

Länsförsäkringar Alliance

Interim Review January–September 2015

JANUARY–SEPTEMBER 2015 COMPARED WITH JANUARY–SEPTEMBER 2014

- Operating profit for Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 2,727 M (3,502).
- The technical result in Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,897 M (1,511). The combined ratio amounted to 92 (94).
- Investment income in Länsförsäkringar Alliance amounted to SEK 1,605 M (2,855).
- Operating profit for the Bank Group amounted to SEK 863 M (679). Net interest income strengthened to SEK 2,189 M (1,882).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 414 M (261). Premium income amounted to SEK 6,620 M (6,563). Commission income amounted to SEK 1,042 M (875).
- Profit for Länsförsäkringar Liv amounted to SEK 1,587 M (1,277). The solvency ratio was 124% (122).

THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

- Operating loss for Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,025 M (profit: 118).
- The technical result in Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 711 M (787). The combined ratio amounted to 91 (89).
- Investment income in Länsförsäkringar Alliance amounted to negative SEK 1,529 M (neg: 637). Solvency capital decreased SEK 624 M to SEK 49,922 M.
- Operating profit for the Bank Group amounted to SEK 304 M (280). Net interest income amounted to SEK 778 M (726).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 148 M (134). Premium income amounted to SEK 1,985 M (2,181). Commission income amounted to SEK 345 M (354).
- Loss for Länsförsäkringar Liv amounted to SEK 1,448 M (profit: 1,237). The solvency ratio was 124% (126).

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

” The Länsförsäkringar Alliance's business volumes continued to perform positively and we strengthened the technical result from non-life insurance by 25% to SEK 1.9 billion. Agria is continuing its expansion and is also establishing operations in the Finnish market. The turbulence in the financial markets in the third quarter had an impact on investment income – we reported investment income of SEK 1.6 billion, which is significantly lower than in the year-earlier period.

The US economy continued to perform strongly and recovery was sustained in Europe. However, there are some elements of concern, mainly related to uncertainty surrounding China's economic performance. The negative stock-market trend there contributed to a weaker performance for both unit-linked insurance and fund volumes during the quarter.

Volume growth for the bank remained strong and combined with stable margins contributed to increased profitability. Housing prices continued to rise during the third quarter, as did household indebtedness. The government and authorities will probably need to take a number of measures to balance the mortgage market. High credit quality, healthy repayment requirements and low risk remain our priorities. In October, we were again pleased to learn that this year's Swedish Quality Index revealed that we have Sweden's most satisfied retail bank customers. With banks ranked according to customer satisfaction, Länsförsäkringar scored 77.6, well exceeding the industry average of 68.2.

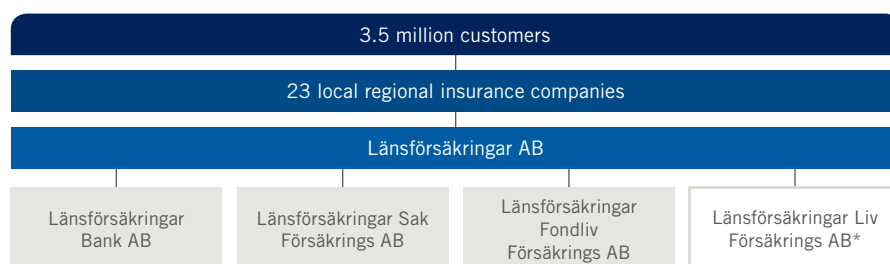
LÄNSFÖRSÄKRINGAR ALLIANCE

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 Länsförsäkringar AB Group have been eliminated.



*The company is operated in accordance with mutual principles and is not consolidated in Länsförsäkringar AB.

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

The US economy continued to perform strongly and employment figures improved. The services sector, comprising the main part of the economy, continued to report a very strong trend, while the strong USD had a negative impact on the export industry. The Federal Reserve did not raise its key interest rate but announced that it continued to expect a first increase before the end of the year.

The Chinese economy continued to slow down and is considered to be the main reason for the stock-market downturn in August, primarily driven by concern regarding spill-over effects to other emerging markets and developed economies. Both monetary and fiscal policy were more ex-

pansive and data continues to indicate a slowdown rather than a sharp correction.

The European economy continued to recover and confidence among households and companies remained stable. However, there are some elements of uncertainty, primarily due to the strengthening of the EUR. Both the real economy and core inflation have been significantly boosted by the weak EUR in the past year. The ECB refrained from further measures at its September meeting but communicated that it is not pleased with the current rate of recovery and that the risk profile for both growth and inflation has shifted in a negative direction.

