available-for-sale assets, in accordance with the transition rules. This had a positive effect of SEK 110 M on Core Tier 1 capital.

The Risk Exposure Amount (REA) on 31 March 2015 amounted to SEK 61,381 M (60,250) in the consolidated situation. The increase in REA for the quarter was related to continued growth in lending, primarily to households in the form of mortgages, which rose SEK 1,191 M

during the period. Under the Standardised Approach, REA fell a total of SEK 331 M during the period, primarily due to decreases in the exposure classes of covered bonds and other assets.

The Bank Group's Core Tier 1 ratio amounted to 17.4% (16.2) and the capital adequacy ratio to 21.7% (20.6). Länsförsäkringar Bank received a shareholders' contribution of SEK 500 M during the quarter.

### Unit-linked insurance

Profit for Länsförsäkringar Fondliv amounted to SEK 132 M (77).

Premium income in the income statement amounted to SEK 34 M (23) and pertains to the portion of premiums containing insurance risk. The improved premium income was the result of the risk business that is being built up.

Income from fees from the financial component of agreements increased 18% to SEK 166 M (140). Management remuneration rose 29% to SEK 177 M (137). The improvement in fees and management remuneration was largely due to an increase in volumes based on higher returns and a positive net inflow.

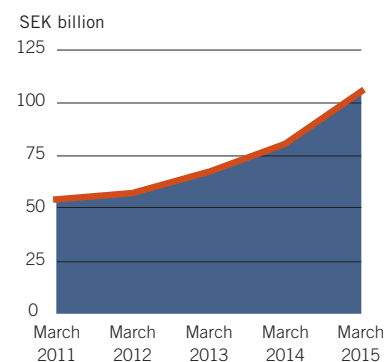
Operating expenses were in line with the preceding year, increasing 3% to SEK 234 M (228).

Total premium income for Länsförsäkringar Fondliv amounted to SEK 2,454 M (2,328) for the period, up SEK 126 M. Capital transferred declined to SEK 342 M (413).

Insurance capital amounted to SEK 105 billion on 31 March 2015, up 12% in the first quarter of 2015. The increase was due to positive returns and a positive net flow.

Total sales excluding collective-agreement occupational pensions amounted to SEK 2,644 M, up 5%.

### MANAGED ASSETS FOR UNIT-LINKED INSURANCE



<sup>1</sup> The comparative period pertains to 31 December 2014.

## Fund management

Some 97% of the funds in the fund range performed positively during the quarter. In five of the funds, the value rose more than 20% and in 52 of the funds, the value increased more than 10%. Funds with the highest total returns were dominated by funds that invest in Russia, Japan and China. The best performances were in the following funds: Alfred Berg Ryssland, East Capital Ryssland and Länsförsäkringar Japanfond. The funds investing in Latin America and in fixed-income instruments in emerging markets performed the weakest.

## 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 <sup>2)</sup>	Moody's	A3/Stable	P-2
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA/Stable	
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	

<sup>1)</sup> Pertains to the company's covered bonds

<sup>2)</sup> Rating is under review for upgrade

## Significant events after the end of the interim period

Länsförsäkringar Bank AB and Länsförsäkringar Hypotek AB received permission in April to change the model for calculating Loss Given Default (LGD) for loans secured on residential property for private individuals.

## 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 insurance 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 in the banking operations remained very low.

Market risks primarily arise in Länsförsäkringar Fondliv on the basis of indirect exposure to market risk, since income in the unit-linked insurance operations is dependent on trends in the financial market. Länsförsäkringar Sak's market risk occurs on the basis of investment decisions concerning the management of investment assets and is less extensive than Länsförsäkringar Fondliv's market risk.

Life-assurance risks relate primarily to cancellation risk in Länsförsäkringar Fondliv, 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 Länsförsäkringar AB 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 2014 Annual Report. No significant changes in the risk profile for the Group or the Parent Company took place during the period.

## Related-party transactions

In 2015, the Länsförsäkringar AB Group has had the same type of agreements as those described in the notes to the 2014 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.

## FIRST QUARTER OF 2015 COMPARED WITH FOURTH QUARTER OF 2014

The Group's operating profit amounted to SEK 487 M (192).

