

Länsförsäkringar AB

Interim report January–September 2015

JANUARY–SEPTEMBER 2015 COMPARED WITH JANUARY–SEPTEMBER 2014

- The Group's operating profit amounted to SEK 1,394 M (1,277). The return on equity amounted to 8% (8).
- Operating profit in the non-life insurance operations amounted to SEK 431 M (604). Premiums earned after ceded reinsurance amounted to SEK 3,777 M (3,373).
- Operating profit for the Bank Group totalled 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).
- Net sales for the Parent Company amounted to SEK 1,937 M (1,783).

THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

- The Group's operating profit amounted to SEK 549 M (358). The return on equity amounted to 9% (6).
- The Group's equity rose SEK 412 M to SEK 19,838 M.
- Operating profit in the non-life insurance operations amounted to SEK 105 M (155). Premiums earned after ceded reinsurance amounted to SEK 1,303 M (1,247).
- Operating profit for the Bank Group totalled 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).
- Net sales for the Parent Company amounted to SEK 657 M (702).

STEN DUNÉR, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB:



The Group strengthened its earnings compared with both the preceding quarter and the year-earlier period. The earnings trend in all three core business segments is strong and operating profit improved SEK 191 M during the third quarter compared with the second quarter of 2015. Agria is continuing its expansion and is also establishing operations in the Finnish market. The Group's operating profit amounted to SEK 1,394 M.

The US economy continued to perform strongly and recovery continued in Europe. However, there are some elements of uncertainty, mainly related to uncertainty surrounding China's economic performance, which had a negative impact on the stock markets in the third quarter. This negative stock-market trend 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.

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 expansive 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 unemployment, 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.

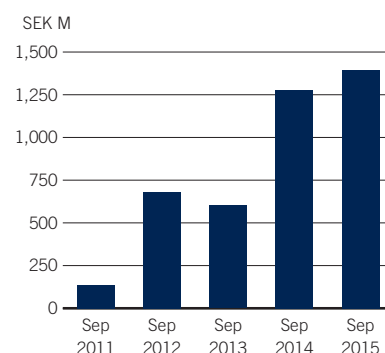
Spreads in the credit market increased in the third quarter for both investment grade and high yields. The spreads for Swedish mortgage bonds widened during the quarter.

JANUARY-SEPTEMBER 2015 COMPARED WITH JANUARY-SEPTEMBER 2014

The report provides commentary on the performance in the January-September 2015 period compared with the January-September 2014 period, unless otherwise stated.

Group earnings

GROUP OPERATING PROFIT



The Group's operating profit increased to SEK 1,394 M (1,277), primarily due to stronger earnings in the banking operations, but the unit-linked insurance operations also reported a strong earnings trend. The return on equity amounted to 8% (8).

Operating profit for the non-life insurance operations was weaker as a result of the transfer of the portfolio of motor third-party liability insurance and annuities operations to the regional insurance companies.

Operating profit for the Bank Group rose to SEK 863 M (679), attributable to a higher net interest income and increased commission income.

The managed assets of unit-linked insurance operations increased to SEK 97 billion (88), which contributed to operating profit strengthening to SEK 414 M (261).

The total return amounted to 1.7% (4.5). Properties generated the highest return, contributing 2.5 percentage points to the total return. In addition to the ongoing direct yield, changes in market value are included in the return for property holdings. Equities had an adverse effect of 0.2 percentage points on the return. US credits and widened credit spreads made a negative contribution to the fixed-income portfolio, resulting in a total negative impact of 0.2 percentage points.

In the preceding year, the liability hedge for hedging risks in the annuities operations made a significant contribution to the total return.

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 banking operations and legislation on insurance operations.

The Group's equity increased SEK 412 M in the third quarter.

The capital surplus in the financial conglomerate amounted to SEK 4,334 M, up SEK 82 M during the third quarter. The positive contribution from earnings to the capital base was largely counterbalanced by the increase in the capital requirement. This increase was primarily driven by the countercyclical buffer requirements introduced for the banking operations during the quarter, and the capital required by the relatively rapid growth in the Bank Group's lending, particularly given the Basel I transition rules.