For Sweden, economic statistics were stronger than expected. Unemployment is at a high level, but the employment rate remained very strong and may lower unem-

ployment, despite a growing labour force. Confidence among companies remains strong and is increasing, while households have become more cautious. Inflation to date is in line with the Riksbank's forecast, while low inflation expectations continue to present a problem.

Global stock markets declined in general during the quarter. The upswing on the Stockholm Stock Exchange this year has been erased and most foreign stock markets have now been on the minus side since year-end. In addition, several currencies in emerging markets declined sharply and long-term interest rates fell slightly during the quarter.

Spreads in the credit market increased in the third quarter for both investment grade and high yields. The spreads for Swedish mortgage bonds widened during the quarter.

Financial overview

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

LÄNSFÖRSÄKRINGAR ALLIANCE

	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Total capital, SEK M	53,589	53,913	52,243	45,496	53,589	45,946	48,188
Non-life insurance							
Solvency capital, SEK M	49,922	50,546	50,334	44,497	49,922	44,497	46,493
Solvency margin, %	216	222	224	206	216	206	209
Return on equity, %	7	14	29	3	7	10	11
Premiums earned after ceded reinsurance, SEK M	5,769	5,642	5,470	5,432	16,882	15,929	21,550
Technical result, SEK M	711	787	398	316	1,897	1,511	2,266
Operating profit, SEK M	-1,025	118	3,635	382	2,727	3,502	5,209
Combined ratio	91	89	95	98	92	94	93

LÄNSFÖRSÄKRINGAR AB, GROUP¹⁾

	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Operating profit, SEK M	549	358	487	563	1,394	1,277	1,469
Total assets, SEK M	375,748	383,287	374,540	345,317	375,748	345,317	355,933
Return on equity, %	9	6	9	11	8	8	7
Capital base for the financial conglomerate ²⁾	20,118	19,782	19,276	17,125	20,118	17,125	17,802
Necessary capital requirement for the financial conglomerate ²⁾	15,784	15,530	15,517	14,417	15,784	14,417	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 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premiums earned after ceded reinsurance, SEK M	1,303	1,247	1,227	1,106	3,777	3,373	4,099
Technical result, SEK M	157	119	124	204	400	435	611
Operating profit, SEK M	105	155	171	296	431	604	791

LÄNSFÖRSÄKRINGAR BANK, GROUP

	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Deposits from the public, SEK M	81,590	78,258	75,857	73,565	81,590	73,565	76,790
Loans to the public, SEK M	196,322	191,225	183,441	172,113	196,322	172,113	179,424
Operating profit, SEK M	304	280	279	251	863	679	935
Return on equity, %	9	9	9	9	9	8	8
Tier 1 ratio Bank Group, %	26.0	25.9	17.4	15.9	26.0	15.9	16.2
Total capital ratio Bank Group, %	31.5	31.5	21.7	20.3	31.5	20.3	20.6

LÄNSFÖRSÄKRINGAR FONDIV

	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premium income, SEK M ³⁾	8,600	8,593	8,669	8,693	8,600	8,693	8,543
Operating profit, SEK M	148	134	132	90	414	261	373
Managed assets, SEK M	97,322	102,251	104,919	88,006	97,322	88,006	93,610
Solvency ratio	1.9	1.7	1.5	1.7	1.9	1.7	1.6

LÄNSFÖRSÄKRINGAR LIV, GROUP

	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premium income, SEK M ³⁾	2,093	2,196	2,312	2,770	2,093	2,770	2,639
Profit, SEK M	-1,448	1,237	1,798	487	1,587	1,277	1,903
Collective consolidation, Old Trad, %	119	119	124	117	119	117	120
Collective consolidation, New Trad, %	113	120	124	117	113	117	120
Solvency ratio, %	124	126	124	122	124	122	122

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

Non-life insurance

- The technical result for the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,897 M (1,511).
- Solvency capital strengthened SEK 3,429 M during the period to SEK 49,922 M.
- The combined ratio amounted to 92% (94).
- Investment income amounted to SEK 1,605 M (2,855).