The Non-life Group's operating profit amounted to SEK 171 M (187). The lower first-quarter 2015 earnings was mainly due to a positive nonrecurring effect arising in connection with the transfer of the

motor third-party liability insurance portfolio and annuities operations during the fourth quarter of 2014. Premiums earned after ceded reinsurance amounted to SEK 1,227 M (726). The transfer of the motor third-party liability insurance portfolio to the regional insurance companies had a negative impact of SEK 500 M on premiums earned in the fourth quarter of 2014. Premiums earned excluding the nonrecurring effect remained essentially unchanged between the quarters.

The Bank Group's operating profit rose to SEK 279 M (256), due to lower loan losses, improved net commission and lower operating expenses. The return on equity amounted to 9.1% (8.6).

Länsförsäkringar Fondliv's operating profit amounted to SEK 132 M (112). Premium income amounted to SEK 34 M (28). Fees amounted to SEK 166 M (141). Management remuneration amounted to SEK 176 M (157). The main reason for the higher fees and improved management remuneration was the 12% increase in managed assets during the quarter. Operating expenses totalled SEK 234 M (217).

## PARENT COMPANY EARNINGS, FIRST QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2014

Profit after financial items for the Parent Company amounted to SEK 40 M (532). Dividends from subsidiaries amounted to SEK 100 M (566). Income totalled SEK 578 M (566).

A new share issue of SEK 600 M was implemented during the quarter. The Parent Company paid a shareholders' contribution of SEK 500 M to Länsförsäkringar Bank AB.

The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at 31 March 2015 are shown in the following financial statements with accompanying notes for the Group and Parent Company.



## KEY FIGURES

Länsförsäkringar AB Group	Q 1 2015	Q 1 2014	Q 4 2013	Full-year 2014
<b>SEK M</b>				
<b>Group</b>				
Operating profit	487	293	192	1,469
Net profit for the period	395	241	159	1,159
Return on equity, % <sup>1)</sup>	9	6	4	7
Total assets, SEK billion	375	339	356	356
Equity per share, SEK	1,714	1,579	1,675	1,675
Solvency capital <sup>2)</sup>	21,073	18,229	19,767	19,767
Solvency margin, % <sup>3)</sup>	458	415	455	455
Capital base for the financial conglomerate <sup>4)</sup>	19,276	15,614	17,802	17,802
Necessary capital requirement for the financial conglomerate <sup>4)</sup>	15,517	14,138	14,988	14,988
<b>Insurance operations <sup>5)</sup></b>				
<i>Non-life insurance operations</i>				
Premiums earned (after ceded reinsurance)	1,165	1,033	671	3,880
Investment income transferred from financial operations	10	29	36	130
Claims payments (after ceded reinsurance) <sup>6)</sup>	-743	-712	-185	-2,251
<b>Technical result, non-life operations</b>	<b>121</b>	<b>89</b>	<b>184</b>	<b>606</b>
<i>Premium income, non-life insurance</i>				
Premium income before ceded reinsurance	2,999	2,729	3,496	8,444
Premium income after ceded reinsurance	1,759	1,550	375	4,050
<i>Life-assurance operations</i>				
Premium income after ceded reinsurance	211	169	57	329
Fees pertaining to financial agreements	166	140	141	570
Investment income, net	77	12	38	108
Claims payments (after ceded reinsurance)	-65	-55	-44	-206
<b>Technical result, life-assurance operations</b>	<b>133</b>	<b>321</b>	<b>103</b>	<b>619</b>
<b>Operating profit for insurance operations <sup>7)</sup></b>	<b>303</b>	<b>166</b>	<b>299</b>	<b>1,164</b>
<i>Key figures</i>				
Cost ratio <sup>8)</sup>	27	25	48	29
Expense ratio <sup>9)</sup>	21	20	38	22
Claims ratio <sup>10)</sup>	69	74	37	65
Combined ratio	90	94	75	87
Management cost ratio, life-assurance operations <sup>11)</sup>	1	1	1	1
Direct yield, % <sup>12)</sup>	0.1	0.0	2.6	2.0
Total return, % <sup>13)</sup>	1.6	1.2	0.2	4.9
Total return, % <sup>14)</sup>	1.5	0.7	0.4	3.1
<i>Financial position</i>				
Investment assets, SEK billion <sup>15)</sup>	12	17	12	12
Unit-linked insurance assets – policyholder bears the risk, SEK billion	103	79	91	91
Technical reserves (after ceded reinsurance), SEK billion	8	14	7	7
Capital base for the insurance group <sup>16)</sup>	8,774	7,151	7,618	7,618
Solvency margin for the insurance group <sup>16)</sup>	6,507	5,794	6,275	6,275

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## KEY FIGURES, CONT.