The capital surplus in the insurance group amounted to SEK 2,815 M, up SEK 272 M for the quarter.

If decided by the Swedish parliament, new legislation for insurance companies, Solvency II, will come into effect on 1 January 2016. The rules for insurance operations will then change significantly in many areas, including how solvency testing is carried out. The capital base and capital requirements will be calculated in line with the new rules. The design of the group solvency test under the insurance-operation rules will be the same as the design for the corresponding test under the

rules on financial conglomerates, but with more uniform treatment of the insurance sector and banking sector.

Länsförsäkringar AB, with its insurance companies, has applied to the Swedish Financial Supervisory Authority to use a partial internal model for calculating capital requirements for both individual insurance companies and at group level. However, the Financial Supervisory Authority cannot make a decision until parliament has adopted the Swedish Solvency II legislation.

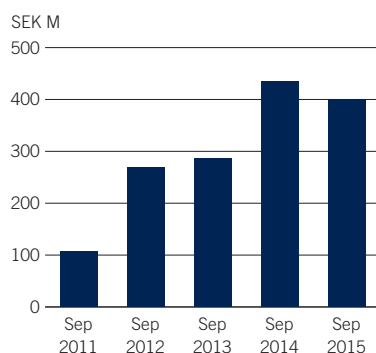
The Core Tier 1 ratio for the group encompassed by the group rules for banking operations (consolidated situation), meaning the Länsförsäkringar Bank Group consolidated with Länsförsäkringar AB, was 20.2%, up 0.3 percentage points during the quarter. Further information about the capital situation under the group rules for banking operations is provided under the section on "Bank" below.

Non-life insurance

Operating profit amounted to SEK 431 M (604) and the combined ratio remained unchanged at 90%.

The technical result for insurance operations amounted to SEK 400 M (435). The lower profit was mainly the result of run-off motor third-party liability insurance being transferred to the regional insurance companies on 31 December 2014. Agria report higher earnings due to improved premiums earned combined with a more stable trend in claims costs than previously, while accident and health insurance reported weaker earnings. Measures were taken to improve profitability in accident and health insurance, for example by increasing premiums and changing the conditions of health care insurance. Premiums earned after ceded reinsurance increased 12% to SEK 3,777 M (3,373). The increase was mainly the result of portfolio growth and previous premium increases in Agria and in accident and health insurance. Claims payments after ceded reinsurance increased to SEK 2,636 M (2,372) and the claims ratio was 70% (70). The expense ratio remained unchanged at 20%.

TECHNICAL RESULT



The total return amounted to 3.4% (5.1). Properties, which at end of the third quarter amounted to about 35% of the investment assets, contributed 4.1 percentage points to the total return. In addition to the ongoing direct yield, changes in the market value of the property holdings are also included in the return. The fixed-income portfolio, which has a short duration, had an adverse effect of 0.4 percentage points on the return. Mainly US credits and widened credit spreads accounted for the largest negative contributions. A liability hedge to hedge interest-rate risk in the 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. The liability hedge made a significant contribution to the total return in the preceding year.

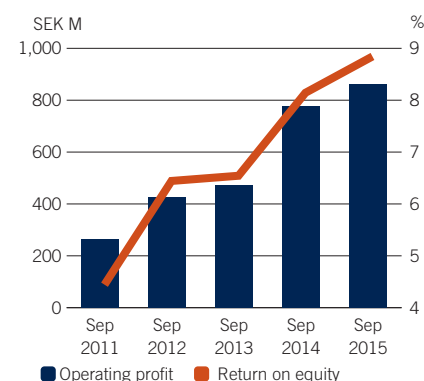
Bank

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 insu-

rance companies due to the strengthened profitability in the business. Operating expenses totalled SEK 1,176 M (1,116).