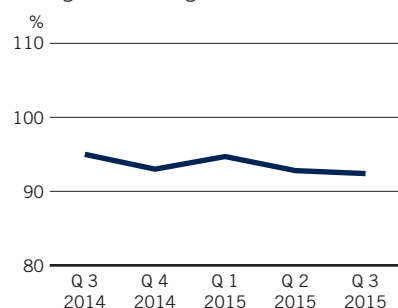
NON-LIFE INSURANCE, LÄNSFÖRSÄKRINGAR ALLIANCE

KEY FIGURES, SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premiums earned after ceded reinsurance	5,769	5,642	5,470	5,432	16,882	15,929	21,550
Technical result	711	787	398	316	1,897	1,511	2,266
Operating profit	-1,025	118	3,635	382	2,727	3,502	5,209
Investment income	-1,529	-637	3,772	288	1,605	2,855	5,041
Solvency capital	49,922	50,546	50,334	44,497	49,922	44,497	46,493
Solvency margin, %	216	222	224	206	216	206	209
Expense ratio	17	20	19	17	19	18	19
Claims ratio	73	70	76	80	73	76	74
Combined ratio	91	89	95	98	92	94	93

Earnings

The Länsförsäkringar Alliance's operating profit for non-life insurance operations amounted to SEK 2,727 M (3,502). The technical result strengthened to SEK 1,897 M (1,511). The improvement was primarily driven by higher premiums earned. The combined ratio performed positively, mainly as a result of a lower claims ratio, and amounted to 92% (94). The claims ratio amounted to 73% (76) and the expense ratio to 19% (18). Solvency capital strengthened SEK 3,429 M since year-end and amounted to SEK 49,922 M. The solvency margin amounted to 216% (206).

COMBINED RATIO Rolling 12-month figures



Business volumes

Premiums earned rose 6% to SEK 16,882 M (15,929), attributable to both portfolio increases and premium increases. The largest volume increase was in motor hull insurance, which increased just under 7%. Premium volumes in private insurance increased almost 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, while premium volumes in the commercial segment remained unchanged. Agria's growth remained favourable due to both portfolio increases and premium increases.

Claims trend

Claims payments after ceded reinsurance increased to SEK 12,220 M (11,982). The claims ratio improved due to higher premium volumes and amounted to 73% (76). Costs mainly increased in motor third-party liability and vehicle damage insu-

rance, with the increased portfolio impacting claims costs. Agria's claims costs also increased, mainly due to a larger portfolio and a higher claims frequency. Fire-damage claims, which increase sharply last year due to the major fire in Västmanland, remained lower than in the preceding year. The largest fire-damage claim during the quarter was in Trästad in Eksjö.

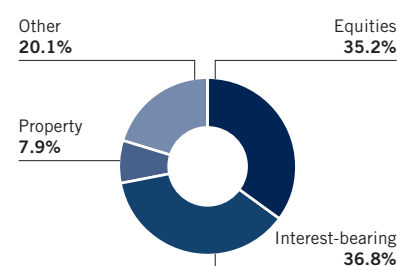
Investment income

Investment income amounted to SEK 1,605 M (2,855). Performance in the second and third quarters was significantly weaker after a strong first quarter. Following concern regarding Greece in the second quarter, the third quarter was characterised by uncertainty regarding growth in China, which triggered stock-market declines that had an adverse effect on investment income. Continued low interest rates and expanded spreads also negatively impacted investment income.

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 82.6 billion on 30 September, 2015.

Bank

- Operating profit rose to SEK 863 M (679) and the return on equity strengthened to 8.9% (8.2). Net interest income rose to SEK 2,189 M (1,882).
- Loan losses amounted to SEK –9 M (–20), net, corresponding to loan losses of –0.01% (–0.02).
- Business volumes rose to SEK 380 billion (343). Deposits increased to SEK 82 billion (74) and lending increased to SEK 196 billion (172). The number of customers increased 3% to 944,000.

LÄNSFÖRSÄKRINGAR BANK, GROUP

KEY FIGURES, SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Deposits from the public	81,590	78,258	75,857	73,565	81,590	73,565	76,790
Loans to the public	196,322	191,225	183,441	172,113	196,322	172,113	179,424
Operating profit	304	280	279	251	863	679	935
Return on equity, %	9	9	9	9	9	8	8
Cost/income ratio before loan losses	0.58	0.59	0.56	0.58	0.58	0.63	0.62

Earnings

Operating profit rose 27% to SEK 863 M (679), due to higher net interest income and increased commission income. Return on equity strengthened to 8.9% (8.2). Net interest income increased 16% to SEK 2,189 M (1,882), attributable to higher volumes and improved margins.

Net gains from financial items amounted to SEK 81 M (46). The difference compared with the preceding year was due to the repurchase of own bonds and changes in fair value. Net commission amounted to an expense of SEK 315 M (226). The change in net commission was due to increased remuneration to the regional insurance companies due to the strengthened

profitability in the business. Operating expenses totalled SEK 1,176 M (1,116).