Länsförsäkringar AB Group	Q 1 2015	Q 1 2014	Q 4 2014	Full-Year 2014
<b>Banking operation</b>				
Net interest income	685	584	699	2,580
Operating profit	279	197	256	935
Net profit for the period	231	153	182	712
Return on equity, % <sup>17)</sup>	9	7	9	8
Total assets, SEK billion	237	224	232	232
Equity	10,320	8,407	9,597	9,597
Cost/income ratio before loan losses <sup>18)</sup>	0.56	0.62	0.60	0.62
Investment margin, % <sup>19)</sup>	1.13	1.07	1.21	1.15
Common Equity Tier 1 capital ratio Bank Group, %	17.4	14.1	16.2	16.2
Tier 1 ratio Bank Group, % <sup>20)</sup>	17.4	14.1	16.2	16.2
Total capital ratio Bank Group, % <sup>21)</sup>	21.7	18.6	20.6	20.6
Common Equity Tier 1 capital ratio consolidated situation, %	15.4	11.3	13.9	13.9
Tier 1 ratio consolidated situation, % <sup>20)</sup>	15.4	11.3	13.9	13.9
Total capital ratio consolidated situation, % <sup>21)</sup>	19.1	15.0	17.5	17.5
Loan losses in relation to loans, % <sup>22)</sup>	0.00	0.04	0.03	-0.01

1) Operating profit less standard tax at 22.0% in relation to average equity adjusted for share issue.

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 deduction and aggregation method. Effective 2014, an EU Regulation (342/2014) applies to methods of calculation for solvency testing. This means that special consideration is to be made of whether there is any practical or legal impediment to transferring the surplus in a company. Given this, the companies of the Bank Group have been included by company in the calculations in order to support consideration of the transferability of surpluses per company. The capital requirement is affected since the transition rules under Basel I are taken into account for each company individually instead of for the Bank Group as a whole.

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, 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) The insurance group comprises the Parent Company Länsförsäkringar AB and all insurance companies in the Group. The insurance group also includes Länsförsäkringar Liv Försäkrings AB, despite the Länsförsäkringar Liv Group is not consolidated in the Länsförsäkringar AB Group. According to the Swedish Insurance Business Act (2010:2043).

17) 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.

18) Total expenses before loan losses in relation to total income.

19) Net interest in relation to average total assets.

20) Tier 1 capital base in relation to the closing risk-weighted amount.

21) Closing capital base in relation to the closing risk-weighted amount.

22) 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 1 2015	Q 1 2014	Q 4 2014	Full-year 2014
Premiums earned before ceded reinsurance	1,741	1,542	4,144	8,587
Reinsurers' portion of premiums earned	-371	-346	-3,424	-4,409
<b>Premiums earned after ceded reinsurance</b>	<b>1,370</b>	<b>1,196</b>	<b>720</b>	<b>4,178</b>
Interest income	1,853	2,303	1,996	8,523
Interest expense	-1,159	-1,705	-1,291	-5,913
<b>Net interest income</b>	<b>695</b>	<b>598</b>	<b>705</b>	<b>2,610</b>
Change in unit-linked insurance assets – policyholder bears the risk	10,162	1,814	4,551	11,506
Dividends in unit-linked insurance assets – policyholder bears the risk	–	–	–	3
Investment income, net	117	-19	-49	146
Commission income	639	525	653	2,292
Other operating income	472	466	532	1,937
<b>Total operating income</b>	<b>13,455</b>	<b>4,580</b>	<b>7,113</b>	<b>22,673</b>
Claims payments before ceded reinsurance	-1,069	-936	-5,014	-8,067
Reinsurers' portion of claims payments	261	175	4,790	5,627
<b>Claims payments after ceded reinsurance</b>	<b>-808</b>	<b>-761</b>	<b>-224</b>	<b>-2,440</b>
Change in life-assurance provision	-115	-91	27	-3
Change in unit-linked insurance liabilities – policyholder bears the risk	-10,231	-1,825	-4,592	-11,608
Commission expense	-642	-525	-610	-2,294
Staff costs	-471	-444	-418	-1,735
Other administration expenses	-701	-626	-1,090	-3,132
Loan losses	-0	-16	-14	7
<b>Total expenses</b>	<b>-12,968</b>	<b>-4,287</b>	<b>-6,921</b>	<b>-21,204</b>
<b>Operating profit</b>	<b>487</b>	<b>293</b>	<b>192</b>	<b>1,469</b>
Tax	-92	-52	-33	-310
<b>NET PROFIT FOR THE PERIOD</b>	<b>395</b>	<b>241</b>	<b>159</b>	<b>1,159</b>
Earnings per share before and after dilution, SEK	39	25	16	117

