

2015



Annual review Länsförsäkringar Alliance



Länsförsäkringar

The 2015 fiscal year

Five-year summary

Länsförsäkringar Alliance	2015	2014	2013	2012	2011
Total capital, SEK M	55,562	48,188	41,518	36,681	33,215

Länsförsäkringar Alliance's non-life insurance	2015	2014	2013	2012	2011
Solvency capital, SEK M	51,628	46,493	40,458	35,737	32,709
Solvency margin, %	222	209	206	182	171
Return on equity, %	8	11	10	8	-5
Premiums earned after ceded reinsurance, SEK M	22,705	21,550	20,067	19,363	18,756
Technical result, SEK M	2,700	2,266	1,247	1,439	856
Operating profit/loss, SEK M	4,365	5,209	3,863	3,013	-2,273
Combined ratio	91	93	98	97	100

Länsförsäkringar AB, Group ¹⁾	2015	2014	2013	2012	2011
Operating profit, SEK M	2,155	1,469	923	819	287
Solvency capital, SEK M	1,858	1,675	1,557	1,479	1,403
Total assets, SEK M	384,595	355,933	322,550	290,994	253,223
Return on equity, %	9	7	5	5	2

¹⁾ Excluding the life-assurance operations, which are conducted with a prohibition against issuing dividends.

Länsförsäkringar Sak, Group	2015	2014	2013	2012	2011
Premiums earned after ceded reinsurance, SEK M	5,074	4,099	4,122	4,024	4,003
Technical result, SEK M	821	611	434	306	159
Operating profit, SEK M	908	791	427	486	88

Länsförsäkringar Bank, Group	2015	2014	2013	2012	2011
Deposits from the public, SEK M	83,925	76,790	69,220	62,396	49,610
Loans to the public, SEK M	201,964	179,424	162,003	149,942	134,011
Operating profit, SEK M	1,175	935	647	555	385
Return on equity, %	9	8	7	6	5
Tier 1 ratio, consolidated situation, %	24	14	14 ¹⁾	14 ¹⁾	12 ¹⁾

¹⁾ According to Länsförsäkringar Bank's interpretation of the regulations at the time.

Länsförsäkringar Fondliv AB	2015	2014	2013	2012	2011
Premium income, SEK M	8,645	8,543	9,473	8,714	6,518
Net profit for the year, SEK M	519	368	246	128	297
Managed assets, SEK M	102,807	93,610	77,438	62,944	52,165
Solvency rate	1.8	1.6	1.7	2.2	2.7

Länsförsäkringar Liv, Group	2015	2014	2013	2012	2011
Premium income, SEK M	1,919	2,639	3,388	4,319	6,514
Net profit for the year, SEK M	5,089	1,903	5,174	4,872	-13,063
Solvency ratio, %	128	122	118	113	111

Result for the regional insurance companies

SEK M	Technical result ¹⁾		Operating profit/loss ¹⁾	
	2015	2014	2015	2014
Länsförsäkringar Norrbotten	59	46	73	84
Länsförsäkringar Västerbotten	119	90	237	286
Länsförsäkringar Jämtland	5	29	129	171
Länsförsäkringar Västernorrland	40	15	93	55
Länsförsäkringar Gävleborg	72	57	92	125
Dalarnas Försäkringsbolag	188	136	505	563
Länsförsäkringar Värmland	-5	13	70	115
Länsförsäkringar Uppsala	19	-3	212	143
Länsförsäkringar Bergslagen	17	23	323	390
Länsförsäkringar Stockholm	266	198	487	465
Länsförsäkringar Södermanland	5	-1	269	243
Länsförsäkringar Göteborg och Bohuslän	183	175	660	610
Länsförsäkringar Skaraborg	62	32	159	171
Länsförsäkringar Östgöta	124	212	523	826
Länsförsäkringar Älvsborg	190	145	660	647
Länsförsäkringar Gotland	42	38	104	112
Länsförsäkringar Jönköping	51	91	245	360
Länsförsäkringar Halland	67	71	235	252
Länsförsäkring Kronoberg	49	52	212	159
Länsförsäkringar Kalmar län	25	85	211	212
Länsförsäkringar Blekinge	28	29	107	106
Länsförsäkringar Göinge-Kristianstad	47	36	159	184
Länsförsäkringar Skåne	225	93	615	579

¹⁾ Before bonuses and discounts.

Credit rating

Comapny	Institutions	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.

Customer-owned regional insurance companies with local presence

Länsförsäkringar works in all channels and in all customer meetings with a brand promise based on closeness. The perception of greater closeness and less distance in a relationship with Länsförsäkringar is the guiding principle for everything – from product development to a personal customer meeting.

Customers are our only principal

Long-term respect for customers' security is fundamental to Länsförsäkringar, since customers are both the principal and owner. The approach is always characterised by the view that Länsförsäkringar is handling its customers' money, not its

own, regardless of whether the company is dealing with insurance, pension savings or banking services.



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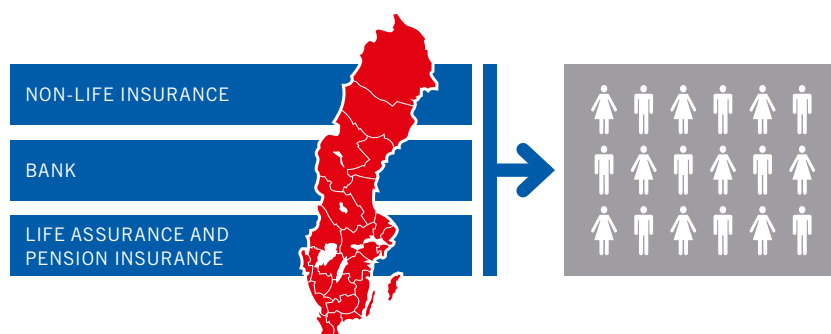
Complete security

Customers are provided with a complete offering of banking, insurance and real-estate brokerage services from their respective regional insurance company. A comprehensive approach to customer meetings characterises the entire operation. Regardless of whether they occur in person, on the telephone or via digital channels, customer meetings are to be based on the customer's needs and the breadth of Länsförsäkringar's offering. This holistic approach is taken into consideration in the development and offering of non-life insurance, life assurance and pension insurance, banking services and real-estate brokerage.

Offering

23 local companies

3.7 million customers



Strong brand and satisfied customers

Länsförsäkringar's local method of working close to its customers and owners is highly appreciated, as can be seen in regular customer satisfaction and brand reputation surveys. Länsförsäkringar's joint brand is extremely strong compared with its competitors in the banking, insurance and pension industry. In 2015, the Swedish Quality Index surveys revealed that we have Sweden's most satisfied customers in most of our business areas. Länsförsäkringar has also long ranked highly in Nordic Brand's reputation surveys, which measure the public's opinion of us as a financial company.

Länsförsäkringar's offering

Non-life insurance

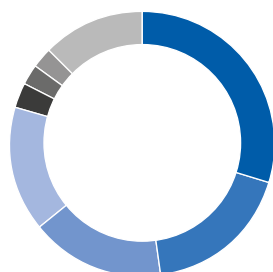


Leader in Swedish non-life insurance

Länsförsäkringar has insured Swedes for more than 200 years, and today, about 2.8 million people are insurance customers of the local regional insurance companies. Confidence is high among companies in Sweden – the market share is slightly more than 35%. More than 70% of agricultural customers have selected Länsförsäkringar. Local claims adjustment, with quick and competent management is a hallmark of Länsförsäkringar.

MARKET SHARES

Share of premiums paid
Source: Insurance Sweden



Länsförsäkringar maintains its leading position in the non-life insurance market, with a market share of 29.8%.

Bank

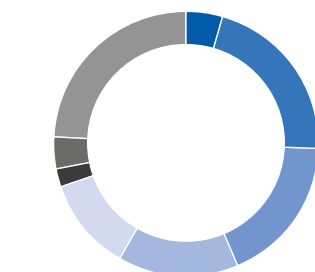


The fifth largest retail bank close to customers

20 years after its launch, Länsförsäkringar is Sweden's fifth largest retail bank. The strategy is to offer banking services to the Länsförsäkringar Alliance's customers and leverage Länsförsäkringar's strong brand and local presence through the customer-owned regional insurance companies. The main target group is retail and agricultural customers and small businesses. The banking operations are conducted only in Sweden and business volumes have grown on a broad front in all areas.