Loan losses remain low and amounted to SEK –9 M (–20), net, corresponding to loan losses of –0.01% (–0.02). Impaired loans, gross, amounted to SEK 266 M (317), corresponding to a percentage of impaired loans, gross, of 0.13% (0.18). The cost/income ratio was 0.58 (0.63) before loan losses and 0.57 (0.62) after loan losses.

Business volumes increased SEK 37 billion to SEK 380 billion (343). Deposits increased 11% to SEK 82 billion (74) and the market share strengthened to 4.7% (4.6) as per 31 August 2015.

Fund volumes increased 6% to SEK 103 billion (97). Lending increased 14% to SEK

196 billion (172). Retail mortgages in Länsförsäkringar Hypotek increased 18% to SEK 142 billion (120) and the market share for the Bank Group's household lending increased to 5.4% (5.0) as per 31 August 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 136 billion (123), of which covered bonds amounted to SEK 103 billion (95), senior long-term funding to SEK 28 billion (23) and short-term funding to SEK 2 billion (4). The average remaining term for the long-term funding was 3.3 years (3.0). Covered bonds were issued with a volume corresponding to a nominal SEK 24 billion (19), repurchased covered bonds to a nominal SEK 4 billion (5) and matured covered bonds to a nominal SEK 16 billion (17) during the period. Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 14 billion (8) during the period.

The liquidity reserve totalled SEK 41 billion (42), 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 about two years can be met without needing to secure new funding in the capital market.

The Group's Liquidity Coverage Ratio (LCR), according to the Swedish Financial Supervisory Authority's definition, amounted to 212% (181) as per 30 September 2015 and was an average of 201% (211) during the third quarter.

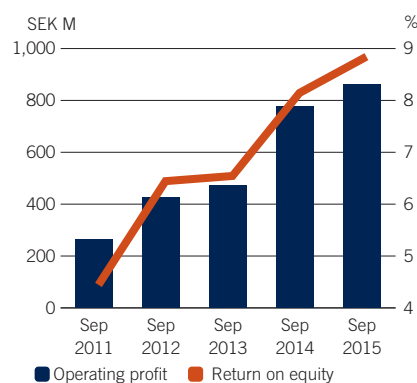
Capital adequacy, consolidated situation

CAPITAL RATIO

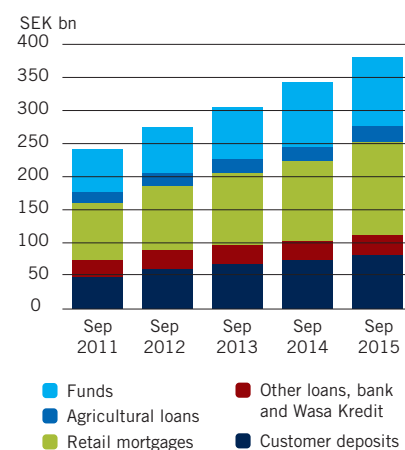
Consolidated situation (SEK M)	30 Sep 2015	30 Jun 2015
Core Tier 1 ratio	20.2%	19.9%
Tier 1 ratio	22.6%	22.3%
Total capital ratio	27.3%	27.0%

For more information, see Länsförsäkringar AB's interim report.

BANK OPERATING PROFIT AND RETURN ON EQUITY



BUSINESS VOLUMES



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 414 M (261).
- Unit-linked life assurance company manages SEK 97.3 billion for life-assurance and pension insurance customers. Managed assets rose 4%, which was due to favourable returns and a positive net inflow during the two first quarters.
- Premium income amounted to SEK 6,620 M (6,563). Capital transferred contributed with SEK 1,067 M (1,373).

LÄNSFÖRSÄKRINGAR FOND LIV

KEY FIGURES, SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premium income, net (rolling 12 months)	8,600	8,593	8,669	8,693	8,600	8,693	8,543
Operating profit	148	134	132	90	414	261	373
Managed assets	97,322	102,251	104,919	88,006	97,322	88,006	93,610
Solvency ratio	1.9	1.7	1.5	1.7	1.9	1.7	1.6
Total assets	100,204	105,183	108,479	90,211	100,204	90,211	95,873