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 1 2015	Q 1 2014	Q 4 2014	Full-year 2014
<b>Net profit for the period</b>	<b>395</b>	<b>241</b>	<b>159</b>	<b>1,159</b>
<b>Other comprehensive income</b>				
<b>Items that have been transferred or can be transferred to profit for the period</b>				
Translation differences attributable to foreign operations	18	4	9	34
Cash-flow hedges	20	-53	37	4
Change in fair value of available-for-sale financial assets	-37	-7	-61	-0
Tax attributable to items that have been transferred or can be transferred to profit for the period	4	13	5	-1
<b>Total</b>	<b>5</b>	<b>-43</b>	<b>-10</b>	<b>37</b>
<b>Items that cannot be transferred to profit for the period</b>				
Revaluation of owner-occupied property	13	13	-61	-22
Revaluation of defined-benefit pension plans	–	–	-7	-7
Tax attributable to items that cannot be reversed to profit for the period	-3	-3	15	7
<b>Total</b>	<b>10</b>	<b>10</b>	<b>-53</b>	<b>-22</b>
<b>Total other comprehensive income for the period, net after tax</b>	<b>15</b>	<b>-32</b>	<b>-64</b>	<b>15</b>
<b>Comprehensive income for the period</b>	<b>410</b>	<b>209</b>	<b>95</b>	<b>1,174</b>



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	31 Mar 2015	31 Dec 2014
<b>ASSETS</b>		
Goodwill	744	735
Other intangible assets	3,588	3,610
Deferred tax assets	39	38
Property and equipment	53	51
Owner-occupied property	2,258	2,265
Shares in Länsförsäkringar Liv Försäkrings AB	8	8
Shares and participations in associated companies	66	66
Reinsurers' portion of technical reserves	12,334	11,529
Loans to the public	183,441	179,424
Unit-linked insurance assets – policyholder bears the risk	102,802	91,359
Shares and participations	1,757	1,487
Bonds and other interest-bearing securities	38,871	43,733
Treasury bills and other eligible bills	4,998	5,409
Derivatives	6,228	5,276
Change in value of hedge portfolios	1,289	1,147
Other receivables	7,924	4,518
Prepaid expenses and accrued income	3,243	3,621
Cash and cash equivalents	4,896	1,657
<b>TOTAL ASSETS</b>	<b>374,540</b>	<b>355,933</b>

SEK M	31 Mar 2015	31 Dec 2014
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,042	1,007
Other capital contributed	10,272	9,708
Reserves	526	511
Retained earnings including profit for the period	6,026	5,631
<b>Total equity</b>	<b>17,867</b>	<b>16,857</b>
Subordinated liabilities	2,300	2,000
Technical reserves	20,376	18,664
Unit-linked insurance liabilities – policyholder bears the risk	103,420	92,250
Deferred tax liabilities	945	948
Other provisions	196	179
Debt securities in issue	127,491	130,514
Deposits from the public	74,443	75,845
Due to credit institutions	10,761	3,390
Derivatives	2,701	2,756
Change in value of hedge portfolios	4,349	3,824
Other liabilities	4,801	3,640
Accrued expenses and deferred income	4,891	5,066
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>374,540</b>	<b>355,933</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other capital contributed	Reserves	Retained earnings including net profit for the period	Total
<b>Opening equity, 1 January 2014</b>	<b>975</b>	<b>9,240</b>	<b>496</b>	<b>4,472</b>	<b>15,183</b>
Comprehensive income for the period	–	–	–32	241	209
<b>Closing equity, 31 March 2014</b>	<b>975</b>	<b>9,240</b>	<b>464</b>	<b>4,713</b>	<b>15,392</b>
Opening equity, 1 April 2015	975	9,240	464	4,713	15,392
Comprehensive income for the period	–	–	47	918	965
<b>Shareholders' contribution</b>					
New share issue	32	468	–	–	500
<b>Closing equity, 31 December 2014</b>	<b>1,007</b>	<b>9,708</b>	<b>511</b>	<b>5,631</b>	<b>16,857</b>
Opening equity, 1 January 2015	1,007	9,708	511	5,631	16,857
Comprehensive income for the period	–	–	15	395	410
<b>Shareholders' contribution</b>					
New share issue	36	564	–	–	600
<b>Closing equity, 31 December 2014</b>	<b>1,042</b>	<b>10,272</b>	<b>526</b>	<b>6,026</b>	<b>17,867</b>