MARKET SHARES

Deposits in retail market
Source: Statistics Sweden



The market position in retail deposits was unchanged at 4.7%.

Life assurance and pension insurance

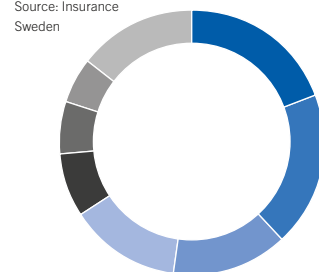


A close and understandable pension partner

Länsförsäkringar's focus in life assurance and pension insurance is directed to meeting customers' growing demands for advice on how they are to finance their retirement. A large portion of the new sales are for pension solutions for companies that do not have collective agreements – a market with a great need for advisory services. Customers can choose between fund management and guarantee management.

MARKET SHARES

Premium income in fund management, occupational pensions excl. collective agreements
Source: Insurance Sweden



Länsförsäkringar's share of the market for non-collectively agreed occupational pensions in fund management is 19.4%.

2015 in brief

Real-estate brokerage



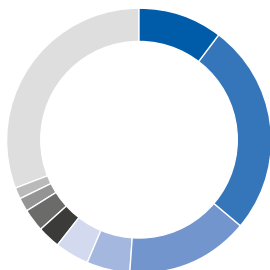
Comprehensive real-estate brokerage

In addition to assistance from experienced and knowledgeable brokers, Länsförsäkringar Fastighetsförmedling's comprehensive real-estate brokerage also provides home-buyers and home-sellers with access to a broad range of banking and insurance services, financial advisory services, legal advice and extensive claims prevention expertise. Länsförsäkringar Fastighetsförmedling always has a local base, as part of the regional insurance companies' offering.

MARKET SHARES

Real-estate brokerage

Source: Värderingsdata



■ Länsförsäkringar Fastighetsförmedling 10.3%	■ Husman & Hagberg 4.2%
■ Fastighetsbyrå 25.9%	■ Bjurfors 2.6%
■ Svensk Fastighetsförmedling 15.1%	■ Mäklaringen 1.7%
■ Mäklarhuset 5.2%	■ ERA 1.4%
■ Skandiamäklarna 4.2%	■ Other brokers and private 30.7%

Länsförsäkringar Fastighetsförmedling is the third largest brokerage group in Sweden, measured in number of single-family homes and vacation homes sold. Tenant-owned apartments are not included in industry statistics. Brokerage of tenant-owned apartments increased 20% in 2015.

Sweden's most satisfied customers and best mobile app

Sweden's most satisfied banking and insurance customers (according to the Swedish Quality Index) and Sweden's best mobile app (Web Service Award) are examples of awards won in 2015.



Healthy growth in all business

All business lines continued to report healthy growth. Business volumes in the banking operations increased almost 15% till SEK 404 billion. Premiums earned in non-life insurance increased 5% to SEK 22.7 billion and managed assets in unit-linked insurance increased 10% to SEK 103 billion.

A well-consolidated group of companies

In 2015, the Länsförsäkringar Alliance's total solvency capital in non-life insurance further strengthened from SEK 46.5 billion to SEK 51.6 billion. The solvency margin amounted to 222% (209).

TOTAL SOLVENCY CAPITAL

SEK
51.6
billion



More than SEK 1 billion back to customers

2015 for the Länsförsäkringar Alliance was characterised by strong earnings and the continued positive performance of business volumes. Based on these healthy profits, the regional insurance companies will pay back more than SEK 1 billion in bonuses to their customers.

Stable platform to meet future challenges

Comments | Business volumes continued to perform positively and the Länsförsäkringar Alliance reported strong earnings for 2015. Based on net profit for the year, the regional insurance companies will pay more than SEK 1 billion in bonuses to their owner – the customers.

2015 was an exceptional year in many different respects. The first thing that will come to mind for most of us is the widespread human suffering caused by war that has afflicted so many, and the waves of refugees following in its wake. It was also a year of instability in financial markets with sharp movements at times. Global growth was slightly lower than expected, although the trend continued in the right direction. Positive signals from the US economy resulted in the first interest-rate hike since 2006. The European economy continued to recover during the year and the Swedish economy performed very well, while interest rates remained at historically low levels. Housing prices continued to rise, which further emphasised the importance of a healthy mortgage repayment culture, something that we actively encourage.

Healthy growth, earnings improvements and bonuses to customers

The Länsförsäkringar Alliance can sum up a successful year of strong earnings and continued market successes. Operating profit in non-life insurance amounted to SEK 4.4 billion and the technical result strengthened by nearly SEK 0.5 billion year-on-year to SEK 2.7 billion. The combined ratio performed positively due to a lower claims ratio, falling from 93 to 91. Based on these healthy profits, the regional insurance companies will pay back more than SEK 1 billion in bonuses to their owners – their customers.

We often see confirmation of the strength of our brand – just one of many examples is when we successfully established our banking operations 20 years ago. The bank can summarise a historically strong year, measured in both earnings and business volumes. Our real-estate brokerage is another example of a fantastic journey in a short period of time – ten years after launch we now have Sweden's third largest real-estate brokerage commanding a market share of more than 10%. Agria's success continued and sales in the Finnish

for both individual customers and the entire company's customer collective. The conversion to New Trad was satisfactory and by year-end 72,000 customers with total capital of SEK 15 billion had converted to New Trad, which had a positive impact on solvency.

The most satisfied customers

In addition to our favourable results and strong growth, we also saw proof that our customers appreciate what we do – according to the Swedish Quality Index



We often see confirmation of the strength of our brand – just one of many examples is when we successfully established our banking operations 20 years ago.

market will begin in the summer. Agria thus offers secure animal ownership in four of the Nordic countries and the UK. Earnings for the unit-linked life assurance company strengthened and managed assets increased to SEK 103 billion. The work on improving key figures in the traditional life-assurance company continued during the year. Our high guarantee commitments in the old traditional life-assurance product create a large liabilities side in our balance sheet, given current interest rates, which is why producing the New Trad product is essential and important

we have the most satisfied customers in both banking and insurance.

Joint development focusing on the customer meeting

Länsförsäkringar Alliance's joint development activities are conducted through Länsförsäkringar AB to strengthen the regional insurance companies' competitiveness and increase value for customers. Focus areas during the year were continuing to develop digital services, creating simplified and improved customer information, making improvements to our

products and working on the changes resulting from laws and regulations. In 2015, the regional insurance companies received deliveries from slightly more than 30 projects. A new unit was established at Länsförsäkringar AB during the year, Customer and Channel Support, with the specific task of meeting the rapid process of digitisation and providing the best possible support to the regional insurance companies in their customer meetings, regardless of the channel in which they take place.

Adjustments to new regulations

The new regulations require substantial resources and adjustments to the operations. The EU's Solvency II regulations came into force at the start of the year. The basic idea of strengthened customer protection is positive, but the slow Swedish legislative process has made the adjustment process more difficult and led to higher adjustment costs for the industry. Due to Länsförsäkringar's broad operations, we will also be affected by all regulations regarding banking, insurance and financial conglomerates. We believe that harmonisation of the regulations between banking and insurance is necessary.

Focus on sustainability

Continuously working on sustainability is fundamentally an issue of security for customers. It is entirely natural that long-term sustainability issues form a central part of the operations of a customer-owned organisation. Extensive activities based on sustainability are carried out throughout the regional insurance companies. The jointly owned company Länsförsäkringar AB has a Sustainability Committee comprising corporate management that works continuously on sustainability issues. Priority areas include our work on responsible investments, diversity and demands on suppliers and partners. Our efforts to implement processes for responsible investments have yielded results and caught the attention of several external advisors, for example, both Söderberg & Partners and Max Matthiessen increased their rating during the year. At the end of 2015, we signed the Montreal Carbon Pledge, whereby investors commit to



measure and publicly disclose the carbon footprint of their investment portfolios, and we signed the UN Global Compact's ten principles covering the areas of human rights, the environment and anticorruption.