Earnings

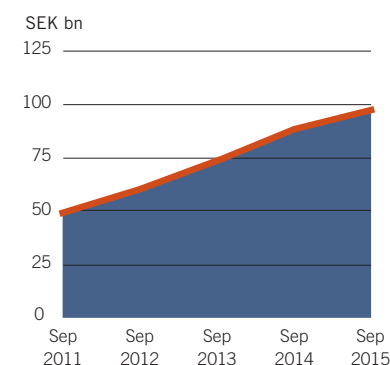
Operating profit for Länsförsäkringar Fondliv amounted to SEK 414 M (261), with the earnings improvement due to increased unit-linked insurance volumes. Income from insurance fees rose 15% to SEK 494 M (429). Management remuneration rose 23% to SEK 543 M (441). Operating expenses were in line with the preceding year, amounting to SEK 657 M (650). Insurance capital increased 11% to SEK 97 billion (88). The increase was mainly due to ongoing premiums paid, although returns and a positive net inflow from transfers also contributed to the increase. Total premium income for Länsförsäkringar Fondliv amounted to SEK 6,620 M (6,563) for the period. Sales in the target group of non-collectively agreed occupational pensions, in which Länsförsäkringar is a market leader, increased 14% to SEK 8,221 M (7,232).

Fund and guarantee management

Some 45% of the funds in the recommended fund range, comprising 81 funds, performed positively during the quarter. Seven funds increased by more than 10%, while six funds declined more than 10%. During the third quarter, 8% of funds performed positively and 92% negatively. The funds with the highest return in the third quarter were the Real Estate Fund and Small Cap funds. The most negative performance in the third quarter was posted by funds investing in commodities, Asia and emerging markets, particularly in China.

Premium income for guarantee management amounted to SEK 672 M (939). The decline was due to the lower capital transferred. Managed assets amounted to SEK 2.2 billion (1.8). The total return was -2.3% (-0.9).

MANAGED ASSETS



TRADITIONAL LIFE ASSURANCE

- Profit for Länsförsäkringar Liv amounted to SEK 1,587 M (1,277).
- The solvency ratio improved to 124% (122).
- The conditions of a total of 70,000 insurance policies have been changed to New Trad. Managed assets in New Trad amounted to SEK 13.5 billion.
- Low interest rates, increased spreads in mortgage bonds and the negative trend in the equities market had an adverse effect on the total return.

LÄNSFÖRSÄKRINGAR LIV

KEY FIGURES, SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Investment assets, New Trad	13,500	12,938	11,121	6,545	13,500	6,545	8,591
Investment assets, Old Trad	87,968	90,118	96,966	97,586	87,968	97,586	97,572
Investment assets, New World	11,529	12,584	13,129	12,612	11,529	12,612	12,703
Solvency ratio, % ¹⁾	124	126	124	122	124	122	122
Collective consolidation, New Trad, %	113	120	124	117	113	117	120
Collective consolidation, Old Trad, %	119	119	124	117	119	117	120
Total return, New Trad, %	-3.7	-2.5	4.8	1.3	-1.4	6.4	9.4
Total return, Old Trad, %	0.2	-3.8	3.1	2.7	-0.5	7.8	11.3
Total return, New World, %	-7.2	-1.7	5.5	1.1	-3.4	5.2	8.7

¹⁾ A new model for calculating the solvency ratio was introduced on 31 December 2014. Solvency ratio Q 3 2014 has been restated.

Earnings

Profit for Länsförsäkringar Liv amounted to SEK 1.6 billion (1.3). Changing conditions to New Trad had a positive effect of a total of SEK 2.0 billion on earnings. The positive effect of changing conditions arises by the technical liabilities reducing when customers change to a product with a lower guaranteed interest rate.

The trend in long-term market interest rates varied significantly during the year and the long-term government bond rate for the first nine months of the year fell, while the long-term swap rate, used to discount the technical liabilities, increased. To reduce the effect of interest-rate changes, assets were matched against liabilities and, as a result of this, earnings were only affected to a minor extent by the interest-rate trend. Investment income declined due to low interest rates, increased spreads, primarily in mortgage bonds, and a weak stock-market performance.

Länsförsäkringar Liv is working actively to strengthen the balance sheet in order to enhance security and improve opportunities for paying bonuses to customers. The solvency ratio has improved by 2 percentage points to 124% since year-end.

Operating expenses rose to SEK 280 M (269) due to higher development costs. Costs for the development of a new payment system accounted for the largest portion of the cost increase. Claims paid amounted to SEK 4.5 billion (5.1). External transfers of insurance capital, included in claims payments, was the reason for the decline.

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 115 billion (118).

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 70,000 insurance policies have been changed to New Trad, corresponding to 33% of customers who received the offer. Managed assets amounted to SEK 13.5 billion (6.5),

with 34% invested in equities. The total return was a negative 1.4% (pos: 6.4), attributable to the negative performance on the equities market.

Collective consolidation was 113%, down 7 percentage points since mid-year due the total return being lower than the bonus rate. Collective consolidation remains high in relation to target collective consolidation. The bonus rate was raised from 8% to 10% on 1 June.