The number of shares amounted to 10,424,582 (10,066,372). Of total equity, SEK 5,844 M (5,808) is restricted equity.

## CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	1 Jan 2015 –31 Mar 2015	1 Jan 2014 –31 Mar 2014
Cash flow from operating activities before changes in working capital	2,476	2,211
Cash flow from changes in working capital	2,937	–6,910
<b>Cash flow from operating activities</b>	<b>5,412</b>	<b>–4,699</b>
Cash flow from investing activities	–56	–49
Cash flow from financing activities	–2,123	6,318
<b>Net cash flow for the period</b>	<b>3,234</b>	<b>1,570</b>
Cash and cash equivalents, 1 January	1,657	2,145
Net cash flow for the period	3,234	1,570
Exchange-rate differences in cash and cash equivalents	4	1
<b>Cash and cash equivalents at end of period</b>	<b>4,896</b>	<b>3,716</b>

## 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.

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 2014 Annual Report.

### NOTE 2 EARNINGS PER SEGMENT

1 Jan 2015 – 31 Mar 2015, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	1,227	34	–	–	109	1,370
Net interest income	–	–	685	–	10	695
Change in unit-linked insurance assets – policyholder bears the risk	–	10,162	–	–	–	10,162
Investment income, net	10	72	1	84	–50	117
Commission income	8	343	372	–	–84	639
Other operating income	120	64	29	577	–318	472
<b>Total operating income</b>	<b>1,366</b>	<b>10,674</b>	<b>1,087</b>	<b>661</b>	<b>–333</b>	<b>13,455</b>
Claims payments after ceded reinsurance	–857	–21	–	–	70	–808
Change in life-assurance provision	–	–	–	–	–115	–115
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–10,231	–	–	–	–10,231
Commission expense	–129	–98	–453	–	38	–642
Staff costs	–97	–48	–119	–212	4	–471
Other administration expenses	–159	–147	–236	–410	251	–701
Loan losses	–	–	–0	–	–	–0
<b>Total expenses</b>	<b>–1,242</b>	<b>–10,544</b>	<b>–808</b>	<b>–622</b>	<b>248</b>	<b>–12,968</b>
<b>Technical result</b>	<b>124</b>	<b>130</b>	<b>–</b>	<b>–</b>	<b>–254</b>	<b>–</b>
Non technical recognition	47	2	–	–	–49	–
<b>Operating profit</b>	<b>171</b>	<b>132</b>	<b>279</b>	<b>40</b>	<b>–135</b>	<b>487</b>
Tax	–	–	–	–	–	–92
<b>Net profit for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>395</b>
<b>Income distribution</b>						
External income	1,311	10,587	1,090	298	169	13,455
Internal income	55	87	–3	363	–502	–
<b>Total operating income</b>	<b>1,366</b>	<b>10,674</b>	<b>1,087</b>	<b>661</b>	<b>–333</b>	<b>13,455</b>

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. Amortisation pertaining to acquired intangible assets under Unit-linked Life Assurance is included in eliminations and adjustments of administration expenses. 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.