OPERATING PROFIT AND RETURN ON EQUITY

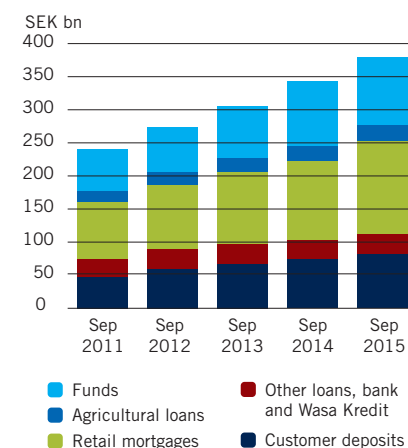


Loan losses remain low and amounted to SEK -9 M (-20), net, corresponding to loan losses of -0.01% (-0.02). Impaired loans, gross, amounted to SEK 266 M (317), corresponding to a percentage of impaired loans, gross, of 0.13% (0.18). The cost/income ratio was 0.58 (0.63) before loan losses and 0.57 (0.62)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

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 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
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.

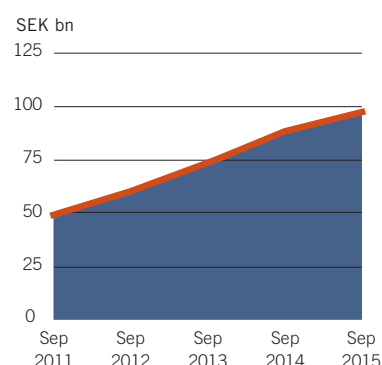
CAPITAL RATIO

Consolidated situation (SEK M)	30 Sep 2015	30 June 2015
IRB Approach	30,448	29,924
retail exposures	22,771	22,460
exposures to corporates	7,677	7,464
Standardised Approach	9,281	9,512
Total REA	49,401	48,999
Core Tier 1 capital	9,980	9,729
Tier 1 capital	11,180	10,929
Total capital	13,477	13,226
Core Tier 1 ratio	20.2%	19.9%
Tier 1 ratio	22.6%	22.3%
Total capital ratio	27.3%	27.0%

Unit-linked insurance

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).

MANAGED ASSETS FOR UNIT-LINKED INSURANCE



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).

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

Significant events after the end of the interim period

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

Risks and uncertainty factors of the operations

The Group's banking and insurance operations give rise to various types of risks, with credit risk in the Bank Group and market risks and insurance risks attributable to the Group's non-life insurance and unit-linked life-assurance companies comprising most of the risks. Credit risk in the bank is affected by the macroeconomic situation in Sweden since all loans are granted in Sweden. Loan losses remained very low.

Market risks 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 and also lower future fee income.

Non-life insurance risks arise in Länsförsäkringar Sak including animal and crop insurance in the subsidiary Agria Djurförsäkring.

Market and insurance risks in non-life insurance and the unit-linked life-assurance 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 2015.

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.

THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

The Group's operating profit amounted to SEK 549 M (358).

The Länsförsäkringar Sak Group's operating profit amounted to SEK 105 M (155). The lower earnings for the quarter were due to lower investment income. The technical result improved to SEK 157 M (119).

The Bank Group's operating profit amounted to SEK 304 M (280). Operating income rose to SEK 707 M (688) and net interest income amounted to SEK 778 M (726). Operating expenses increased to SEK 412 M (409). Return on equity amounted to 9.1% (8.5).

Länsförsäkringar Fondliv's operating profit amounted to SEK 148 M (134). Total premium income amounted to SEK 1,985 M (2,181) due to both lower premiums paid and lower capital transferred. Insurance capital declined to SEK 97 billion (102) billion as a result of lower returns. Fees amounted to SEK 161 M (166) and management remuneration to SEK 181 M (186). The reason for the lower fees and management remuneration was lower managed assets. Operating expenses totalled SEK 214 M (210).

PARENT COMPANY EARNINGS JANUARY-SEPTEMBER 2015 COMPARED WITH JANUARY-SEPTEMBER 2014

Profit after financial items for the Parent Company amounted to SEK 202 M (907). Earnings were impacted by lower dividends of SEK 412 M (1,066) from subsidiaries and non-recurring expenses for withdrawing from a rental contract for office premises. Income amounted to SEK 1,937 M (1,783).