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 amounted to SEK 88.0 billion (97.6). The total return amounted to a negative 0.5% (pos: 7.8). The return was negatively affected by low interest rates and increased spreads primarily in mortgage bonds. Returns on investments in property and alternative investments were slightly positive. Collective consolidation amounted 119% and the bonus rate was set cautiously at 2%, despite strong solvency collective consolidation, due to high sensitivity to interest rates and limited risk scope.

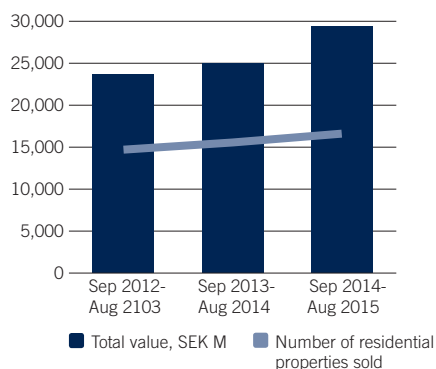
New World

New World is a traditional insurance policy whereby customers are guaranteed to recoup at least the premiums paid, subject to deductions for expenses and 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 11.5 billion (12.6). The total return was a negative 3.4% (pos: 5.2).

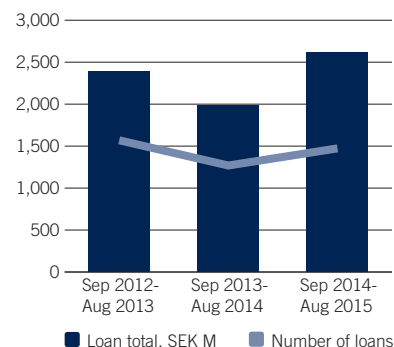
Real-estate brokerage

Länsförsäkringar Fastighetsförmedling has 160 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 5,807 single-family homes, 9,680 tenant-owned apartments, 1,125 vacation homes and 450 agricultural properties were brokered in period from September 2014 to August 2015. The value of the sales amounted to SEK 31.1 billion. During the period, sales of single-family homes and vacation homes resulted in SEK 2.6 billion in first-lien mortgages in Länsförsäkringar's mortgage institution, divided between 1,473 transactions.

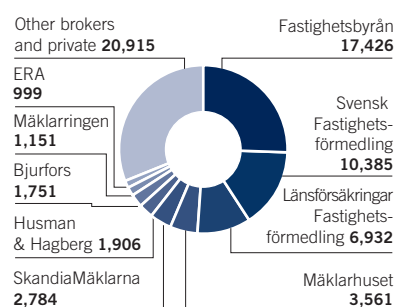
NUMBER OF SINGLE-FAMILY HOMES, VACATION HOMES AND TENANT-OWNED APARTMENTS SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETSFÖRMEDLING



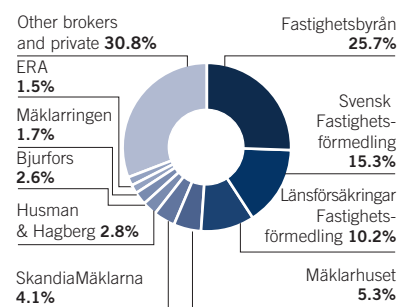
SINGLE-FAMILY HOMES AND VACATION HOMES, SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETSFÖRMEDLING WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK



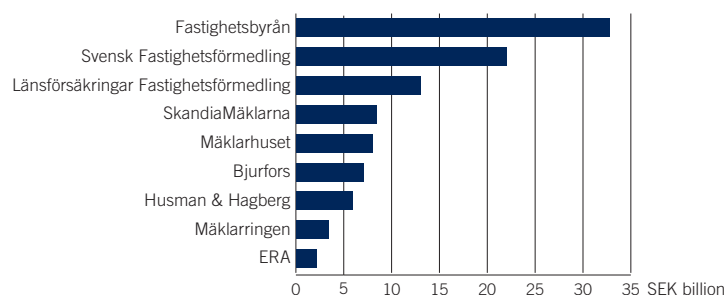
NUMBER OF SINGLE-FAMILY HOMES AND VACATION HOMES SOLD