Stable platform to meet future challenges

The Länsförsäkringar Alliance has a stable platform to meet future challenges, in terms of financial strength, core values and customer satisfaction. The forms of cooperation provide a clear focus for all parties – the Länsförsäkringar Alliance is a well-functioning federation. The keys to our success are the ability to offer customers local presence and decision-making combined with the overall development potential and efficiency. The business model that has built our successes to date will also build our success in the future. The challenges we face largely involve developing our business model in a changeable and digitised world. We need to ensure that the regional insurance companies have the right conditions so that they do not have to choose between being local or being digital – but can be both. The customer decides how he or she wishes to meet us. An element of this challenge is to develop our broad offering. We have a stable and diversified non-life insurance business that is continuing to

generate strong earnings. Preparations were made during the year for the regional insurance companies to take over the accident insurance business in local concessions. This is the most recent example of Länsförsäkringar AB's role as a powerhouse for business to become local once it is mature. We are developing our life-assurance and pension offering to companies and private individuals. We are continuing to do what we do in the banking operations – we have a bank that is growing stably, so we must be doing the right things. We have ambitious targets for the development of our digital services, and we are at the cutting edge of financial services through our app. We can approach these challenges and many more from a position of strength – with strong earnings and key figures, healthy growth, all backed by satisfied customers and a strong brand.

Stockholm, March 2016
On behalf of the 23
regional insurance companies

Sten Dunér, President,
Länsförsäkringar AB

This is Länsförsäkringar

About Länsförsäkringar | The 23 customer-owned regional insurance companies cooperate and combine the ability of a small company to understand customers with the advantages of economies of scale generated by an alliance. Greater closeness and less distance in a relationship with Länsförsäkringar in all channels and in all customer meetings is the guiding principle in everything we do – from product development to a personal customer meeting.

Länsförsäkringar's position in the Swedish bank and insurance market is the natural result of the development of a company group that for more than two centuries has not had any other principal than its own customers. What started as local fire insurers in the first half of the 19th century is now a group of modern companies with a total offering of financial services – in the channels chosen by the customers. The Länsförsäkringar concept is 200 years old and is the same today as it was then. Developments since then have always been built on a single factor: customer demands. Closeness, simplicity and local customer ownership have built up the success of the non-life insurance operations over two centuries and been transferred to the financial and real-estate brokerage services.

A complete range of banking and insurance services is offered through 23 independent and customer-owned regional insurance companies, with a total of 140 branches. Real-estate brokerage and associated services are offered through 160 branches. The leading position in the non-life insurance market is stable. The life-assurance operations have a distinct focus on being the best pension partner for corporate customers and private individuals and always being close and understand-

able. The banking operations are growing and the foundation has been laid for becoming a first choice in banking, particularly for existing insurance customers. Real-estate brokerage has gone from zero to the third largest brokerage in Sweden in only a few years. This is an example of the strength of the brand and the customer advantages in combining all elements of a reliable mortgage transaction in one company.

Closeness in all customer meetings

Länsförsäkringar works in all channels and in all customer meetings with a brand promise based on closeness. The perception of greater closeness and less distance in a relationship with Länsförsäkringar is the guiding principle for everything – from product development to a personal customer meeting. Closeness to a customer at Länsförsäkringar involves more than merely the geographic proximity to the local company. An additional dimension of closeness is created with Länsförsäkringar's award-winning app that provides customers with an overview of their entire finances. Financial closeness is also created with the customer as owner and the only principal, with no external shareholder interests to be served and

instead all surpluses being returned to customers in the form of bonuses and discounts. Each individual regional insurance company is owned by its non-life insurance customers, which means that the company's capital belongs to its customers. This is one of Länsförsäkringar's fundamental principles and lays the basis for its view of customer relationships. Traditions and values are rooted in always ensuring what is best for customers based on their daily lives.

Being customer-owned creates the basis for being close, providing the best service and having a local presence.

Understanding and a commitment from the entire Länsförsäkringar Alliance is required to succeed in creating clarity in the market about what the brand stands for. It is not enough for only employees in customer-facing roles in the regional insurance companies to know what the brand promise is; all employees at the jointly owned Länsförsäkringar AB need to have such understanding since the mission is to create conditions for the regional insurance companies to succeed in their local customer meetings.

Balance between local and shared

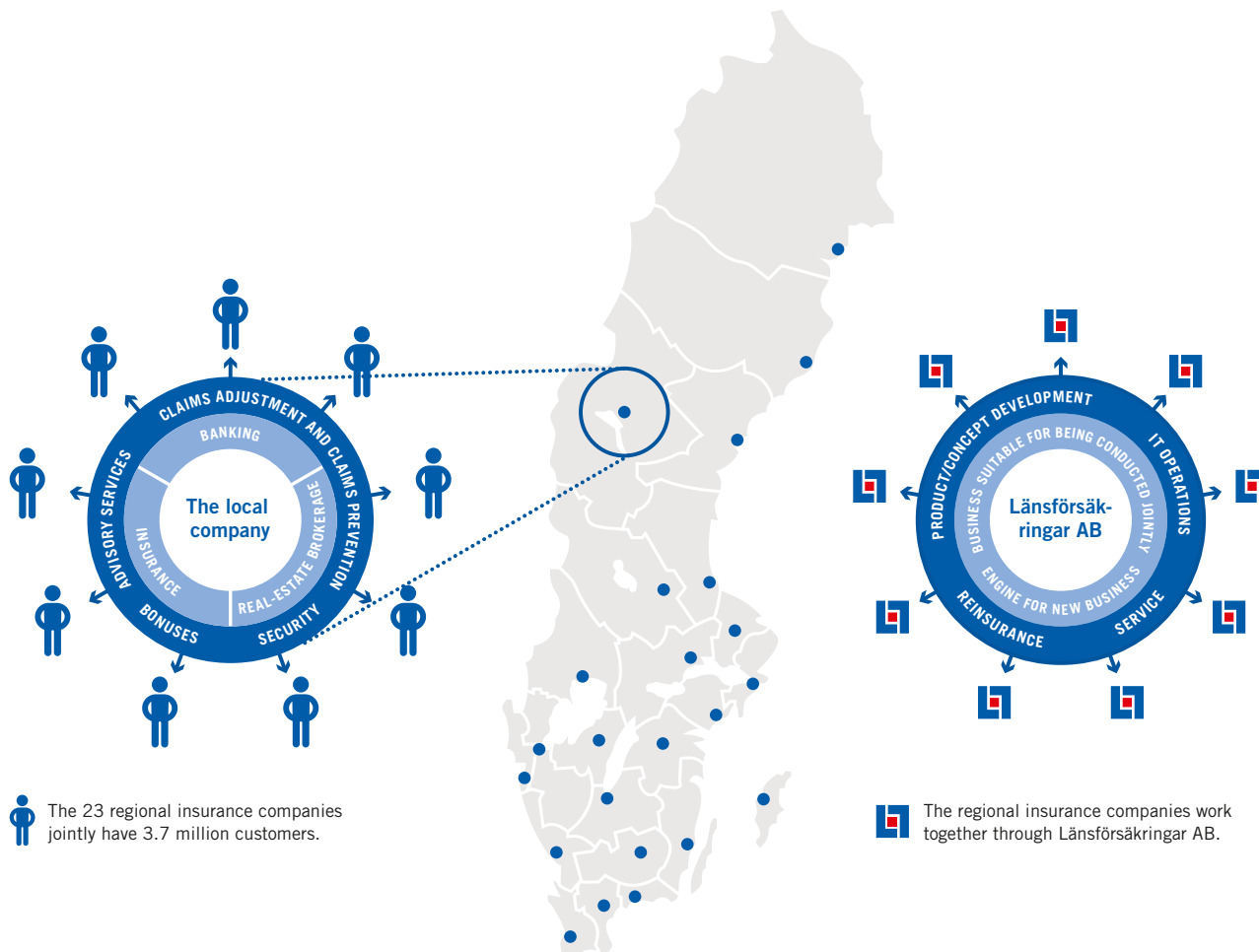
Together, the Länsförsäkringar Alliance has developed a balance between the small and the large-scale. Cooperation between the regional insurance companies through Länsförsäkringar AB has emerged from a decentralised perspective, not the other way round. The local companies decided to cooperate together to achieve economies of scale and to concentrate on the most important issue: meetings with customers and developing close customer relationships. Certain elements of the Länsförsäkringar Alliance are conducted on a large-scale to generate economies of scale, for example, the development