1 Jan 2014 – 1 Mar 2014, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	1,089	23	–	–	84	1,196
Net interest income	–	–	584	–	13	598
Change in unit-linked insurance assets – policyholder bears the risk	–	1,814	–	–	–	1,814
Investment income, net	30	11	–1	536	–594	–19
Commission income	7	278	308	–	–68	525
Other operating income	87	74	56	566	–317	466
<b>Total operating income</b>	<b>1,213</b>	<b>2,200</b>	<b>947</b>	<b>1,102</b>	<b>–882</b>	<b>4,580</b>
Claims payments after ceded reinsurance	–812	–11	–	–	61	–761
Change in life-assurance provision	–	–	–	–	–91	–91
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–1,825	–	–	–	–1,825
Commission expense	–83	–150	–362	–	70	–525
Staff costs	–88	–51	–112	–199	6	–444
Other administration expenses	–144	–85	–261	–370	234	–626
Loan losses	–	–	–16	–	–	–16
<b>Total expenses</b>	<b>–1,126</b>	<b>–2,121</b>	<b>–750</b>	<b>–569</b>	<b>279</b>	<b>–4,287</b>
<b>Technical result</b>	<b>86</b>	<b>79</b>	<b>–</b>	<b>–</b>	<b>–165</b>	<b>–</b>
Non technical recognition	3	–2	–	–	–	–
<b>Operating profit</b>	<b>89</b>	<b>77</b>	<b>197</b>	<b>532</b>	<b>–602</b>	<b>293</b>
Tax	–	–	–	–	–	–52
<b>Net profit for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>241</b>
<b>Income distribution</b>						
External income	1,162	2,130	948	838	–499	4,580
Internal income	51	70	–1	264	–383	–
<b>Total operating income</b>	<b>1,213</b>	<b>2,200</b>	<b>947</b>	<b>1,102</b>	<b>–882</b>	<b>4,580</b>

## NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan-Mar	Expenses Jan-Mar	Receivables 31 Mar	Liabilities 31 Mar	Commitments 31 Mar
<b>2015</b>					
Länsförsäkringar Liv Group	95	33	386	850	1,190
Regional insurance companies	412	431	8,291	13,536	52
Other related parties	7	4	3	35	5
<b>2014</b>					
Länsförsäkringar Liv Group	99	18	833	1,248	1,472
Regional insurance companies	409	411	8,128	11,142	52
Other related parties	4	5	3	28	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

31 March 2015, SEK M	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Owner-occupied property	–	–	2,258	2,258
Unit-linked insurance assets – policyholder bears the risk	102,802	–	–	102,802
Shares and participations	1,210	12	535	1,757
Bonds and other interest-bearing securities	38,820	–	51	38,871
Treasury bills and other eligible bills	4,998	–	–	4,998
Derivatives	0	6,227	–	6,227
<b>Liabilities</b>				
Unit-linked insurance liabilities – policyholder bears the risk	–	103,420	–	103,420
Derivatives	0	2,701	–	2,701
<b>31 December 2014, SEK M</b>				
<b>Assets</b>				
Owner-occupied property	–	–	2,265	2,265
Unit-linked insurance assets – policyholder bears the risk	91,359	–	–	91,359
Shares and participations	943	12	532	1,487
Bonds and other interest-bearing securities	43,702	–	31	43,733
Treasury bills and other eligible bills	5,409	–	–	5,409
Derivatives	1	5,275	–	5,276
<b>Liabilities</b>				
Unit-linked insurance liabilities – policyholder bears the risk	–	92,250	–	92,250
Derivatives	0	2,756	–	2,756

Continued on next page

## NOTE 4 FAIR VALUE VALUATION TECHNIQUES, CONT

Table 2 Change level 3	Owner-occupied property	Shares and participations	Bonds and other interest-bearing securities	Total
<b>Opening balance, 1 January 2015</b>	<b>2,265</b>	<b>532</b>	<b>31</b>	<b>2,827</b>
Acquisition	0	–	20	20
Divestments	–	–	–	–
Recognised in net profit for the year	–19	3	0	–16
Recognised in other comprehensive income	13	–	–	13
<b>Closing balance, 31 March 2015</b>	<b>2,258</b>	<b>535</b>	<b>51</b>	<b>2,844</b>

<b>Change level 3</b>				
<b>Opening balance, 1 January 2014</b>	<b>2,423</b>	<b>473</b>	<b>–</b>	<b>2,896</b>
Acquisition	0	–	30	30
Divestments	–	–6	–	–6
Recognised in net profit for the year	–136	65	1	–71
Recognised in other comprehensive income	–22	–	–	–22
<b>Closing balance, 31 December 2014</b>	<b>2,265</b>	<b>532</b>	<b>31</b>	<b>2,827</b>

There were no significant transfers between Level 1 and Level 2 during 2015 or during 2014. There were no transfers from Level 3 in 2015 or 2014.

There are not normally active markets for owner-occupied property, which is why fair value is estimated using models based on discounted cash flows. These models are based on assumptions about future rent levels, occupancy, operating and maintenance expenses, yield requirements and interest-rate levels. The method applied to the calculation of fair value is the revaluation technique. All valuations are performed by external, independent valuation companies.

