

Länsförsäkringar Alliance

Interim Review January–June 2015

JANUARY–JUNE 2015 COMPARED WITH JANUARY–JUNE 2014

- Operating profit for Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 3,752 M (3,120).
- The technical result in Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,185 M (1,195). The combined ratio amounted to 92 (92).
- Investment income in Länsförsäkringar Alliance amounted to SEK 3,135 M (2,567).
- Operating profit for the Bank Group amounted to SEK 559 M (428). Net interest income strengthened to SEK 1,411 M (1,208).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 266 M (171). Premium income amounted to SEK 4,635 M (4,585). Commission income amounted to SEK 697 M (570).
- Profit for Länsförsäkringar Liv amounted to SEK 3,035 M (790). The solvency ratio was 126% (122).

SECOND QUARTER OF 2015 COMPARED WITH FIRST QUARTER OF 2015

- Operating profit for Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 118 M (3,635).
- The technical result in Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 787 M (398). The combined ratio amounted to 89 (95).
- Investment income in Länsförsäkringar Alliance amounted to SEK –637 M (3,772). Solvency capital strengthened SEK 212 M to SEK 50,546 M.
- Operating profit for the Bank Group amounted to SEK 280 M (279). Net interest income amounted to SEK 726 M (685).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 134 M (132). Premium income amounted to SEK 2,181 M (2,454). Commission income amounted to SEK 354 M (343).
- Profit for Länsförsäkringar Liv amounted to SEK 1,237 M (1,798). The solvency ratio was 126% (124).

STEN DUNÉR, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB, THE ALLIANCE'S JOINTLY OWNED COMPANY.

” The US economy continued to perform strongly during the second quarter. Increasingly positive signals on a slow recovery also started to appear in Europe, although as with the rest of the world focus was directed to developments in Greece. While it is true that the markets were volatile, they nevertheless reacted relatively cautiously, except for the stock-market trend in China. There is the great risk of a period of major fluctuations in the future due to recent developments. In Sweden, low inflation continued and the Riksbank pursued its robust monetary-policy measures in the form of interest rate cuts and bond-buying stimulus.

Business volumes and earnings for the Länsförsäkringar Alliance continued to perform in the right direction and despite a weaker stock-market trend and rising long-term interest rates in the second quarter, investment income strengthened year-on-year. We strengthened our leading position in non-life insurance and increased our market share by 0.5 percentage points to 30.3%.

Growth in the banking operations is taking place at high

profitability and the earnings trend is positive. Both mortgage lending and net flows in fund savings continued to report a strong performance. Länsförsäkringar's banking offering based on the 23 regional insurance companies is very popular among customers. We remain at the forefront regarding digital solutions and we were the first bank in Sweden to launch a service for the Apple Watch and Android Watch. In unit-linked life assurance, insurance capital amounted to SEK 8.6 billion, contributing to an earnings improvement of SEK 95 M. The work on advising our customers to change the terms of their insurance to traditional pension (New Trad) is progressing well. We have now reached a volume of 13 billion.

We are in the final stages of the time-consuming work on Solvency II – a highly comprehensive and complex set of regulations. Although these regulations ultimately serve an important function, it is nonetheless unsatisfactory that so many issues remain unclear with less than six months before the legislation is to come into effect in Sweden.

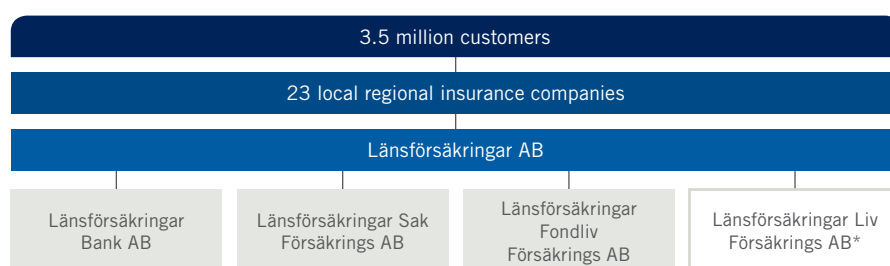
LÄNSFÖRSÄKRINGAR ALLIANCE

The Länsförsäkringar Alliance consists of 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking, insurance and real-estate brokerage services through each regional insurance company. The starting point is the local presence and decision-making. Experience shows that local decision-making authority combined with joint strength creates substantial added value for customers. Long-term respect for customers' money is fundamental. There are no external shareholders; it is the customers' money that is being managed. This approach characterises the entire business. The Länsförsäkringar Alliance has almost 3.5 million customers and about 5,900 employees.

The Länsförsäkringar Alliance is not a Group in the legal sense of the term. Most of the non-life insurance business within the Länsförsäkringar Alliance is underwritten in the 23 customer-owned regional insurance companies. The business conducted by Länsförsäkringar AB's non-life insurance group comprises health insurances, animal insurance as well as cargo insurance and some liability, property and motor hull insurance. The Länsförsäkringar AB Group also manages the Länsförsäkringar Alliance's joint reinsurance

cover and assumed international reinsurance.