of products and IT systems. Other areas are better suited to being conducted on a smaller scale, such as customer meetings. Success is found in balancing these elements. The basis for cooperation in the Länsförsäkringar Alliance is that as much of the operations as possible are conducted by the local companies and essentially all customer contact is to take place with them. For Länsförsäkringar, the core concept is to meet and know customers, and this is best achieved on a small scale. This is how closeness can be built up in customer meetings. Local presence is an area that Länsförsäkringar does not compromise on. But this does not mean that

the development of a large-scale format will not continue in other areas. The ultimate goal of the large-scale approach is to strengthen customer value. Economies of scale arise in the cooperation between the regional insurance companies. Cooperation takes place through the jointly owned Länsförsäkringar AB and its subsidiaries. Länsförsäkringar AB's task is to create the necessary prerequisites for the regional insurance companies to be successful in their respective markets by conducting business, service and development operations, and to assume responsibility for the Länsförsäkringar Alliance's joint strategies.

Strong brand and satisfied customers

The strengthening of the Länsförsäkringar brand is the result of consistent and long-term work on brand and values. The brand is a way of living and acting when in contact with customers and the local community in general. Länsförsäkringar's joint brand is extremely strong compared with its competitors in the banking, insurance and pension industry. In 2015, the Swedish Quality Index surveys revealed that we have Sweden's most satisfied customers in most of our business areas. Länsförsäkringar has also long ranked highly in Nordic Brand's reputation surveys, which measure the public's opinion of us as a financial company.



Owner control that creates a clear interaction

Owner control | Internal owner control in the Länsförsäkringar Alliance is part of the multi-faceted interaction between the regional insurance companies. The regional insurance companies are simultaneously members of a federation, clients and users of Länsförsäkringar AB's services, distributors of Länsförsäkringar AB's products and owners of Länsförsäkringar AB.

In the interaction between the regional insurance companies, owner control not only involves controlling the joint operations, but also ensuring that all regional insurance companies assume their part of the responsibility for the development of the operations in which they have jointly invested. The development of joint business and the growth plans in recent years have led to the owner control of the regional insurance companies vis-à-vis Länsförsäkringar AB becoming a greater focal point. Owner control has become an increasingly important element of the interaction between the regional insurance companies.

Foundations of owner control

Länsförsäkringar AB is a limited liability company and also the Parent Company of a financial Group, with shares owned individually in various holdings by the 23 regional insurance companies and 16 local insurance companies. Each of the regional insurance companies, as an owner, is responsible for ensuring that well-functioning owner control is in place vis-à-vis Länsförsäkringar AB. The Boards of Directors of the regional insurance companies are formally responsible for owner control. Based on the federal organisation and the purpose of the ownership of Länsförsäkringar AB, the regional insurance companies have together created joint forms of owner control. These are forms that comply with the requirements usually imposed on owner control and that at the same time take into account the federal

conditions of the cooperation between the companies.

Owner control at Länsförsäkringar AB has clear advantages compared with the owner control of many larger financial groups. This is because all of the regional insurance companies have the same clear purpose for their ownership, conduct active operations and collectively hold sufficient financial capacity to ensure long-term ownership.

Owner-control logic

The logic behind owner control centres mainly on the relationship between the Boards of the regional insurance companies, Länsförsäkringar AB's General Meeting, the regional insurance companies'

owner consortium and Länsförsäkringar AB's Board of Directors. Formal owner control takes place through the General Meeting, although the regional insurance companies' owner consortium and their representation on Länsförsäkringar AB's Board are also important components. The duties of the Annual General Meeting are formally governed by law and the Articles of Association. The duties of the consortium are governed in the regional insurance companies' consortium agreement. The Chairman of the consortium is appointed by the regional insurance companies.

Länsförsäkringar AB's Board is elected by the General Meeting, which comprises representatives of all shareholders. The Board is elected based on a process con-



trolled by the owners through a Nomination Committee appointed by the General Meeting. The Nomination Committee's composition, mandate period and so forth are governed in the Articles of Association. The Chairman of the consortium is responsible for the process of renewing the Nomination Committee.

The primary task of the Nomination Committee is to propose the election of members to the Board of Directors of Länsförsäkringar AB. Accordingly, the Nomination Committee lays the foundation for owner control of Länsförsäkringar AB's operations. As part of its role, the Nomination Committee represents the owners and the intentions of the owners with Länsförsäkringar AB, and ensures that Länsförsäkringar AB's Board has the right expertise.

The task delegated by the owners to the Nomination Committee is documented in a separate instruction adopted by the General Meeting. It is important that there is a clear boundary between the Nomination Committee and the Board. The Nomination Committee works independently from the Board on behalf of the owners. At the same time, interplay between the Nomination Committee and the Chairman of the Board



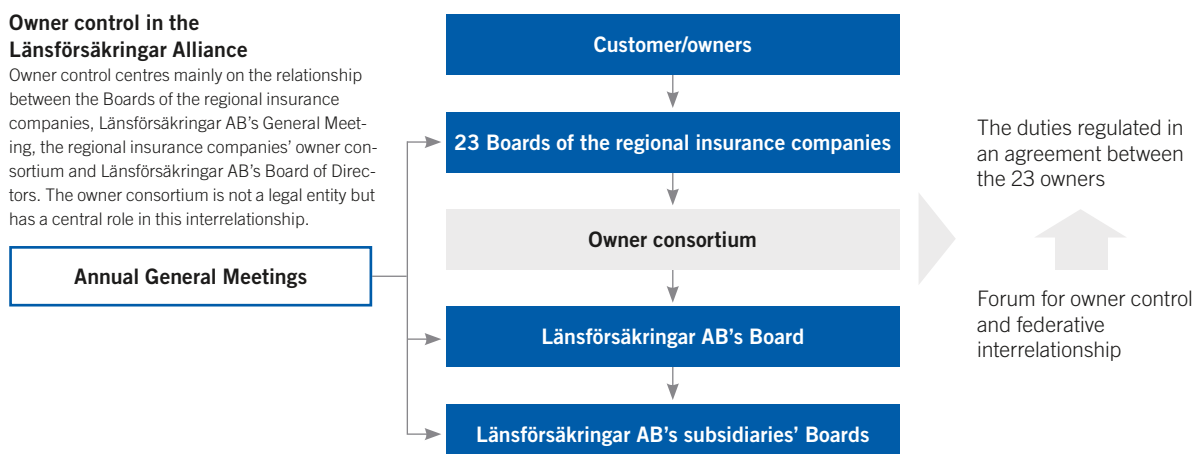
is important. One example is the Board's annual evaluation of its own work. The evaluation is documented and provided to the Nomination Committee and thereby also comprises the basis of the Nomination Committee's evaluation of the Board.

Länsförsäkringar AB's Board serves as the representative of the owners in the framework of the owners' intentions. Länsförsäkringar AB's Board pursues the strategies and targets that the owners agree on by the owners, thus performing the

owners' assignments. At the same time, Länsförsäkringar AB's Board has a major responsibility for safeguarding the capital invested in Länsförsäkringar AB by the regional insurance companies. The regional insurance companies' assignment to Länsförsäkringar AB's Board is decided in the consortium and is documented in the Länsförsäkringar Alliance's governance documents. Länsförsäkringar AB's Board decides on the direction and scope of the operations based on its assignment from the owners.

Owner control in the Länsförsäkringar Alliance

Owner control centres mainly on the relationship between the Boards of the regional insurance companies, Länsförsäkringar AB's General Meeting, the regional insurance companies' owner consortium and Länsförsäkringar AB's Board of Directors. The owner consortium is not a legal entity but has a central role in this interrelationship.