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. Holdings in private equity funds classified as shares in Level 3 are valued externally by the manager of each fund. The valuation of each fund is based on the valuation of the fund's holdings in portfolio companies. The valuation of underlying portfolio companies is based on systematic comparisons with market-listed comparable companies or on a value based on a relevant third-party transaction. In certain cases, the valuations are based on discounted cash flows or methods based on other unobservable data. The valuation is performed in accordance with industry practice, for example, International Private Equity and Venture Capital Valuation Guidelines, which are supported by many industry organisations, for example, the EVCA (European Venture Capital Association).

Bonds and other interest-bearing securities that are not listed on an active market comprise interest-bearing, unlisted loans that are valued using unobservable market data and are classified according to measurement Level 3. Valuations are performed by external managers based on generally accepted valuation techniques, which means that the underlying holdings held by the issuer of the loan are valued based on relevant observable market data wherever available. Holdings for which market data is not available are measured at a fair value corresponding to the cost adjusted for impairment. Gains and losses are recognised in profit and loss under Investment income, net.

For information and the 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 on the accounting date 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 cost of the assets and liabilities since these assets and liabilities have short terms.

**Table 3 Financial assets and liabilities**

SEK M	31 Mar 2015		31 Dec 2014	
	Book value	Fair value	Book value	Fair value
<b>Assets</b>				
Shares in Länsförsäkringar Liv Försäkrings AB	8	8	8	8
Loans to the public	183,441	185,032	179,424	180,926
Unit-linked insurance assets – policyholder bears the risk	102,802	102,802	91,359	91,359
Shares and participations	1,757	1,757	1,487	1,487
Bonds and other interest-bearing securities	38,871	38,871	43,733	43,733
Treasury bills and other eligible bills	4,998	4,998	5,409	5,409
Derivatives	6,228	6,228	5,276	5,276
Other receivables	4,578	4,578	3,565	3,565
Cash and cash equivalents	4,896	4,896	1,657	1,657
<b>Total assets</b>	<b>347,580</b>	<b>349,171</b>	<b>331,918</b>	<b>333,420</b>
<b>Liabilities</b>				
Subordinated liabilities	2,300	2,436	2,000	2,127
Unit-linked insurance liabilities – policyholder bears the risk	103,420	103,420	92,250	92,250
Debt securities in issue	127,491	133,672	130,514	136,690
Deposits from the public	74,443	76,241	75,845	77,297
Due to credit institutions	10,761	10,761	3,390	3,390
Derivatives	2,701	2,701	2,756	2,756
Other liabilities	2,272	2,272	1,073	1,073
<b>Total liabilities</b>	<b>323,388</b>	<b>331,503</b>	<b>307,828</b>	<b>315,583</b>

## FINANCIAL STATEMENTS – PARENT COMPANY

### INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Q 1 2015	Q 1 2014	Q 4 2014	Full-year 2014
<b>Net sales</b>	<b>578</b>	<b>566</b>	<b>708</b>	<b>2,491</b>
<b>Operating expenses</b>				
External expenses	–405	–361	–609	–1,812
Staff costs	–207	–195	–195	–794
Depreciation/amortisation and impairment of property and equipment and intangible assets	–9	–13	–70	–110
<b>Operating profit/loss</b>	<b>–44</b>	<b>–4</b>	<b>–167</b>	<b>–225</b>
<b>Profit/loss from financial items</b>				
Profit from participations in Group companies	100	566	188	1,254
Interest income and similar profit/loss items	9	10	23	52
Interest expense and similar profit/loss items	–25	–41	–184	–314
<b>Profit/loss after financial items</b>	<b>40</b>	<b>532</b>	<b>–140</b>	<b>767</b>
Tax	0	9	17	25
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>39</b>	<b>541</b>	<b>–123</b>	<b>792</b>

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK M	Q 1 2015	Q 1 2014	Q 4 2014	Full-year 2014
<b>Profit/loss for the period</b>	<b>39</b>	<b>541</b>	<b>–123</b>	<b>792</b>
<b>Other comprehensive income</b>				
<b>Items that have been transferred or can be transferred to profit for the period</b>				
Cash-flow hedges	–6	–16	–10	–56
Tax attributable to items that have been transferred or can be transferred to profit for the period	1	3	2	12
<b>Total other comprehensive income for the period</b>	<b>–5</b>	<b>–13</b>	<b>–8</b>	<b>–44</b>
<b>Comprehensive income for the period</b>	<b>35</b>	<b>528</b>	<b>–131</b>	<b>748</b>