The earnings from the Länsförsäkringar Alliance's non-life insurance operations consist of the total earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding Länsförsäkringar Fondliv and Länsförsäkringar Bank Group. Länsförsäkringar Liv Försäkrings AB is operated in accordance with mutual principles and is not consolidated in Länsförsäkringar AB. Transactions between the regional insurance companies and the Läns-



CREDIT RATING

Länsförsäkringar AB's credit rating is A3/Stable from Moody's. Länsförsäkringar Bank's credit rating is A1/Stable from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest credit rating of Aaa from Moody's and AAA/stable from Standard & Poor's. Länsförsäkringar Sak's rating from Moody's is A2/stable.

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1
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	

¹⁾ Pertains to the company's covered bonds

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.

Financial overview

Report commented on the development January-June 2015 compared to the same period in 2014, unless otherwise stated.

LÄNSFÖRSÄKRINGAR ALLIANCE

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Total capital, SEK M	53,913	52,243	44,852	53,913	44,852	48,188
Non-life insurance						
Solvency capital, SEK M	50,546	50,334	43,721	50,546	43,721	46,493
Solvency margin, %	222	224	205	222	205	209
Return on equity, %	14	29	15	15	14	11
Premiums earned after ceded reinsurance, SEK M	5,642	5,470	5,335	11,113	10,497	21,550
Technical result, SEK M	787	398	671	1,185	1,195	2,266
Operating profit, SEK M	118	3,635	1,710	3,752	3,120	5,209
Combined ratio	89	95	90	92	92	93

LÄNSFÖRSÄKRINGAR AB, GROUP¹⁾

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Operating profit, SEK M	358	487	421	845	714	1,469
Total assets, SEK M	383,287	374,540	339,302	383,287	339,302	355,933
Return on equity, %	6	9	8	7	7	7
Capital base for the financial conglomerate ²⁾	19,782	19,276	17,823	19,782	17,823	17,802
Necessary capital requirement for the financial conglomerate ²⁾	15,530	15,517	13,967	15,530	13,967	14,988

¹⁾ Excluding Länsförsäkringar Liv Försäkrings AB. The company is operated in accordance with mutual principles.

²⁾ The financial conglomerate comprises Länsförsäkringar AB, all insurance companies in the Group, Länsförsäkringar Bank AB with subsidiaries and Länsförsäkringar Liv Försäkrings AB.

LÄNSFÖRSÄKRINGAR SAK, GROUP

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premiums earned after ceded reinsurance, SEK M	1,247	1,227	1,114	2,474	2,203	4,099
Technical result, SEK M	119	124	145	243	231	611
Operating profit, SEK M	155	171	219	326	308	791

LÄNSFÖRSÄKRINGAR BANK, GROUP

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Deposits from the public, SEK M	78,258	75,857	72,783	78,258	72,783	76,790
Loans to the public, SEK M	191,225	183,441	167,240	191,225	167,240	179,424
Operating profit, SEK M	280	279	231	559	428	935
Return on equity, %	8	9	8	9	8	8
Tier 1 ratio Bank Group, %	25.9	17.4	16.0	25.9	16.0	16.2
Total capital ratio Bank Group, %	31.5	21.7	20.5	31.5	20.5	20.6

LÄNSFÖRSÄKRINGAR FONDIV

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premium income, SEK M ³⁾	8,593	8,669	8,893	8,593	8,893	8,543
Operating profit, SEK M	134	132	94	266	171	373
Managed assets, SEK M	102,251	104,919	86,222	102,251	86,222	93,610
Solvency ratio	1.7	1.5	1.6	1.7	1.6	1.6

LÄNSFÖRSÄKRINGAR LIV, GROUP

	Q 2 2015	Q 1 2015	Q 1 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premium income, SEK M ³⁾	2,196	2,312	2,919	2,196	2,919	2,639
Profit, SEK M	1,237	1,798	579	3,035	790	1,903
Collective consolidation, Old Trad, %	119	124	113	119	113	120
Collective consolidation, New Trad, %	120	124	116	120	116	120
Solvency ratio, %	126	124	122	126	122	122

³⁾ In accordance with Insurance Sweden's definition, measured as rolling 12-month figures.

Non-life insurance

- The technical result in the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,185 M (1,195).
- Solvency capital strengthened SEK 4,053 M during the period to SEK 50,546 M.
- The combined ratio was 92% (92).
- Investment income amounted to SEK 3,135 M (2,567).

NON-LIFE INSURANCE, LÄNSFÖRSÄKRINGAR ALLIANCE

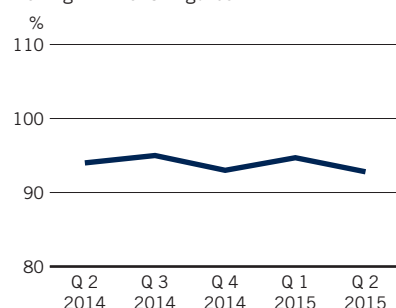
KEY FIGURES, SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premiums earned after ceded reinsurance	5,642	5,470	5,335	11,112	10,497	21,550
Technical result	787	398	671	1,185	1,195	2,266
Operating profit	118	3,635	1,710	3,752	3,120	5,209
Investment income	-637	3,772	1,386	3,135	2,567	5,041
Solvency capital	50,546	50,334	43,721	50,546	43,721	46,493
Solvency margin, %	222	224	205	222	205	209
Expense ratio	20	19	19	19	19	19
Claims ratio	70	76	71	73	73	74
Combined ratio	89	95	90	92	92	93

Earnings

The Länsförsäkringar Alliance's operating profit for non-life insurance operations strengthened to SEK 3,752 M (3,120). The improvement was primarily due to strong investment income in the first quarter, while investment income was negative for the second quarter. The technical result was stable in relation to the preceding year at SEK 1,185 M (1,195) and the combined ratio was unchanged at 92%. The claims ratio amounted to 73% (73) and the expense ratio to 19% (19). Solvency capital strengthened SEK 4,053 M since year-end and amounted to SEK 50,546 M, and the solvency margin was 222% (205).