Sustainability and social responsibility at the Länsförsäkringar Alliance

Sustainability | Länsförsäkringar's mission dates back more than 200 years. Fundamental to this mission is long-term respect for the security of customers and extensive activities based on sustainability are carried out throughout the regional insurance companies.

Sustainability involves generating greater value for customers and, at the same time, contributing to the sustainable development of society.

By offering banking, insurance and pension services, Länsförsäkringar has unique opportunities to balance financial, environmental and social aspects of business decisions and operational development, which will benefit customers.

Länsförsäkringar can remain a long-term partner for customers and business partners by taking these considerations into account. Maintaining a strong, local commitment not only benefits Länsförsäkringar's own customers but also society as a whole.

Social commitment a natural part of the operations

Many companies are devoting increasing focus to sustainability. This is a positive trend and benefits society in general, the environment and the customers. Länsförsäkringar's approach to sustainable development is essentially as old as the operations themselves. Mutual risk-taking whereby the customers are the owners and the only principal has created a special view of the value of long-term sustainable relationships. Länsförsäkringar is governed by a central concept, not a share price or short-term financial gains. The operations are to be conducted as efficiently as possible at all times, with the aim of achieving favourable earnings. In Länsförsäkringar's case, this profit is used to create security for both individuals and society. The local regional insurance companies' social commitment is extensive. A central part of Länsförsäkringar's long-term social efforts take place in the areas of claims-prevention activities and claims adjustment. Preventing injury to people, animals and damage to property, offering financial security in the form of insurance, pensions, savings forms and mortgages, and offering as sustainable

claims adjustment as possible are completely natural elements of the business activities.

Other activities are carried out in addition to Länsförsäkringar's more long-term social initiatives, such as partnerships with sports associations, interest groups, schools, colleges and universities, municipalities, etc. These initiatives are often long-term efforts undertaken in the local community to encourage meaningful leisure time for both young and old people, ensure a secure local environment and improve customers' and local community's awareness to maintaining a safe and sustainable environment. Contributing to a safe and secure environment and surroundings is fundamental to Länsförsäkringar.



Continuously working on sustainability is fundamentally an issue of security for customers. It is natural that long-term sustainability issues form a central part of the operations of a customer-owned organisation. Extensive activities based on sustainability are carried out throughout the regional insurance companies. Long-term respect for customers' security is fundamental to the entire Länsförsäkringar Alliance.

Sten Dunér, President, Länsförsäkringar AB, the Länsförsäkringar Alliance's jointly owned company.



RESEARCH

Foundation for Regional Insurance Companies' Research Fund

Länsförsäkringar supports scientific research into security for people. The research is to contribute to greater financial and physical security in society based on the operations conducted by the Länsförsäkringar Alliance. Two themes, secure homes and unprotected road-users, were priority areas in 2015.

First projects financed by the Research Fund in 2015

- The Department of Management and Engineering at Linköping University for its three-year research program "Nudging my future self: behavioural economics studies of the financial decisions of young people."
- The project "Mutuality in the Swedish insurance model" at Uppsala University. The project is being financed by the same amount in a partnership between Länsförsäkringar, Folksam and Skandia.

Agria's animal insurance

Agria's Research Fund supports research into the types of animals that Agria insures. Research grants, which are based on a portion of premiums earned, are targeted to animal health and the importance of animals to people and society. Agria has unique, extensive claims statistics that are of high importance to animal care in Sweden.

Secure and responsible offering

PENSION AND SAVINGS

Responsible investments

Länsförsäkringar invests customers' pension capital and offers highly rated funds – both its own and recommended external funds. Investments are made in companies all over the world, directly and through external funds. The basic view is that well-managed, sustainable companies are a better investment in the long term. These companies should manage risks and opportunities related to business ethics, the environment and social issues in a responsible manner to remain competitive in the long term. Länsförsäkringar AB has signed the United Nations-supported Principles for Responsible Investment (PRI) to mark this standpoint.

Based on international conventions Working with responsible investments is based on the international conventions signed by Sweden in the areas of the environment, human rights, labour rights, corruption and controversial weapons (nuclear weapons, cluster munitions and land mines). A partnership is in place with an external ethics consulting firm to identify and analyse companies that contravene international conventions. Based on these analyses, Länsförsäkringar seeks to use dialogue to exert an influence on companies that breach international norms. If dialogue does not achieve the desired results, the holdings in the company can be divested.

Carbon footprint reporting

Since the end of 2015, Länsförsäkringar has pledged to measure and publicly disclose the carbon footprint of its investment

portfolios under the international Montreal Carbon Pledge initiative. The carbon footprint of Länsförsäkringar's own equity funds was disclosed at the end of 2015, and new measurements will be recorded in 2016. A project was initiated to identify how to reduce the carbon footprint of investments. Länsförsäkringar AB supports the Carbon Disclosure Project (CDP), which collects environmental data from companies based on the needs and requirements of the financial community and investors.

Partnerships with other investors

In 2015, Länsförsäkringar AB joined "Sustainable Value Creation," a collaborative project comprising 17 of Sweden's largest institutional investors and Nasdaq Stockholm, with the aim of highlighting the importance of working in a structured manner with sustainability issues.

Länsförsäkringar AB is an active member of Swesif, a trade association for sustainable investments. One of Swesif's important initiatives in 2015 was to make the Sustainability Profile available to fund savers in private fund platforms. The Sustainability Profile is an industry standard containing information on how funds apply sustainability criteria in their management, which makes it easier for fund savers to compare funds. Länsförsäkringar's fund market was one of the first in Sweden to offer the Sustainability Profile to its customers.

Active owner control

Owner control includes company dialogues on sustainability issues, active participation in the Nomination Committees of

portfolio companies to influence board compositions and voting at general meetings. A long-term objective is to increase diversity in terms of gender, age and background, on the boards of the portfolio companies. During the annual general meeting season of 2015, the percentage of women board members increased from 34 to 41% in the companies in which Länsförsäkringar Fondförvaltning participated in the nomination committee. Länsförsäkringar AB votes at general meetings of the companies in which it has a substantial holding or where it is important to vote for other reasons. This mainly applies to companies that are part of Länsförsäkringar's own funds.

BANKING

Loan origination that safeguards sustainability

Länsförsäkringar takes environmental and society-related risk into account when granting loans, since these risks form part of the financial risk. The bank's business model has a low level of sustainability and credit risk.

If the borrower's operations contain specifically identified risks regarding, for example, the environment, human rights, labour law risks, corruption or other criminal activities, an assessment is performed to determine whether the risk is to lead to rejections of the loan application.

All of Länsförsäkringar's mortgage advisors are certified, thus ensuring high-quality advisory services, enhanced consumer protection and secure and stable private finances for customers. No loans are granted to large companies in the weapons, mining, gas or fossil energy production sectors.

Security activities and anti-money laundering

Security activities encompass information security, IT security, personal security, physical security and anti-money laundering and other crime. Preventive security activities are fundamental. Many of these security activities are directed at preparing information security regulations, governance documents, instructions and manuals. Employees regularly receive security training through directed activities and e-courses.

Länsförsäkringar makes extensive efforts to minimise the risk of the operations being used or exposed to financial crime. Transactions are monitored actively to detect, for example, money laundering and financing terrorist activities. Other attempts at fraud, for example, card fraud, are monitored, and a shared system for deviation reporting is in place at the Länsförsäkringar Alliance. In 2015, 1,795 employees at the Länsförsäkringar Alliance were trained and certified in Anti Money Laundering (AML).

Partnership with ECPAT

Länsförsäkringar Bank is part of the Swedish Financial Coalition against Commercial Sexual Exploitation of Children. The Financial Coalition brings together a number of organisations in the finance sector that work with ECPAT in Sweden (End Child Prostitution, Child Pornography, and Trafficking of Children for Sexual Purposes). The aims are to prevent the Swedish payment system from being abused for the purchase of child pornography and trafficking of children for sexual purposes, and also to create opinion against such criminal activity. Nowadays it is practically impossible to use a credit card to pay for access to child pornography on the Internet. The Financial Coalition won first prize for best crime prevention action in the 2015 Swedish category of the European Crime Prevention Award.