MARKET SHARES 31 AUGUST 2015



VALUE OF SALES OF SINGLE-FAMILY HOMES AND VACATION HOMES



Source: Värderingsdata

Financial statements

LÄNSFÖRSÄKRINGAR ALLIANCE NON-LIFE INSURANCE

INCOME STATEMENT

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premiums earned after ceded reinsurance	5,769	5,642	5,470	5,432	16,882	15,929	21,550
Investment income transferred from financial operations	130	143	104	143	377	451	629
Claims payments after ceded reinsurance	-4,191	-3,899	-4,131	-4,331	-12,220	-11,982	-15,804
Operating expenses	-988	-1,093	-1,033	-927	-3,115	-2,889	-3,987
Other technical revenue/expenses	-9	-6	-12	-1	-27	2	-122
Technical result from non-life insurance operations before partner discounts	711	787	398	316	1,897	1,511	2,266
Bonuses and discounts	-58	-58	-58	-42	-175	-128	-936
Technical result from non-life insurance operations after partner discounts	653	729	340	273	1,722	1,383	1,331
Total investment income	-1,529	-637	3,772	288	1,605	2,855	5,041
Investment income transferred to insurance operations	-153	168	-414	-143	-400	-451	-629
Other non-technical expenses	4	-142	-62	-36	-200	-285	-533
OPERATING PROFIT	-1,025	118	3,635	382	2,727	3,502	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 Sep 2015	31 Dec 2014
ASSETS		
Shares and participations	29,179	26,615
Bonds and other interest-bearing securities	29,218	29,842
Other investment assets	24,210	23,044
Total investment assets	82,607	79,500
Reinsurers' portion of technical provisions	11,542	11,514
Receivables and other assets	8,042	10,128
Cash and bank balances	6,947	6,009
Prepaid expenses and accrued income	1,095	1,078
TOTAL ASSETS	110,233	108,230
EQUITY, PROVISIONS AND LIABILITIES		
Equity	41,215	38,181
Technical provisions (before ceded reinsurance)	54,235	52,654
Other provisions and liabilities	12,530	14,814
Accrued expenses and deferred income	2,253	2,580
TOTAL EQUITY, PROVISIONS AND LIABILITIES	110,233	108,230

LÄNSFÖRSÄKRINGAR AB, GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premiums earned before ceded reinsurance	1,619	1,562	1,741	1,486	4,922	4,442	8,587
Reinsurers' portion of premiums earned	-329	-318	-371	-324	-1,018	-985	-4,409
Premiums earned after ceded reinsurance	1,290	1,244	1,370	1,162	3,904	3,458	4,178
Interest income	1,736	1,759	1,853	2,073	5,349	6,527	8,523
Interest expense	-957	-1,032	-1,159	-1,395	-3,147	-4,622	-5,913
Net interest income	780	727	695	678	2,201	1,905	2,610
Change in unit-linked insurance assets – policyholder bears the risk	-5,699	-3,614	10,162	729	849	6,955	11,506
Dividends in unit-linked insurance assets – policyholder bears the risk	8	–	–	3	8	3	3
Investment income, net	-173	-33	117	79	-90	196	146
Commission income	640	663	639	566	1,943	1,639	2,292
Other operating income	523	577	472	461	1,572	1,405	1,937
Total operating income	-2,632	-436	13,455	3,678	10,387	15,560	22,673
Claims payments before ceded reinsurance	-1,080	-947	-1,069	-1,216	-3,096	-3,053	-8,067
Reinsurers' portion of claims payments	219	119	261	479	599	837	5,627
Claims payments after ceded reinsurance	-861	-828	-808	-738	-2,497	-2,216	-2,440
Change in life-assurance reserve	38	36	-115	35	-41	-29	-3
Change in unit-linked insurance liabilities – policyholder bears the risk	5,782	3,657	-10,231	-744	-792	-7,016	-11,608
Commission expense	-661	-667	-642	-595	-1,970	-1,682	-2,291
Staff costs	-407	-498	-471	-397	-1,375	-1,317	-1,735
Other administration expenses	-720	-906	-701	-673	-2,327	-2,043	-3,132
Loan losses	9	-0	-0	-4	9	20	5
Total expenses	3,180	794	-12,968	-3,115	-8,993	-14,283	-21,204
Operating profit	549	358	487	563	1,394	1,277	1,469
Tax	-98	-94	-92	-146	-285	-277	-310
NET PROFIT FOR THE PERIOD	451	263	395	417	1,109	1,000	1,159
Earnings per share before and after dilution, SEK	43	25	39	41	108	99	117