COMBINED RATIO

Rolling 12-month figures



Business volumes

Premiums earned rose 6% to SEK 11,112 M (10,497), attributable to both portfolio increases and premium increases. The largest volume increase was in motor hull insurance, which increased 6.5%. Premium volumes in private insurance increased 4.5%, mainly through premium increases in homeowner insurance and a combination of portfolio increases and premium increases in household insurance and accident insurance. In the agriculture segment, premium volumes increased slightly more than 4%, mainly through premium increases. Agria's growth remained favourable due to both portfolio increases and premium increases.

Claims trend

Claims payments after ceded reinsurance to SEK 8,029 M (7,651) and claims costs were unchanged at 73%. Primarily motor third-party liability and vehicle-damage costs increased due to the larger motor hull insurance portfolio. Costs for storms and natural catastrophes also had a negative impact on claims costs, mainly as a result of Storm Egon, which affected southern Sweden. Fire-damage claims de-

clined and only a small number of fires were reported during the half-year. Claims costs for accident insurance also fell.

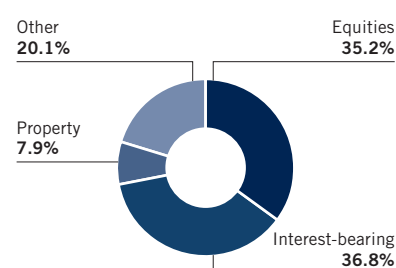
Investment income

Investment income amounted to SEK 3,135 M (2,567). Primarily strong investment income in the first quarter contributed to returns, while the trend in the second quarter was negative. Long-term interest rates rose sharply during the second quarter, driven by the upswing in global long-term interest rates. Continued extensive buying programs by central banks offset an overly rapid continued upswing, although substantial movements in recent times indicate that liquidity in the market is weaker than expected, which may entail major interest-rate fluctuations in the future. Rising long-term market interest rates, combined with concern in Greece and uncertainty regarding future interest-rate increases in the US led to high volatility in global stock markets, which performed negatively in the period.

CAPITAL AND INVESTMENTS

The regional insurance companies and the non-life insurance companies in Länsförsäkringar AB strive to retain a strong solvency margin to maintain uniform premium pricing over time. In line with the investment strategies, a percentage of assets is invested in low-risk interest-bearing securities to ensure the commitments of the non-life insurance operations. At the same time, the strong solvency margin provides a substantial buffer of capital, allowing a certain portion to be invested in assets with higher anticipated returns.

ALLOCATION OF INVESTMENT ASSETS



Total investment assets amounted to SEK 85.6 billion on 30 June, 2015.

Bank

- Operating profit rose 31% to SEK 559 M (428) and the return on equity strengthened to 8.8% (8.0). Net interest income rose 17% to SEK 1,411 M (1,208).
- Loan losses amounted to SEK 0 M (–23), net, corresponding to loan losses of 0.00% (–0.03).
- Business volumes rose 13% to SEK 378 billion (334). Deposits increased 8% to SEK 78 billion (73) and lending increased 14% to SEK 191 billion (167).
- The number of customers increased 4% to 943,000, the number of bank cards rose 10% to 445,000 and the number of deposit accounts increased 9%.

LÄNSFÖRSÄKRINGAR BANK, GROUP

KEY FIGURES, SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Deposits from the public	78,258	75,857	72,783	78,258	72,783	76,790
Loans to the public	191,225	183,441	167,240	191,225	167,240	179,424
Operating profit	280	279	231	559	428	935
Return on equity, %	8	9	8	8	8	8
Cost/income ratio before loan losses	0.59	0.56	0.69	0.58	0.65	0.62

Earnings

Operating profit rose 31% to SEK 559 M (428), as a result of higher net interest income and increased commission income and lower loan losses. Return on equity strengthened to 8.8% (8.0). Net interest income increased 17% to SEK 1,411 M (1,208), mainly attributable to higher volumes and improved margins.

Net gains from financial items amounted to SEK 61 M (1). Net commission amounted to an expense of SEK –200 M (–186). Operating expenses totalled SEK

763 M (765). Operating expenses excluding impairment amounted to SEK 733 M (690) and the increase was due to the fund company's higher administration costs related to increased volumes.

Loan losses amounted to SEK 0 M (–23), net, corresponding to loan losses of 0.00% (–0.03). Reserves totalled SEK 312 M (377), corresponding to a reserve ratio in relation to loans of 0.15% (0.21). The cost/income ratio was 0.58 (0.65) before loan losses and 0.58 (0.63) after loan losses.

Business volumes increased SEK 44 billion to SEK 378 billion (334). Deposits increased 8% to SEK 78 billion (73) and the market share remained unchanged at 4.6% at 31 May 2015.

Fund volumes increased 17% to SEK 110 billion (94). Lending increased 14% to SEK 191 billion (167). Retail mortgages in Länsförsäkringar Hypotek increased 17% to SEK 137 billion (117) and the market share of the Bank Group's household lending amounted to 5.3% (4.9) on 31 May 2015.