NON-LIFE INSURANCE

Environmental impact on insurance

The consequences of global warming for insurance operations are more difficult to assess. A more unpredictable climate followed by extreme weather, torrential rain, hurricanes and flooding will probably entail a risk of higher costs for weather-related insurance claims. However, the effects of a lack of clean water and the loss of other ecosystem services, for example, are highly uncertain and an understanding of historical data is of no significance when forecasts are made. Länsförsäkringar encourages lower emissions of greenhouse gases, both in its own operations and by providing advice and carrying out claims-prevention activities, which help reduce future claims and risks.

Claims prevention and reducing environmental impact

Länsförsäkringar works to prevent claims since they always have an adverse impact on both customers and the environment. Länsförsäkringar AB produces and develops claims-prevention standards and certification on behalf of the regional insurance companies. The regional insurance companies, which are responsible for customer meetings, inform all policyholders, when they take out insurance, in continuous communication and in connection with claims, about claims risks and how they can be avoided and prevented.

Every claim that is prevented is a win for the environment since it means less waste, energy, new materials, transportation and other resources – for both the claim incident itself and also for restoration and repairs.

Natural catastrophe, water and fire damage claims and motor hull insurance claims have the greatest impact on the environment and are thus focus areas for claims-prevention activities. Natural catastrophes have been a focus area since autumn 2015 since extreme weather conditions are becoming increasingly common and destructive, and affect claims statistics for both Sweden and the rest of the world.

Collaboration for climate adjustments

For their claims-prevention activities, Länsförsäkringar works together with other companies, trade associations and authorities in Sweden on climate adjustment matters, pro-environment lifestyle changes and increasing demands on sustainable construction. The regional insurance companies carry out campaigns and similar ventures to spread knowledge of risks and claims prevention.

Certification of claims adjusters

The regional insurance companies are major purchasers of, for example, construction, plumbing, joinery and electrical installation services and high quality requirements are imposed on claims adjustment of buildings and residential properties. The regional insurance companies also engage in dialogue with suppliers regarding construction methods, car repairs, recycling and materials that reduce adverse environmental impacts.

Several years ago, the regional insurance companies introduced LUPIN certification of car workshops and construction companies, which ensures that suppliers take environmental considerations into account in connection with claims adjustment. Several regional insurance companies are members of the LUPIN certification programme for car workshops and construction companies, and preparations are under way for more companies to join.

Vast resources go up in smoke

A fire at a home emits an average of 25 tonnes of carbon dioxide – as much as a car emits when driving 125,000 km, equivalent to driving round the almost world three times. Fires also cause other chemical emissions and chemicals run out into lakes and waterways with the firewater. Sanitising a house after a fire requires a vast amount of energy and results in huge volumes of waste. Restoration requires new or recycled natural resources that are used, processed, transported and put in place. Claims-prevention advice to avoid fires often also saves energy for customers.

Expensive water damage

Average water damage generates 300 kg in carbon emissions. Manufacturing new materials for restoration following water damage is both energy-intensive and causes emissions of chemicals and heavy metals.

Water-damage claims can be avoided by choosing the right materials and by installing indicators that provide early warnings of leaks. Regular maintenance of particularly the kitchen, bathroom, hot-water boiler and other places where there is water, save money and reduce the risk of water damage.

International initiatives

To emphasise its commitment to the environment, Länsförsäkringar AB signed the Kyoto Statement of the Geneva Association¹⁾, which encourages the world's insurance companies to work together with customers, policy-makers and industry colleagues to help reduce environmental impact. Read more at genevaassociation.org.

Health-promotion services

Länsförsäkringar is one of Sweden's leading institutions in health care, accident and health insurance. Health care insurance is



based on the following preventive health services: the right type of care at the right time and effective rehabilitation. The aim of these preventive health services is to promote good health and prevent ill health by, for example, reducing stress, improving sleep and maintaining a healthier lifestyle. Activities include a health profile for employees and organisations, online health programmes, personal counselling and manager support services. Effective rehabilitation not only includes medical but also work-oriented rehabilitation, and also includes treatment for addiction and substance abuse. The website lansforsakringar.se provides support for bringing about lifestyle changes.

Claims-prevention activities in animal insurance

Agria, Sweden's animal-insurance market leader, has several claims-prevention industry partnerships. Customers are given advice and tips via the website and through other channels. One of the services is the Telephone Vet, a health care information service that is open evenings and weekends when veterinary clinics are often closed.

Insurance contributes to the development of society

■ Länsförsäkringar offers agricultural customers a recycling insurance that is distributed in cooperation with the Keep Sweden Tidy Foundation and

local entrepreneurs to reduce scrap and environmentally harmful waste.

■ In motor hull insurance, Länsförsäkringar works together to reduce the number of accidents, claims and incidents on the road. When a motor hull or motor third-party liability claim arises, the local regional insurance company reports the incident geographically and the complete incident and accident statistics provide knowledge of where accidents occur and why, and aid efforts to prevent long-term insurance claims in collaboration with municipal street departments and municipalities.

Uncertain insurance cases and suspected fraud

Insurance fraud is a problem for the entire insurance industry and it is thus essential to combat it. Länsförsäkringar's investigation activities examine uncertain insurance cases and suspected fraud in insurance claims. The operations' aim is that the customer collective is treated correctly and that the right compensation is awarded to the right person. An important part of this work is training claims processors, cooperation and targeted activities.

¹⁾ The Geneva Association, which has existed for 40 years, has a global partnership on economic, political and social issues in the insurance industry.



Overall governance

Policies and international initiatives

Länsförsäkringar's values give guidance for sustainability work to create security for customers. Governance in a range of policies and guidelines defines work methods, conduct and business practices that also include sustainability.

In December 2015, Länsförsäkringar AB signed the UN Global Compact's ten principles covering the areas of human rights, labour rights, the environment and anticorruption. This represents a clear standpoint in following and safeguarding these principles. The owner policy and code of conduct for suppliers refer to the UN Global Compact. Länsförsäkringar AB is a member of such organisations as Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), which has a sustainability working group to facilitate the exchange of information and experience among members.

Employees

Länsförsäkringar is not one company but many. 23 independent and customer-owned regional insurance companies are located throughout Sweden. The regional insurance companies jointly own Länsförsäkringar AB. The organisation has a made clear mark on employees in everything from prioritising daily work and managing customers' money to cooperation in groups and the development of employees as individuals.

One of Sweden's most attractive employers

Länsförsäkringar aims to be an attractive employer to be able to attract and retain talented employees – something that is essential to its continued success. The Länsförsäkringar Alliance works continuously, in both its local markets and jointly, to communicate its employer offering via social and digital media, in meetings with potential candidates at career days and on campus as well as through various student programmes.

University graduates ranked Länsförsäkringar among the top 100 companies that they would like to work for in the category of "Ideal Employer." Länsförsäkringar claimed the title of "The Insurance Industry's Most Attractive Employer" for the eighth consecutive year in the Career Barometer survey. Länsförsäkringar won the same award in the Corporate Barometer survey of economics students for the 13th consecutive year. These surveys are carried out by Universum.

Internal labour market and excellent career opportunities

The Länsförsäkringar Alliance has a broad range of professional expertise in banking, insurance and real-estate brokerage services, and specialist roles in a number of different areas. 23 independent regional insurance companies and a jointly owned service and development company, Länsförsäkringar AB, offer a large internal labour market, which provides employees with many opportu-

EMPLOYEE STATISTICS

	Permanent employees, 31 December			
	2015		2014	
	Women	Men	Women	Men
23 regional insurance companies	2,275	1,950	2,217	1,935
Länsförsäkringar AB	949	697	948	682
Total number of permanent employees	5,871		5,782	

	Permanent employees recruited during the year		Permanent employees who have left and now work at another company in the Länsförsäkringar Alliance		Permanent employees who left during the year	
	2015	2014	2015	2014	2015	2014
23 regional insurance companies	340	214	25	32	237	227
Länsförsäkringar AB	160	165	7	4	128	98

	23 regional insurance companies		Länsförsäkringar AB	
	2015	2014	2015	2014
Age range, all employees				
0–30 years of age	465	399	164	164
31–40 years of age	1,037	1,014	442	454
41–50 years of age	1,349	1,371	561	547
51–60 years of age	1,094	1,114	410	373
61–	301	254	79	92
Average age, women	45	45	44	44
Average age, men	45	45	45	45

nities for further development by changing job, either in the local regional insurance company or within the Länsförsäkringar Alliance. Employees can change job by working on a temporary assignment basis, while retaining their main position, or by changing to a completely new role. Employees can credit their entire length of service even when they change company within the Alliance.