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

PARENT COMPANY EARNINGS THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

Profit after financial items for the Parent Company amounted to SEK 27 M (136). The lower third-quarter earnings were mainly due to the second quarter being positively impacted by dividends of SEK 312 M from subsidiaries.

The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at 30 September 2015 are shown in the following financial statements with accompanying notes for the Group and Parent Company.

KEY FIGURES

Länsförsäkringar AB Group	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
SEK M							
Group							
Operating profit	532	358	487	563	1,377	1,277	1,469
Net profit for the period	434	263	395	417	1,092	1,000	1,159
Return on equity, % ¹⁾	9	6	9	11	8	8	7
Total assets, SEK billion	376	383	375	345	376	345	356
Equity per share, SEK ²⁾	1,790	1,749	1,714	1,665	1,790	1,665	1,675
Solvency capital ³⁾	21,911	21,496	21,073	19,604	21,911	19,604	19,767
Solvency margin, % ⁴⁾	463	465	458	414	463	414	455
Capital base for the financial conglomerate ⁵⁾	20,118	19,782	19,276	17,125	20,118	17,125	17,802
Necessary capital requirement for the financial conglomerate ⁵⁾	15,784	15,530	15,517	14,417	15,784	14,417	14,988
Insurance operations ⁶⁾							
<i>Non-life insurance operations</i>							
Premiums earned (after ceded reinsurance)	1,243	1,190	1,165	1,116	3,598	3,208	3,880
Investment income transferred from financial operations	12	11	10	33	33	94	130
Claims payments (after ceded reinsurance) ⁷⁾	-790	-765	-743	-680	-2,298	-2,066	-2,251
Technical result, non-life operations	155	116	121	198	392	422	604
<i>Premium income, non-life insurance</i>							
Premium income before ceded reinsurance	1,151	1,171	2,999	1,043	5,321	4,948	8,444
Premium income after ceded reinsurance	1,096	1,145	1,759	991	3,999	3,675	4,050
<i>Life-assurance operations</i>							
Premium income after ceded reinsurance	53	62	211	48	326	272	329
Fees pertaining to financial agreements	161	166	166	146	494	429	570
Investment income, net	-89	-49	77	19	-61	71	108
Claims payments (after ceded reinsurance)	-70	-63	-65	-60	-199	-162	-206
Technical result, life-assurance operations	156	142	133	93	431	516	621
Operating profit for insurance operations ⁸⁾	253	289	303	386	845	865	1,164
<i>Key figures</i>							
Cost ratio ⁹⁾	25	27	27	24	26	25	29
Expense ratio ¹⁰⁾	20	21	21	18	21	19	22
Claims ratio ¹¹⁾	69	70	69	67	69	71	65
Combined ratio	88	91	90	85	90	90	87
Management cost ratio, life-assurance operations ¹²⁾	1	1	1	1	1	1	1
Direct yield, % ¹³⁾	-0.7	1.0	0.1	-1.2	0.5	-0.6	2.0
Total return, % ¹⁴⁾	-1.0	1.4	1.6	1.5	2.0	4.7	4.9
Total return, % ¹⁵⁾	-1.0	1.6	1.5	0.8	2.1	2.6	3.1
<i>Financial position</i>							
Investment assets, SEK billion ¹⁶⁾	12	12	12	18	12	18	12
Unit-linked insurance assets – policyholder bears the risk, SEK billion	95	100	103	86	95	86	91
Technical reserves (after ceded reinsurance), SEK billion	8	8	8	15	8	15	7
Capital base for the insurance group ¹⁷⁾	8,979	8,732	8,774	7,598	8,979	7,598	7,618
Solvency margin for the insurance group ¹⁷⁾	6,164	6,188	6,507	5,970	6,164	5,970	6,275

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KEY FIGURES, CONT.