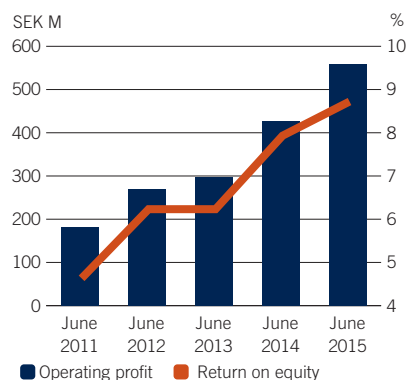
Funding and liquidity

The Bank Group has a low refinancing risk and the maturity structure is highly diversified. Debt securities in issue increased to a nominal SEK 132 billion (120), of which covered bonds amounted to SEK 99 billion (93), senior long-term funding to SEK 29 billion (22) and short-term funding to SEK 2 billion (4). The average remaining term for the long-term funding was 3.4 years (3.0). In April, Länsförsäkringar Hypotek issued a seven-year Euro benchmark transaction for a nominal amount of EUR 500 M. Covered bonds were issued with a volume corresponding to a nominal SEK 17 billion (14), repurchased covered bonds to a nominal SEK 2 billion (5) and matured covered bonds to a nominal SEK 15 billion (15) during the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 11 billion (6) during the period.

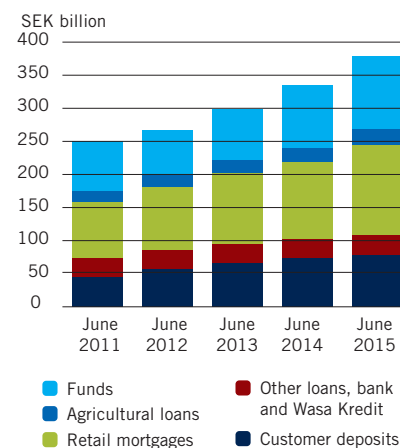
The liquidity reserve totalled SEK 38 billion (41), according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings for almost two years can be met without needing to secure new funding in the capital market.

The Liquidity Coverage Ratio (LCR) amounted to 191% (174) according to the Swedish Financial Supervisory Authority's definition and to an average of 226% (306) in the second quarter of 2015.

BANK OPERATING PROFIT AND RETURN ON EQUITY



BUSINESS VOLUMES



Capitalisation

Länsförsäkringar Bank issued an Additional Tier 1 Capital loan of SEK 1.2 billion during the period. The loan bears an interest rate corresponding to 3 months Stibor +325 base points, is undated and cannot be repurchased until after five years. The loan meets all requirements to be included as Tier 1 capital under the capital adequacy rules. The Additional Tier 1 Capital loan strengthens the capital ratio for both Länsförsäkringar Bank and the consolidated situation. During the second quarter, Länsförsäkringar AB received a dividend corresponding to SEK 312 M, which impacted Core Tier 1 capital in the consolidated situation in the same amount.

Capital adequacy, consolidated situation¹

With the CRR (575/2013) coming into effect, the consolidated situation also includes the parent mixed financial holding company Länsförsäkringar AB, in addition to the Bank Group. The bank has submitted an

application to the Swedish Financial Supervisory Authority for exemption from the provision on the consolidated situation under the Swedish Special Supervision of Credit Institutions and Investment Firms Act. The Financial Supervisory Authority announced on 6 June 2015 that an exception had not been granted. This will not lead to any further action since a new share issue was implemented in March to offset the effects of the new rules, if an exemption was not granted.

During the period, Länsförsäkringar Bank and the subsidiary Länsförsäkringar Hypotek received permission from the Swedish Financial Supervisory Authority to change its IRB model for calculating Loss Given Default (LGD) for loans secured on residential property for private individuals. This change will result in a lower Risk Exposure Amount (REA) and thus a higher Core Tier 1 ratio. However, the changed model will entail a corresponding increase in the Pillar II capital requi-

rement due to the risk weight floor for mortgages. Furthermore, Länsförsäkringar gained approval for all of its companies that apply the IRB Approach to change the limit between what is classified as retail exposures and exposures to corporates. The total effect of these changes expressed in REA is SEK 11 billion.

CAPITAL RATIO

	30 June 2015	31 Mar 2015
Consolidated situation (SEK M)		
IRB Approach	29,924	41,083
retail exposures	22,460	32,474
exposures to corporates	7,464	8,610
Standardised Approach	9,512	10,296
Total REA	48,999	61,381
Core Tier 1 capital	9,729	9,426
Tier 1 capital	10,929	9,426
Total capital	13,226	11,726
Core Tier 1 ratio	19.9%	15.4%
Tier 1 ratio	22.3%	15.4%
Total capital ratio	27.0%	19.1%

¹ The comparative period pertains to 31 December 2014.

Life-assurance and pension insurance

Länsförsäkringar offers life-assurance and pension solutions to corporate customers and private individuals. Fund management, Guarantee Management and risk insurance are offered through the subsidiary Länsförsäkringar Fondliv. No new policies are underwritten in Länsförsäkringar Liv, but the company manages traditional life assurance that was taken out before it was closed in 2011.