Skills-development opportunities are available in the regional insurance companies and through joint training activities at Länsförsäkringar AB, which offers an extensive portfolio of courses in life assurance, banking and non-life insurance and also leadership.

These courses focus on giving employees the skills needed in a business context to offer customers products and solutions that meet their requirements. A total of 14,400 training sessions, both taught and online, were held during the year for employees of the Länsförsäkringar Alliance.

Manager training is also offered in the partner European Alliance Partners Company. Senior-level managers and specialists are nominated for these training programmes annually.

Working environment and health

Characteristic of Länsförsäkringar is a highly positive working environment and collaboration and cooperation are key words for creating a strong solidarity and camaraderie. An open and tolerant working climate free from all forms of discrimination is the very foundation of relationships between colleagues and with customers. Promoting equality and diversity is a natural element of the corporate culture.

Länsförsäkringar is one of Sweden's leading institutions in health care insurance and takes out such insurance for its employees. This insurance includes medical consultations, personal counselling and preventive health services encompassing a health profile and online health

programmes. The insurance also includes work-oriented rehabilitation. Länsförsäkringar's aim is that employees always should enjoy a good work-life balance at all times.

Local and joint

Attracting, recruiting and retaining employees, termination of employment and benefits are issues that are mainly managed individually by each company in the Länsförsäkringar Alliance. Development and coordination in certain issues take place jointly between the regional insurance companies and Länsförsäkringar AB. The ambition is to advance the position as an attractive employer and prepare joint agreements for sellers at the Länsförsäkringar Alliance.

	2015		2014	
	Female managers	Male managers	Female managers	Male managers
Age range, managers				
23 regional insurance companies				
0–30 years of age	1	3	–	4
31–40 years of age	51	63	35	62
41–50 years of age	89	119	86	108
51–60 years of age	69	95	64	95
61–	6	23	3	17
Total	216	303	188	286
Länsförsäkringar AB				
0–30 years of age	2	4	2	5
31–40 years of age	23	23	25	25
41–50 years of age	47	57	44	49
51–60 years of age	24	32	22	32
61–	2	6	2	9
Total	98	122	95	120
Total	220		215	
	23 regional insurance companies		Länsförsäkringar AB	
	2015	2014	2015	2014
Average age, managers				
Women	47	47	46	46
Men	48	48	47	47

	2015		2014	
	Women	Men	Women	Men
Gender distribution among management and board				
23 regional insurance companies				
President	8	15	6	17
Management teams ¹⁾	73	107	70	107
Board members ²⁾	91	121	93	130
Assembly of representatives ³⁾	533	788	513	792
Länsförsäkringar AB				
President	4	6	3	6
Management teams ¹⁾	20	41	26	41
Board members ²⁾	30	44	42	50
¹⁾ Includes union representatives. ²⁾ Regular members including union representatives. ³⁾ Regular members.				

	23 regional insurance companies		Länsförsäkringar AB	
	2015	2014	2015	2014
Sickness absence, %				
Total sickness absence as a percentage of ordinary working hours	3.2	3.3	3.6	2.8
Percentage of total sickness absence pertaining to absence during a consecutive period of absence of 60 days or more	46.8	43.6	48.1	40.9

Satisfied customers are the foundation of stable growth

Non-life insurance | Strong earnings, healthy volume growth and the most satisfied customers according to the Swedish Quality Index were the highlights of 2015. Premiums earned increased to SEK 22.7 billion (21.6) and the market share amounted to 29.8% (30.1).

PREMIUMS EARNED

SEK 22.7 billion

OPERATING PROFIT

SEK 4.4 billion

Most of Länsförsäkringar's non-life insurance business is underwritten by the regional insurance companies. Some non-life insurance business, including animal and health insurance, is underwritten by the jointly owned Länsförsäkringar AB's subsidiaries. Of the Länsförsäkringar Alliance's total premiums earned in non-life insurance of SEK 22.7 billion, SEK 17.6 billion is underwritten in the 23 regional insurance companies and the remainder in the Länsförsäkringar AB Group.

The non-life insurance market

Premium volumes for the non-life insurance market are growing steadily and

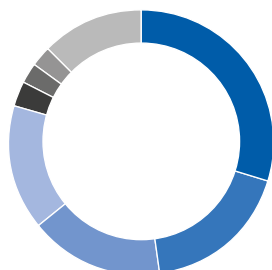
premiums paid reached SEK 74 billion in 2015. Premium volumes have risen SEK 17 billion over the past 10 years. Demand for security is increasing in Sweden and more Swedes are taking out increasingly better insurance coverage, for example, private health care insurance has increased for several years. Another distinct trend is that pets are increasingly being insured. The number of insured households, single-family homes and vacation homes is relatively stable, while the number of passenger-car insurance policies is continuing to increase since sales of new cars in 2015 were the highest in the 2000s to date. Package solutions are increasingly common products, which in turn boost customer satisfaction by enhancing the customers' sense of security that they have the right insurance. Customer demands for a high level of service and rapid claims adjustment are also increasing when insurance claims arise. Internet usage is rising and non-life insurance customers are demanding more and better electronic services and greater availability. Channel-

MARKET SHARES

Non-life insurance

Percentage of premiums paid

Source: Insurance Sweden



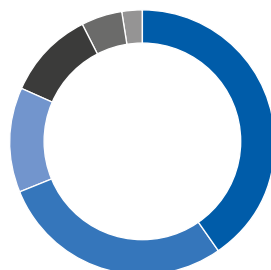
■ Länsförsäkringar 29.8% ■ Moderna 2.9%
■ If 18.2% ■ Dina Federation 2.6%
■ Folksam 16.3% ■ Captivebolag 2.3%
■ Trygg Hansa 15.4% ■ Other 12.5%

Länsförsäkringar maintains its position as a leader in the non-life insurance market, with a market share of 29.8%.

Homeowner insurance

Percentage of number of policies

Source: Insurance Sweden



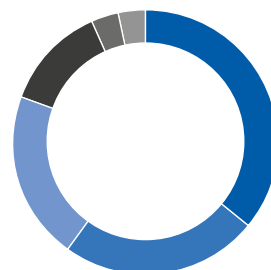
■ Länsförsäkringar 40.5% ■ Trygg Hansa 10.7%
■ Folksam 28.6% ■ Dina Försäkringar 5.1%
■ If 12.7% ■ Moderna 2.4%

Länsförsäkringar remains a market leader in homeowner insurance, with a market share of 40.5%.

Passenger-car insurance

Percentage of number of policies

Source: Insurance Sweden



■ Länsförsäkringar 36.0% ■ Trygg Hansa 12.6%
■ If 24.0% ■ Moderna 3.4%
■ Folksam 20.8% ■ Dina Försäkringar 3.2%

The market share of passenger-car insurance rose to 36.0%. Both Länsförsäkringar's premium portfolio and the number of policies increased.

independent distribution is becoming more important as customers to a greater extent want to manage their insurance themselves in a way that suits them.

Stricter regulatory requirements combined with more intense competition are continuing to impose demands on efficiency enhancements to reduce operating expenses. Several large insurance companies are working on efficiency programmes. Old insurance systems are being replaced with new systems in parallel with increased outsourcing of IT management, development and operation. While simpler work duties are disappearing through streamlining and automation, the need and competition for highly educated employees with specialist expertise is intensifying.

In the long term, the issues of the future structure of the social insurance system and the potential privatisation of parts of this system are central to the non-life insurance industry. Growing concern that social insurance in Sweden is insufficient has led to more people taking out private insurance in all areas that provide com-

pensation in the event of illness, unemployment, accidents, death and retirement. High household indebtedness creates a need for protecting mortgages in the event of illness, for example. Security is also in demand among Swedish companies. Company owners want to ensure that neither they nor their employees go on long periods of sick leave and health care insurance can thus provide greater security.