Länsförsäkringar AB Group	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-Year 2014
SEK M							
Banking operation							
Net interest income	778	726	685	673	2,189	1,882	2,580
Operating profit	304	280	279	251	863	679	935
Net profit for the period	225	218	231	196	674	530	712
Return on equity, % ¹⁸⁾	9	9	9	9	9	8	8
Total assets, SEK billion	249	249	237	224	249	224	232
Equity	11,866	11,679	10,320	9,426	11,866	9,426	9,597
Cost/income ratio before loan losses ¹⁹⁾	0.58	0.59	0.56	0.58	0.58	0.63	0.62
Investment margin, % ²⁰⁾	1.27	1.20	1.13	1.20	1.20	1.12	1.15
Common Equity Tier 1 capital ratio Bank Group, %	23.2	23.0	17.4	15.9	23.2	15.9	16.2
Tier 1 ratio Bank Group, % ²¹⁾	26.0	25.9	17.4	15.9	26.0	15.9	16.2
Total capital ratio Bank Group, % ²²⁾	31.5	31.5	21.7	20.3	31.5	20.3	20.6
Common Equity Tier 1 capital ratio consolidated situation, %	20.2	19.9	15.4	13.6	20.2	13.6	13.9
Tier 1 ratio consolidated situation, % ²¹⁾	22.6	22.3	15.4	13.6	22.6	13.6	13.9
Total capital ratio consolidated situation, % ²²⁾	27.3	27.0	19.1	17.2	27.3	17.2	17.5
Loan losses in relation to loans, % ²³⁾	-0.02	0.00	0.00	0.00	-0.01	-0.02	0.00

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

2) Equity adjusted for Additional Tier 1 Capital loan per share.

3) Total of shareholders' equity, subordinated loan and deferred taxes.

4) Solvency capital as a percentage of full-year premium income after ceded reinsurance.

5) 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.

6) 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.

7) Excluding claims adjustment costs.

8) 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.

9) Operating expenses and claims adjustment costs as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance.

10) 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.

11) 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.

12) 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.

13) 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.

14) 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.

15) 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.

16) 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.

17) 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).

18) 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 and for Additional Tier 1 Capital loan.

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

20) Net interest in relation to average total assets.

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

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

23) Net loan losses in relation to the carrying amount of loans to the public and to credit institutions.

FINANCIAL STATEMENTS – GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Q 3 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 provision	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

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 instrumenst	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
Unit-linked insurance liabilities – 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other capital contributed	Additional Tier 1 instruments	Reserves	Retained earnings including net profit for the period	Total
Opening equity, 1 January 2014	975	9,240	–	496	4,472	15,183
Comprehensive income for the period	–	–	–	78	1,000	1,078
Shareholders' contribution						
New share issue	32	468	–	–	–	500
Closing equity, 30 September 2014	1,007	9,708	–	575	5,472	16,762
Opening equity, 1 October 2014	1,007	9,708	–	575	5,472	16,762
Comprehensive income for the period	–	–	–	–64	159	95
Closing equity, 31 December 2014	1,007	9,708	–	511	5,631	16,857
Opening equity, 1 January 2015	1,007	9,708	–	511	5,631	16,857
Comprehensive income for the period	–	–	–	90	1,109	1,199
Issued additional Tier 1 instruments	–	–	1,200	–	–18	1,182
Shareholders' contribution						
New share issue	36	564	–	–	–	600
Closing equity, 30 September 2015	1,042	10,272	1,200	601	6,722	19,838

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	1 Jan 2015 –30 Sep 2015	1 Jan 2014 –30 Sep 2014
Operating activities		
Profit before tax	1,394	1,277
Adjustment for non-cash items	4,080	4,033
Tax paid	–172	60
Cash flow from operating activities before changes in working capital	5,302	5,370
Cash flow from changes in working capital		
Change in shares and participations, bonds and other interest-bearing securities and derivatives	2,173	–5,037
Increase (–)/Decrease (+) in operating receivables	–21,182	–7,423
Increase (+)/Decrease (–) in operating liabilities	6,666	6,913
Cash flow from operating activities	–7,041	–178
Investing activities		
Acquisitions of associated companies	–	–27
Purchase of intangible assets	–197	–156
Purchase of property and equipment	–76	–52
Divestment of property and equipment	–5	–
Cash flow from investing activities	–278	–235
Financing activities		
New share issue	600	500
Change in debt securities in issue	6,914	25
Additional Tier 1 Capital loan	1,200	–
Cash flow from financing activities	8,714	525
Net cash flow for the year	1,395	111
Cash and cash equivalents, 1 January	1,657	2,145
Exchange-rate differences in cash and cash equivalents	3	6
Cash and cash equivalents, 30 September	3,056	2,262

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.