UNIT-LINKED INSURANCE

- Operating profit for Länsförsäkringar Fondliv strengthened to SEK 1,266 M (171).
- Unit-linked life assurance company manages SEK 102.2 billion for life-assurance and pension insurance customers. Managed assets rose 9%, which was due to favourable returns and a positive net inflow.
- Premium income amounted to SEK 4,635 M (4,585). The increase is explained by higher premium payments. Capital transferred contributed with SEK 755 M (1,018).

LÄNSFÖRSÄKRINGAR FOND LIV

KEY FIGURES, SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premium income, net (rolling 12 months)	8,593	8,669	8,893	8,593	8,893	8,543
Operating profit	134	132	94	266	171	373
Managed assets	102,251	104,919	86,222	102,251	86,222	93,610
Solvency ratio	1.7	1.5	1.6	1.7	1.6	1.6
Total assets	105,183	108,479	88,404	105,183	88,404	95,873

Earnings

Operating profit for Länsförsäkringar Fondliv amounted to SEK 266 M (171).

Premium income in the income statement amounted to SEK 74 M (49) and pertains to the portion of premiums containing insurance risk.

Income from fees from the financial component of agreements increased 18% to SEK 332 M (282). Management remuneration rose 28% to SEK 362 M (284). The improved fees and management remuneration were largely due to an increase in volumes on the basis of higher returns and positive net inflows.

Operating expenses were in line with the preceding year and amounted to SEK 443 M (431).

Total premium income for Länsförsäkringar Fondliv amounted to SEK 4,635 M (4,585) for the period. Capital transferred declined to SEK 755 M (1,018).

Insurance capital amounted to SEK 102 billion on 30 June 2015. This represents a 9% increase during the period. The increase was due to positive returns and a positive net flow.

Total sales excluding collective-agreement occupational pensions amounted to SEK 5,601 M, up 6%.

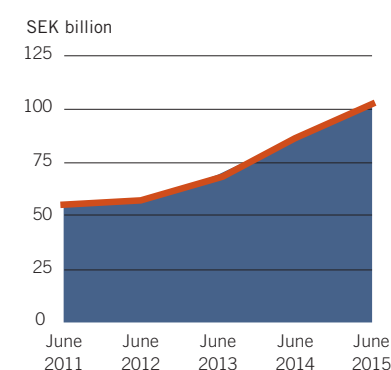
Fund and guarantee management

Some 88% of the funds in the fund range performed positively during the first half of 2015. In six of the funds, the value rose more than 20% and in 26 of the funds, the value increased more than 10%. Funds with the highest total returns were dominated by funds that invest in China, Russia and Asia. The best performances were in the following funds: GAM Star China, Alfred Berg Russia and Fidelity China Focus. However, these three funds had the lowest returns in June due to the stock-market trend in

China and Russia. The funds investing in fixed-income instruments in emerging markets, Investment Grade and commodity funds performed the weakest during the period.

Premium income for Guarantee Management amounted to SEK 228 M (324). The decline was due to the lower capital transferred. Managed assets amounted to SEK 2.2 billion (1.6). The total return was 1.9% (3.1).

MANAGED ASSETS



TRADITIONAL LIFE ASSURANCE

- Profit for Länsförsäkringar Liv amounted to SEK 3,035 M (790).
- The solvency ratio improved and was 126% (122).
- In total, more than 65,000 customers have changed the conditions to New Trad. Managed assets in Nya Trad amounted to SEK 12,9 billion.
- Rising long-term interest rates in May and June had a negative impact on the total return, particularly in Old Trad which has a high percentage of interest-bearing

LÄNSFÖRSÄKRINGAR LIV

KEY FIGURES, SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Investment assets, New Trad	12,938	11,121	5,136	12,938	5,136	8,591
Investment assets, Old Trad	90,118	96,966	97,811	90,118	97,811	97,572
Investment assets, New World	12,584	13,129	12,710	12,584	12,710	12,703
Solvency ratio, % ¹⁾	126	124	122	126	122	122
Collective consolidation, New Trad, %	120	124	116	120	116	120
Collective consolidation, Old Trad, %	119	124	113	119	113	120
Total return, New Trad, %	-2.5	4.8	3.1	2.3	5.1	9.4
Total return, Old Trad, %	-3.8	3.1	2.5	-0.7	5.1	11.3
Total return, New World, %	-1.7	5.5	3.4	3.8	4.1	8.7

¹⁾ A new model for calculating the solvency ratio was introduced on 31 December 2014. Comparative figures for the first and second quarters of 2014 have been restated according to the new model.

Earnings

Profit for Länsförsäkringar Liv amounted to SEK 3.0 billion (0.8). Changing conditions to New Trad had a positive effect of SEK 1.6 billion on earnings. The positive effect of the changing conditions of insurance policies to New Trad arise by the technical liabilities reducing when customers change to a product with a lower guaranteed interest rate.

Long-term market interest rates in May and June increased, which led to interest-rate levels for longer terms being higher at mid-year than at the start of the year. Overall, this increase in interest rates was positive for the company's earnings and solvency, but at the same time, it also had a negative effect on investment income, particularly in Old Trad which has a high percentage of fixed-income investments.

Länsförsäkringar Liv is working actively to strengthen the company's balance sheet. The solvency ratio has improved by 4 percentage points to 126% since year-end. Operating expenses rose to SEK 181 M (157) due to higher costs for the development of a new payment system. Claims

paid amounted to SEK 3.1 billion (3.5). Investment assets according to the balance sheet increased to SEK 117 billion (115).