### BALANCE SHEET FOR THE PARENT COMPANY

SEK M	31 Mar 2015	31 Dec 2014
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible assets	109	111
Property and equipment	106	112
<i>Financial assets</i>		
Shares and participations in Group companies	16,842	16,342
Derivatives	–	–
Other fixed assets	43	42
<b>Total financial assets</b>	<b>16,885</b>	<b>16,384</b>
<b>Total fixed assets</b>	<b>17,100</b>	<b>16,608</b>
Current assets	2,422	2,330
Cash and bank balances	263	239
<b>TOTAL ASSETS</b>	<b>19,785</b>	<b>19,177</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Restricted equity	5,844	5,808
Non-restricted equity	10,267	9,668
<b>Total equity</b>	<b>16,110</b>	<b>15,476</b>
Provisions	139	122
Derivatives	47	41
Long-term liabilities	2,053	2,047
Current liabilities	1,436	1,491
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>19,785</b>	<b>19,177</b>
<b>PLEDGED ASSETS AND CONTINGENT LIABILITIES</b>		
Pledged assets	1,190	1,190
Contingent liabilities	55	55
<b>Total</b>	<b>1,245</b>	<b>1,245</b>

### STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

SEK M	1 Jan 2015 –31 Mar 2015	1 Jan 2014 –31 Mar 2014
Cash flow from operating activities before changes in working capital	57	524
Cash flow from changes in working capital	–132	–343
<b>Cash flow from operating activities</b>	<b>–75</b>	<b>181</b>
Cash flow from investing activities	–500	–3
Cash flow from financing activities	600	–
<b>Net cash flow for the period</b>	<b>25</b>	<b>178</b>
Cash and cash equivalents, 1 January	239	1,095
Net cash flow for the period	25	178
<b>Cash and cash equivalents at end of period</b>	<b>263</b>	<b>1,273</b>



## 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	
<b>Opening equity, 1 January 2014</b>	<b>975</b>	<b>4,801</b>	<b>12</b>	<b>4,439</b>	<b>4,001</b>	<b>14,228</b>
Comprehensive income for the period	–	–	–13	–	541	528
<b>Closing equity, 31 March 2014</b>	<b>975</b>	<b>4,801</b>	<b>–1</b>	<b>4,439</b>	<b>4,542</b>	<b>14,756</b>
Opening equity, 1 April 2014	975	4,801	–1	4,439	4,542	14,756
Comprehensive income for the period	–	–	–31	–	251	220
<b>Shareholders' contribution</b>						
New share issue	32	–	–	468	–	500
<b>Closing equity, 31 December 2014</b>	<b>1,007</b>	<b>4,801</b>	<b>–32</b>	<b>4,907</b>	<b>4,793</b>	<b>15,476</b>
Opening equity, 1 January 2015	1,007	4,801	–32	4,907	4,793	15,476
Comprehensive income for the period	–	–	–5	–	39	35
<b>Shareholders' contribution</b>						
New share issue	36	–	–	564	–	600
<b>Closing equity, 31 March 2015</b>	<b>1,042</b>	<b>4,801</b>	<b>–36</b>	<b>5,471</b>	<b>4,832</b>	<b>16,110</b>

## 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 2014 Annual Report.

### NOT 2 DISCLOSURES ON RELATED PARTIES

SEK M	Income Jan-Mar	Expenses Jan-Mar	Receivables 31 Mar	Liabilities 31 Mar	Commit- ments 31 Mar
<b>2015</b>					
Group companies	363	46	1,028	281	–
Länsförsäkringar Liv Group	54	9	23	506	1,190
Regional insurance companies	272	13	122	166	–
Other related parties	5	–	3	6	–
<b>2014</b>					
Group companies	247	81	182	1,160	–
Länsförsäkringar Liv Group	60	13	23	622	1,473
Regional insurance companies	241	6	100	71	–
Other related parties	4	–	–	–	–

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, 29 April 2015

Sten Dunér  
President

# Financial calendar 2015

Interim Report April-June..... **17 July**  
Interim Report July-September.....**22 October**

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 29 April 2015 at 13.00 Swedish time.

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