Accounting for equity instruments

Länsförsäkringar Bank AB issued an Additional Tier 1 Capital instrument in 2015, for which the contractual conditions entail a perpetual term and do not have any compulsory coupon payments. The nature of the instrument is considered to be an equity instrument and the coupon payments are considered to be equity transactions.

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 – 30 Sep 2015, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	3,777	105	–	–	22	3,904
Net interest income	–	–	2,189	–	12	2,201
Change in unit-linked insurance assets – policyholder bears the risk	–	849	–	–	–	849
Dividends in unit-linked insurance assets – policyholder bears the risk	–	8	–	–	–	8
Investment income, net	33	–60	81	348	–492	–90
Commission income	13	1,042	1,145	–	–256	1,943
Other operating income	242	211	74	1,935	–890	1,572
Total operating income	4,065	2,154	3,489	2,282	–1,605	10,387
Claims payments after ceded reinsurance	–2,636	–76	–	–	216	–2,497
Change in life-assurance provision	–	–	–	–	–41	–41
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–792	–	–	–	–792
Commission expense	–340	–388	–1,460	–	217	–1,970
Staff costs	–286	–124	–347	–637	18	–1,375
Other administration expenses	–403	–352	–829	–1,444	701	–2,327
Loan losses	–	–	9	–	–	9
Total expenses	–3,665	–1,732	–2,626	–2,080	1,111	–8,993
Technical result	400	422	–	–	–822	–
Non technical recognition	31	–8	–	–	–23	–
Operating profit	431	414	863	202	–517	1,394
Tax	–	–	–	–	–	–285
Net profit for the period	–	–	–	–	–	1,109
Income distribution						
External income	3,897	1,887	3,497	1,034	72	10,387
Internal income	168	267	–7	1,249	–1,677	–
Total operating income	4,065	2,154	3,489	2,282	–1,605	10,387

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 United-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 – 30 Sep 2014, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	3,373	78	–	–	6	3,458
Net interest income	–	–	1,882	–	23	1,905
Change in unit-linked insurance assets – policyholder bears the risk	–	6,955	–	–	–	6,955
Dividends in unit-linked insurance assets – policyholder bears the risk	–	3	–	–	–	3
Investment income, net	95	59	46	965	–969	196
Commission income	12	875	967	–	–216	1,639
Other operating income	236	190	74	1,782	–876	1,405
Total operating income	3,716	8,160	2,969	2,747	–2,032	15,560
Claims payments after ceded reinsurance	–2,372	–56	–	–	211	–2,216
Change in life-assurance provision	–	–	–	–	–29	–29
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–7,016	–	–	–	–7,016
Commission expense	–276	–439	–1,193	–	226	–1,682
Staff costs	–257	–122	–337	–609	9	–1,317
Other administration expenses	–376	–269	–780	–1,230	612	–2,043
Loan losses	–	–	20	–	–	20
Total expenses	–3,281	–7,902	–2,289	–1,839	1,028	–14,283
Technical result	435	258	–	–	–693	–
Non technical recognition	168	3	–	–	–171	–
Operating profit	604	261	679	907	–1,174	1,277
Tax	–	–	–	–	–	–277
Net profit for the period	–	–	–	–	–	1,000
Income distribution						
External income	3,596	7,935	2,977	1,968	–916	15,560
Internal income	120	225	–8	778	–1,115	–
Total operating income	3,716	8,160	2,969	2,747	–2,031	15,560

NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan-Sep	Expenses Jan-Sep	Receivables 30 Sep	Liabilities 30 Sep	Commitments 30 Sep
2015					
Länsförsäkringar Liv Group	310	103	96	847	1,201
Regional insurance companies	1,296	1,453	7,276	13,263	58
Other related parties	20	20	14	48	6
2014					
Länsförsäkringar Liv Group	318	93	103	927	1,487
Regional insurance companies	1,342	1,616	4,682	8,325	52
Other related parties	20	10	5	21	5

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

30 September 2015, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Owner-occupied property	–	–	2,421	2,421
Unit-linked insurance assets – policyholder bears the risk	95,196	–	–	95,196
Shares and participations	1,019	12	606	1,637
Bonds and other interest-bearing securities	38,349	–	99	38,448
Treasury bills and other eligible bills	4,853	–	–	4,853
Derivatives	1	5,365	–	5,366
Liabilities				
Derivatives	1	2,497	–	2,498

31 December 2014, SEK M				
Assets				
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
Liabilities				
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
Opening balance, 1 January 2015	2,265	532	31	2,828
Acquisition	5	–	64	69
Divestments	–	–0	–	–0
Recognised in net profit for the year	–61	73	4	17
Recognised in other comprehensive income	212	–	–	212
Closing balance, 30 September 2015	2,421	606	99	3,125

Change level 3				
Opening balance, 1 January 2014	2,423	473	–	2,896
Acquisition	0	–	30	30
Divestments	–	–6	–	–6
Recognised in net profit for the year	–136	65	1	–70
Recognised in other comprehensive income	–22	–	–	–22
Closing balance, 31 December 2014	2,265	532	31	2,828

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	30 Sep 2015		31 Dec 2014	
	Book value	Fair value	Book value	Fair value
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	8	8	8	8
Loans to the public	196,322	197,445	179,424	180,926
Unit-linked insurance assets – policyholder bears the risk	95,196	95,196	91,359	91,359
Shares and participations	1,637	1,637	1,487	1,487
Bonds and other interest-bearing securities	38,448	38,448	43,733	43,733
Treasury bills and other eligible bills	4,853	4,853	5,409	5,409
Derivatives	5,366	5,366	5,276	5,276
Other receivables	6,509	6,509	3,565	3,565
Cash and cash equivalents	3,056	3,056	1,657	1,657
Total assets	351,394	352,517	331,918	333,420
Liabilities				
Subordinated liabilities	2,300	2,379	2,000	2,127
Debt securities in issue	137,128	140,952	130,514	136,690
Deposits from the public	79,524	82,013	75,845	77,297
Due to credit institutions	7,203	7,203	3,390	3,390
Derivatives	2,498	2,498	2,756	2,756
Other liabilities	1,144	1,144	1,073	1,073
Total liabilities	229,797	236,188	215,578	223,333

FINANCIAL STATEMENTS – PARENT COMPANY

INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-year 2014
Net sales	657	702	578	585	1,937	1,783	2,491
Operating expenses							
External expenses	–410	–604	–405	–384	–1,419	–1,203	–1,812
Staff costs	–194	–236	–207	–185	–637	–599	–794
Depreciation/amortisation and impairment of property and equipment and intangible assets	–8	–9	–9	–13	–26	–40	–110
Operating profit/loss	46	–147	–44	3	–145	–58	–225
Profit/loss from financial items							
Profit from participations in Group companies	–	312	100	0	412	1,066	1,254
Interest income and similar profit/loss items	2	–2	9	8	9	29	52
Interest expense and similar profit/loss items	–21	–28	–25	–50	–74	–130	–314
Profit/loss after financial items	27	136	40	–39	202	907	767
Tax	3	2	0	–21	5	8	25
PROFIT/LOSS FOR THE PERIOD	30	138	39	–60	207	915	792

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK M	Q 2 2015	Q 1 2015	Q 1 2015	Q 2 2014	Jan-Jun 2015	Jan-Jun 2014	Full-year 2014
Profit/loss for the period	30	138	39	–60	207	915	792
Other comprehensive income							
Items that have been transferred or can be transferred to profit for the period							
Cash-flow hedges	1	5	–6	–11	–0	–46	–56
Tax attributable to items that have been transferred or can be transferred to profit for the period	–0	–1	1	2	0	10	12
Total other comprehensive income for the period	1	4	–5	–9	–0	–36	–44
Comprehensive income for the period	31	142	35	–69	207	879	748