Traditional management

Länsförsäkringar Liv conducts traditional life assurance divided into four portfolios: New Trad, Old Trad, New World and Insured Pension. Total managed assets for Länsförsäkringar Liv amounted to SEK 117 billion. In 2015, the investment mix was relatively unchanged in all portfolios.

New Trad

In New Trad, customers are offered the option of changing the conditions of their existing traditional insurance policies, which entails a lower guaranteed interest rate and the opportunity of a more flexible investment portfolio. The conditions of more than 65,000 insurance policies have been changed to New Trad, corresponding to 30% of customers who received the offer. Managed assets in New Trad amounted to SEK 12.9 billion. The total return was 2.3% (5.1).

High collective consolidation meant that the bonus rate could be gradually raised

in New Trad. Collective consolidation was 120% and the bonus rate 10%.

Old Trad

The main aim of the investment orientation of Old Trad is to ensure that the guaranteed bonus can be realised and that most of the investments comprise long-term interest-bearing investments. Managed assets in Old Trad amounted to SEK 90.1 billion. The total return amounted to negative 0.7% (pos: 5.1) due to the weak total return for fixed-income investments. Collective consolidation was 119% and the bonus rate for the period was 2%.

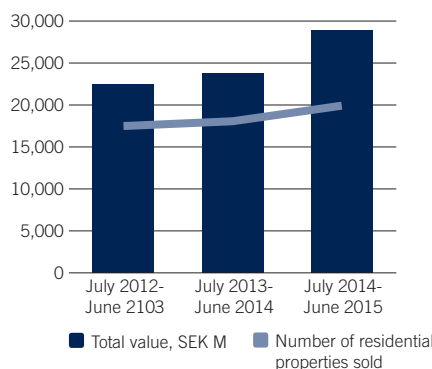
New World

New World is a traditional insurance policy whereby customers are guaranteed to recoup at least the premiums paid, subject to deductions for expenses and yield tax. Investments are usually structured as follows: 70% equities and 30% bonds. The investment mix can vary within defined intervals, with the percentage of equities comprising 60–80%. Managed assets amounted to SEK 12.6 billion. The total return was 3.8% (4.1).

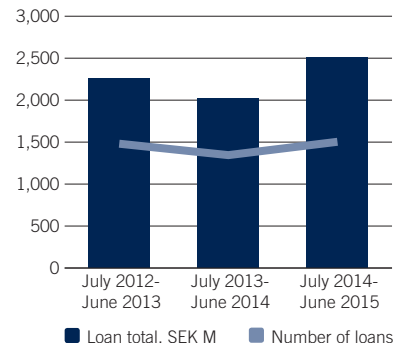
Real-estate brokerage

Länsförsäkringar Fastighetsförmedling has 158 branches throughout Sweden. Strong growth has advanced Länsförsäkringar Fastighetsförmedling to the position of third largest brokerage in Sweden. The real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering. The aim is to offer more than just the brokerage and sale of residential properties. The operations are conducted in franchise form, whereby the regional insurance company acts as the franchiser for the local branch. This means that Länsförsäkringar Fastighetsförmedling differs from national estate-agent chains by always being locally based. A total of 5,954 single-family homes, 9,513 tenant-owned apartments, 1,331 vacation homes and 396 agricultural properties were brokered in period from July 2014 to June 2015. The value of the sales amounted to SEK 29,9 billion. During the period, sales of single-family homes and vacation homes resulted in SEK 2.5 billion in first-lien mortgages in Länsförsäkringar's mortgage institution, divided between 1,481 transactions.

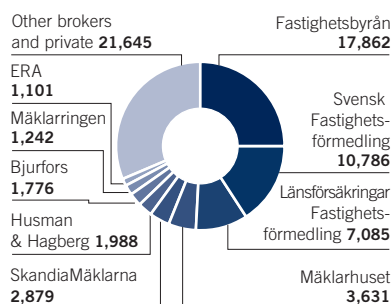
NUMBER OF SINGLE-FAMILY HOMES, VACATION HOMES AND TENANT-OWNED APARTMENTS SOLD



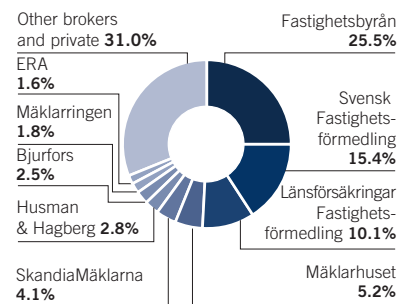
SINGLE-FAMILY HOMES AND VACATION HOMES, SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETS-FÖRMEDELING WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK



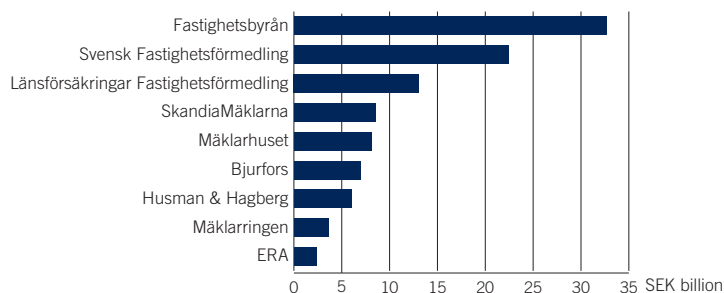
NUMBER OF SINGLE-FAMILY HOMES AND VACATION HOMES SOLD