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Net profit for the period	451	263	395	417	1,109	1,000	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	-11	6	18	7	12	25	34
Cash-flow hedges	-8	64	20	20	77	-33	4
Change in fair value of available-for-sale financial assets	-28	-125	-37	57	-190	61	-0
Tax attributable to items that have been transferred or can be transferred to profit for the period	8	13	4	-17	25	-6	-1
Total	-39	-41	5	66	-76	47	37
Items that cannot be transferred to profit for the period							
Revaluation of owner-occupied property	12	187	13	14	212	40	-22
Revaluation of defined-benefit pension plans	–	–	–	–	–	–	-7
Tax attributable to items that cannot be reversed to profit for the period	-3	-41	-3	-3	-47	-9	6
Total	9	146	10	11	165	31	-22
Total other comprehensive income for the period, net after tax	-30	105	15	77	90	78	15
COMPREHENSIVE INCOME FOR THE PERIOD	421	368	410	494	1,199	1,078	1,174

LÄNSFÖRSÄKRINGAR AB, GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	30 Sep 2015	31 Dec 2014
ASSETS		
Goodwill	742	735
Other intangible assets	3,572	3,610
Deferred tax assets	43	38
Property and equipment	60	51
Owner-occupied property	2,421	2,265
Shares in Länsförsäkringar Liv Försäkrings AB	8	8
Shares and participations in associated companies	69	66
Reinsurers' portion of technical reserves	11,555	11,529
Loans to the public	196,322	179,424
Unit-linked insurance assets – policyholder bears the risk	95,196	91,359
Shares and participations	1,637	1,487
Bonds and other interest-bearing securities	38,448	43,733
Treasury bills and other eligible bills	4,853	5,409
Derivatives	5,366	5,276
Change in value of hedge portfolios	1,041	1,147
Other receivables	8,676	4,516
Prepaid expenses and accrued income	2,683	3,621
Cash and cash equivalents	3,056	1,657
TOTAL ASSETS	375,748	355,933

SEK M	30 Sep 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	601	511
Retained earnings including profit for the period	6,722	5,631
Total equity	19,838	16,857
Subordinated liabilities	2,300	2,000
Technical reserves	19,520	18,664
Provisions for life assurance – policyholder bears the risk	95,772	92,250
Deferred tax liabilities	998	948
Other provisions	267	179
Debt securities in issue	137,128	130,514
Deposits from the public	79,524	75,845
Due to credit institutions	7,203	3,390
Derivatives	2,498	2,756
Change in value of hedge portfolios	3,603	3,824
Other liabilities	2,880	3,640
Accrued expenses and deferred income	4,217	5,066
TOTAL EQUITY AND LIABILITIES	375,748	355,933

LÄNSFÖRSÄKRINGAR LIV, GROUP

INCOME STATEMENT

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Premium income after ceded reinsurance	442	473	533	545	1,448	1,994	2,639
Investment income, net	-1,272	-4,254	4,280	2,701	-1,246	8,388	12,023
Claims payments	-1,364	-1,434	-1,695	-1,640	-4,493	-5,106	-6,627
Change in technical provisions	915	6,574	-1,116	-923	6,373	-3,477	-5,364
Operating expenses	-99	-70	-111	-112	-280	-269	-423
Technical result, life insurance operations	-1,378	1,289	1,891	571	1,802	1,530	2,248
Non-technical expenses	-70	-55	-87	-70	-212	-210	-347
Profit before tax	-1,448	1,234	1,804	501	1,590	1,320	1,901
Tax	-	3	-6	-14	-3	-43	2
PROFIT FOR THE PERIOD	-1,448	1,237	1,798	487	1,587	1,277	1,903
Items that cannot be transferred to profit for the period	-	-	-	-	-	-	-9
COMPREHENSIVE INCOME FOR THE PERIOD	-1,448	1,237	1,798	487	1,587	1,277	1,894

BALANCE SHEET

SEK M	30 Sep 2015	31 Dec 2014
ASSETS		
Investment assets	115,460	121,810
Reinsurers' portion of technical provisions	476	476
Receivables	2,170	1,574
Other assets	2,984	3,928
Prepaid expenses and accrued income	1,340	1,195
TOTAL ASSETS	122,430	128,983
EQUITY, PROVISIONS AND LIABILITIES		
Equity	18,173	17,537
Technical provisions	96,567	103,009
Provisions for other risks and expenses	151	150
Deposits from reinsurers	476	476
Liabilities	6,784	7,428
Accrued expenses and deferred income	279	383
TOTAL EQUITY, PROVISIONS AND LIABILITIES	122,430	128,983

Financial calendar

Year-end review, Länsförsäkringar Alliance.....	10 February 2016
Year-end report, Länsförsäkringar AB.....	10 February 2016
Year-end report, Länsförsäkringar Bank.....	10 February 2016
Year-end report, Länsförsäkringar Hypotek.....	10 February 2016

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