BALANCE SHEET FOR THE PARENT COMPANY

SEK M	30 Sep 2015	31 Dec 2014
ASSETS		
Fixed assets		
Intangible assets	115	111
Property and equipment	97	112
<i>Financial assets</i>		
Shares and participations in Group companies	16,892	16,342
Other fixed assets	47	42
Total financial assets	16,939	16,384
Total fixed assets	17,151	16,608
Current assets	2,077	2,330
Cash and bank balances	262	239
TOTAL ASSETS	19,490	19,177
EQUITY, PROVISIONS AND LIABILITIES		
Restricted equity	5,844	5,808
Non-restricted equity	10,439	9,668
Total equity	16,283	15,476
Provisions	201	122
Derivatives	41	41
Long-term liabilities	2,066	2,047
Current liabilities	899	1,491
TOTAL EQUITY, PROVISIONS AND LIABILITIES	19,490	19,177
PLEDGED ASSETS AND CONTINGENT LIABILITIES		
Pledged assets	1,201	1,190
Contingent liabilities	60	55
Total	1,261	1,245

STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

SEK M	1 Jan 2015 –30 Sep 2015	1 Jan 2014 –30 Sep 2014
Operating activities		
Profit after financial items	202	907
Adjustment for non-cash items	122	27
Income tax paid	–	35
Cash flow from operating activities before changes in working capital	324	969
Cash flow from changes in working capital		
Increase (–)/Decrease (+) in operating receivables	235	–1 081
Increase (+)/Decrease (–) in operating liabilities	–74	–663
Cash flow from operating activities	486	–775
Investing activities		
Shareholders' contribution paid	–500	–600
Investment in subsidiaries	–50	–0
Acquisition of intangible assets	–11	–3
Acquisition of property and equipment	–5	–3
Divestment of property and equipment	3	–
Repayment of loans	–499	–
Cash flow from investing activities	–1,062	–606
Financing activities		
New share issue	600	501
Cash flow from financing activities	600	501
Net cash flow for the year	23	–880
Cash and cash equivalents, 1 January	239	1 095
Cash and cash equivalents, 31 December	262	215

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

Mkr	Restricted reserves		Non-restricted equity			Total
	Share capital	Statutory reserve	Hedging reserve	Share premium reserve	Retained earnings, including net profit for the year	
Opening equity, 1 January 2014	975	4,801	12	4,439	4,001	14,228
Comprehensive income for the period	–	–	–36	–	915	879
Shareholders' contribution						
New share issue	32	–	–	468	–	500
Closing equity, 30 September 2014	1,007	4,801	–24	4,907	4,916	15,606
Opening equity, 1 October 2014	1,007	4,801	–24	4,907	4,916	15,606
Comprehensive income for the period	–	–	–8	–	–123	–131
Closing equity, 31 December 2014	1,007	4,801	–32	4,907	4,793	15,476
Opening equity, 1 January 2015	1,007	4,801	–32	4,907	4,793	15,476
Comprehensive income for the period	–	–	–0	–	207	207
Shareholders' contribution						
New share issue	36	–	–	564	–	600
Closing equity, 30 September 2015	1,042	4,801	–32	5,471	5,000	16,283

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-Sep	Expenses Jan-Sep	Receivables 30 Sep	Liabilities 30 Sep	Commit- ments 30 Sep
2015					
Group companies	1,249	135	1,776	215	–
Länsförsäkringar Liv Group	165	23	18	519	1,201
Regional insurance companies	894	45	127	187	–
Other related parties	17	8	2	6	–
2014					
Group companies	777	128	436	242	–
Länsförsäkringar Liv Group	184	3	24	634	1,487
Regional insurance companies	816	26	96	87	–
Other related parties	18	0	2	0	–

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, 22 October 2015

Sten Dunér
President

Financial calendar

Year-end Report **10 February 2016**

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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