MARKET SHARES



VALUE OF SALES OF SINGLE-FAMILY HOMES AND VACATION HOMES



Financial statements

LÄNSFÖRSÄKRINGAR ALLIANCE NON-LIFE INSURANCE

INCOME STATEMENT

SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premiums earned after ceded reinsurance	5,642	5,470	5,335	11,112	10,497	21,550
Investment income transferred from financial operations	143	104	144	247	307	629
Claims payments after ceded reinsurance	-3,899	-4,131	-3,807	-8,029	-7,651	-15,804
Operating expenses	-1,093	-1,033	-1,004	-2,126	-1,962	-3,987
Other technical revenue/expenses	-6	-12	2	-18	3	-122
Technical result from non-life insurance operations before partner discounts	787	398	671	1,185	1,195	2,266
Bonuses and discounts	-58	-58	-43	-117	-86	-936
Technical result from non-life insurance operations after partner discounts	340	340	627	1,068	1,109	1,331
Total investment income	-637	3,772	1,386	3,135	2,567	5,041
Investment income transferred to insurance operations	168	-414	-144	-247	-307	-629
Other non-technical expenses	-142	-62	-159	-204	-248	-533
OPERATING PROFIT	118	3,635	1,710	3,752	3,120	5,209

On 30 December 2014, the annuity reserve was transferred from Länsförsäkringar Sak to the regional insurance companies. In conjunction with the portfolio transfer, real return bonds used for hedging the annuity portfolio, were transferred to the regional insurance companies. Part of the annuity reserve remains with Länsförsäkringar Sak. In this report, the discount effect is recognised in the same manner as it was previously recognised in Länsförsäkringar Sak, meaning as a claims payment. In the individual regional insurance companies, the discount effect was recognised as investment income transferred from financial operations.

BALANCE SHEET

SEK M	30 Jun 2015	31 Dec 2014
ASSETS		
Shares and participations	30,134	26,615
Bonds and other interest-bearing securities	31,530	29,842
Other investment assets	23,941	23,044
Total investment assets	85,605	79,500
Reinsurers' portion of technical provisions	11,847	11,514
Receivables and other assets	7,078	10,128
Cash and bank balances	7,607	6,009
Prepaid expenses and accrued income	1,109	1,078
TOTAL ASSETS	113,246	108,230
EQUITY, PROVISIONS AND LIABILITIES		
Equity	41,666	38,181
Technical provisions (before ceded reinsurance)	54,466	52,654
Other provisions and liabilities	14,782	14,814
Accrued expenses and deferred income	2,333	2,580
TOTAL EQUITY, PROVISIONS AND LIABILITIES	113,246	108,230

LÄNSFÖRSÄKRINGAR AB, GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premiums earned before ceded reinsurance	1,562	1,741	1,414	3,303	2,956	8,587
Reinsurers' portion of premiums earned	-318	-371	-314	-689	-660	-4,409
Premiums earned after ceded reinsurance	1,244	1,370	1,100	2,296	2,296	4,178
Interest income	1,759	1,853	2,151	3,612	4,454	8,523
Interest expense	-1,032	-1,159	-1,522	-2,191	-3,227	-5,913
Net interest income	727	695	629	1,421	1,227	2,610
Change in unit-linked insurance assets – policyholder bears the risk	-3,614	10,162	4,412	6,549	6,226	11,506
Dividends in unit-linked insurance assets – policyholder bears the risk	–	–	–	–	–	3
Investment income, net	-33	117	135	83	116	146
Commission income	663	639	547	1,302	1,072	2,292
Other operating income	577	472	505	1,049	997	2,045
Total operating income	-436	13,455	7,329	13,018	11,934	22,780
Claims payments before ceded reinsurance	-947	-1,069	-901	-2,016	-1,836	-8,067
Reinsurers' portion of claims payments	119	261	183	380	358	5,627
Claims payments after ceded reinsurance	-828	-808	-718	-1,636	-1,479	-2,440
Change in life-assurance reserve	36	-115	27	-80	-64	-3
Change in unit-linked insurance liabilities – policyholder bears the risk	3,657	-10,231	-4,447	-6,574	-6,272	-11,608
Commission expense	-667	-642	-590	-1,309	-1,139	-2,401
Staff costs	-498	-471	-476	-968	-920	-1,735
Other administration expenses	-906	-701	-744	-1,607	-1,370	-3,132
Loan losses	-0	-0	39	-0	23	7
Total expenses	794	-12,968	-6,908	-12,174	-11,220	-21,311
Operating profit	358	487	421	845	714	1,469
Tax	-94	-92	-79	-187	-131	-310
NET PROFIT FOR THE PERIOD	263	395	342	658	583	1,159
Earnings per share before and after dilution, SEK	25	39	35	65	60	117

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Net profit for the period	263	395	342	658	583	1,159
Other comprehensive income						
Items that have been transferred or can be transferred to profit for the period						
Translation differences attributable to foreign operations	6	18	14	23	19	34
Cash-flow hedges	64	20	1	85	-53	4
Change in fair value of available-for-sale financial assets	-125	-37	11	-161	4	-0
Tax attributable to items that have been transferred or can be transferred to profit for the period	13	4	-3	17	11	-1
Total	-41	5	24	-36	-19	37
Items that cannot be transferred to profit for the period						
Revaluation of owner-occupied property	187	13	13	200	26	-22
Revaluation of defined-benefit pension plans	–	–	–	–	–	-7
Tax attributable to items that cannot be reversed to profit for the period	-41	-3	-3	-44	-6	7
Total	146	10	10	156	21	-22
Total other comprehensive income for the period, net after tax	105	15	34	120	1	15
COMPREHENSIVE INCOME FOR THE PERIOD	368	410	375	778	584	1,174

LÄNSFÖRSÄKRINGAR AB, GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	30 Jun 2015	31 Dec 2014
ASSETS		
Goodwill	748	735
Other intangible assets	3,601	3,610
Deferred tax assets	40	38
Property and equipment	62	51
Owner-occupied property	2,427	2,265
Shares in Länsförsäkringar Liv Försäkrings AB	8	8
Shares and participations in associated companies	69	66
Reinsurers' portion of technical reserves	11,858	11,529
Loans to the public	191,225	179,424
Unit-linked insurance assets – policyholder bears the risk	100,083	91,359
Shares and participations	1,754	1,487
Bonds and other interest-bearing securities	38,863	43,733
Treasury bills and other eligible bills	6,334	5,409
Derivatives	5,450	5,276
Change in value of hedge portfolios	1,007	1,147
Other receivables	12,552	4,518
Prepaid expenses and accrued income	2,773	3,621
Cash and cash equivalents	4,434	1,657
TOTAL ASSETS	383,287	355,933

SEK M	30 Jun 2015	31 Dec 2014
EQUITY AND LIABILITIES		
Equity		
Share capital	1,042	1,007
Other capital contributed	10,272	9,708
Additional tier 1 instruments	1,200	–
Reserves	631	511
Retained earnings including profit for the period	6,281	5,631
Total equity	19,426	16,857
Subordinated liabilities	2,300	2,000
Technical reserves	19,844	18,664
Provisions for life assurance – policyholder bears the risk	100,776	92,250
Deferred tax liabilities	1,000	948
Other provisions	285	179
Debt securities in issue	133,070	130,514
Deposits from the public	77,412	75,845
Due to credit institutions	15,448	3,390
Derivatives	2,519	2,756
Change in value of hedge portfolios	3,067	3,824
Other liabilities	3,975	3,640
Accrued expenses and deferred income	4,164	5,066
TOTAL EQUITY AND LIABILITIES	383,287	355,933

LÄNSFÖRSÄKRINGAR LIV, GROUP

INCOME STATEMENT

SEK M	Q 2 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Premium income after ceded reinsurance	473	533	589	1,006	1,449	2,639
Investment income, net	-4,254	4,280	3,004	26	5,687	12,023
Claims payments	-1,434	-1,695	-1,721	-3,129	-3,466	-6,627
Change in technical provisions	6,574	-1,116	-1,155	5,458	-2,554	-5,364
Operating expenses	-70	-111	-53	-181	-157	-423
Technical result, life insurance operations	1,289	1,891	664	3,180	959	2,248
Non-technical expenses	-55	-87	-70	-142	-140	-347
Profit before tax	1,234	1,804	594	3,038	819	1,901
Tax	3	-6	-15	-3	-29	2
PROFIT FOR THE PERIOD	1,237	1,798	579	3,035	790	1,903
Items that cannot be transferred to profit for the period	-	-	-	-	-	-9
COMPREHENSIVE INCOME FOR THE PERIOD	1,237	1,798	579	3,035	790	1,894

BALANCE SHEET

SEK M	30 Jun 2015	31 Dec 2014
ASSETS		
Investment assets	117,498	121,810
Reinsurers' portion of technical provisions	476	476
Receivables	1,623	1,574
Other assets	3,184	3,928
Prepaid expenses and accrued income	1,533	1,195
TOTAL ASSETS	124,314	128,983
EQUITY, PROVISIONS AND LIABILITIES		
Equity	19,893	17,537
Technical provisions	97,521	103,009
Provisions for other risks and expenses	151	150
Deposits from reinsurers	476	476
Liabilities	5,972	7,428
Accrued expenses and deferred income	301	383
TOTAL EQUITY, PROVISIONS AND LIABILITIES	124,314	128,983

Financial calendar 2015

THIRD QUARTER:

Interim review, Länsförsäkringar Alliance	22 October
Interim report, Länsförsäkringar AB	22 October
Interim report, Länsförsäkringar Bank	22 October
Interim report, Länsförsäkringar Hypotek	22 October

FOR FURTHER INFORMATION, PLEASE CONTACT:

Sten Dunér, President, Länsförsäkringar AB
+46 (0)8-588 411 15, +46 (0)73-964 11 15,
sten.duner@lansforsakringar.se

Malin Rylander Leijon, CFO, Länsförsäkringar AB
+46 (0)8-588 408 64, +46 (0)73-964 08 64,
malin.rylander-leijon@lansforsakringar.se

Fanny Wallér, Director of Corporate Communications, Länsförsäkringar AB
+46 (0)8-588 414 69, +46 (0)70-692 77 79,
fanny.waller@lansforsakringar.se

Länsförsäkringar AB (publ),
Corporate Registration Number 556549-7020
Street address: Tegeluddsvägen 11-13,
Postal address: SE-106 50 Stockholm
Telephone: +46 (0)8-588 400 00