Market position

Länsförsäkringar is strengthening its leading market position in most insurance classes in the growing non-life insurance market. Länsförsäkringar is a market leader in commercial lines, homeowner, motor hull insurance and animal insurance. The market share amounted to 29.8% (30.1) measured in premiums paid. The market share, measured in the number of insurance policies, is continuing to rise for homeowner and household insurance. In 2015, Länsförsäkringar's portfolio increased by 5,000 homeowner insurance policies and 20,000 household insurance

policies. Länsförsäkringar's motor hull business is continuing to capture market shares. In motor third-party liability the increase was 0.8 percentage points to 38.1% and in motor hull insurance 0.3 percentage points to 26.3%. Länsförsäkringar reported the highest increase of all insurance companies.

The animal-insurance market is growing substantially. Through Agria Djurförsäkring, Länsförsäkringar is the market leader with a market share of 58.0% (59.1).

Brokered business

Länsförsäkringar Mäklarservice is Länsförsäkringar's link to customers who choose to be represented by insurance brokers. Länsförsäkringar Alliance's brokered non-life insurance premiums amounted to SEK 1,256 M ((1,222), up SEK 34 M. The Länsförsäkringar Alliance's brokered non-life insurance business accounted for 27% of the total non-life insurance portfolio for commercial insurance. The strategy of clearly prioritising larger brokerage companies to increase the effect on medium-sized companies has proven to be successful.

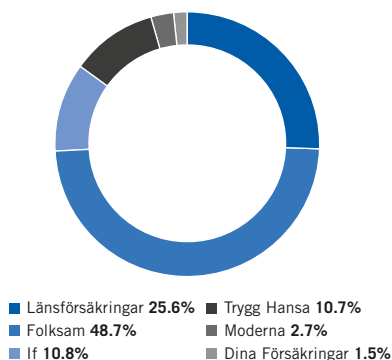
The Länsförsäkringar Alliance's brokered group and health businesses amounted to SEK 240 M (236). There was a high level of activity during the year regarding offer flow, although the dominance of business through procurements offers limited opportunities for growth since brokers invest most of their business in their own procured plans.

In addition to sales efforts, Länsförsäkringar continued to develop automated services in brokered business, to improve and make the insurance brokers' self-service easier.

Household insurance

Percentage of number of policies

Source: Insurance Sweden

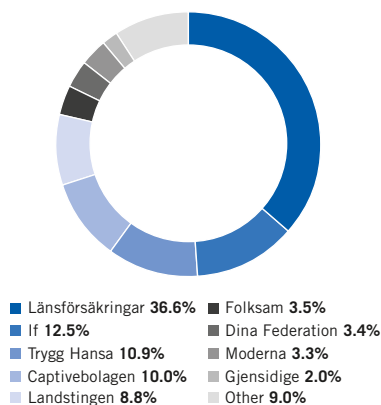


The market share of household insurance is stable at about 25%. The number of household insurance policies rose during the year.

Commercial lines

Percentage of premiums paid

Source: Insurance Sweden



Länsförsäkringar maintains a strong position in commercial lines with a market share of 36.6%.

Insurance lines

Motor hull



Motor hull	2015	2014
Premiums earned, gross, SEK M	7,765	7,270
Passenger cars, number of policies	1,642,000	1,576,000
Passenger cars, market share, %	36.0	35.2
Other vehicles, number of policies	1,365,000	1,328,000
Other vehicles, market share, %	49.5	49.2

Growth in Länsförsäkringar's motor hull business has been strong in recent years and remained favourable in 2015. Measured in number of insured vehicles, Länsförsäkringar's market share amounted to 41.1% (40.5) of the total motor market. The total motor market, measured in premiums, increased almost 5%, corresponding to SEK 1.1 billion. Länsförsäkringar accounted for almost half of this increase, and the market share measured in premiums rose from 29% to 30%. The hull insurance market grew the most, increasing 8%.

Länsförsäkringar strengthened its market share by growing by slightly more than 6%. In motor third-party liability insurance, Länsförsäkringar increased its premium volumes by 4% in a market that rose only 1% as a whole.

Länsförsäkringar's passenger-car insurance business is also continuing to grow strongly. Industry statistics show that the total number of insured passenger cars in Sweden increased by almost 91,000 in 12 months, with Länsförsäkringar's portfolio growing by 66,000 during the period.

A new service for motor hull insurance online was delivered at the end of 2014. This service makes it easier for customers to take out insurance and contributes to further strengthening Länsförsäkringar's competitiveness in motor hull.

Claims costs also increased in line with portfolio growth. Both the claims costs frequency and average claims cost rose in 2015.

Home



Home	2015	2014
Premiums earned, gross, SEK M	4,510	4,320
Household, number of policies	799,800	780,300
Market share, households, %	25.6	25.4
Homeowner + home content, number of policies	687,300	679,700
Homeowner + home content, market share, %	40.5	40.2
Vacation homes, number of policies	236,000	236,700
Vacation homes, market share, %	41.0	41.0

The total market, measured in premium income, for home insurance grew 5.8% in 2015. During the same period, Länsförsäkringar increased its premium income in home insurance by 3.9% (3.7). Länsförsäkringar remained the market leader with 30.8%, measured in terms of the entire home-insurance market.

Länsförsäkringar is the largest company in homeowner insurance, with a market share of 40.5% (40.2). Länsförsäkringar is also the market leader in the vacation-home insurance, with a market share of 41.0% (41.0). The market share for household insurance was 25.6% (25.4).

Competition in the home-insurance market remains tough, although market shares are stable. The trend is moving towards attractive package offers with broader coverage, with what was often previously supplementary insurance now being included in the basic package. All insurance companies are working to produce good digital solutions, although digital distribution is still under development.

Claims costs in home insurance increased in terms of supplementary and travel elements, but declined in the area of natural catastrophes.

Yacht



Yacht	2015	2014
Premiums earned, gross, SEK M	162	163
Yachts, number of policies	81,600	80,900
Market share, percentage of policies, %	29.6	29.3

The yacht industry has recovered after several years of low sales. Specialist yacht-insurance companies are working on brand insurance and, in many cases, offer insurance as part of a boat purchase. Länsförsäkringar retained its strong position despite competition and low boat sales. The market share amounted to 29.6% (29.3) in 2015, with the closest competitor Moderna Försäkringar/Atlantica holding a share of 19%. Three foreign-owned players decided not to report their portfolio statistics to Insurance Sweden and so Länsförsäkringar's increased market shares do not fully reflect the actual situation. Theft of primarily newer types of outboard engines continued to rise. The "Båtsamverkan" watch scheme in Västra Götaland – a joint venture by the insurance companies, Larmtjänst and the marine police – proved to be effective and the upward trend in theft was broken.

The police also provide information on a Facebook page that has proven effective.

Corporates



Corporates	2015	2014
Premiums earned, gross, SEK M	3,820	3,785
Number of policies	231,800	232,700
Commercial lines, market share, %	36.3	37.3

The number of players in the commercial lines market is continuing to increase, resulting in further price pressure in several segments. Portfolio procurements from larger insurance brokers are more and more common. For small companies, the trend is shifting towards industry-specific insurance and digital distribution. Länsförsäkringar retained its dominant position in the commercial lines market, with a market share of 36.3% (37.3).

Länsförsäkringar Sak supplements the regional insurance companies' offering to corporate customers with specialised casualty, marine and cargo, motor and property insurance. Länsförsäkringar increased premium volumes in motor hull insurance, marine and cargo and casualty insurance despite intense competition in the market. The price pressure in marine and cargo insurance stagnated slightly, although there are no indications that premiums are starting to rise. Competition in casualty insurance has further intensified through new establishments and with insurance companies that previously focused only on large companies now also cultivating the same market segments as Länsförsäkringar. The interests of the Länsförsäkringar's Swedish corporate customers are increasingly international and demand for insurance solutions is rising. Through the International Network of Insurance (INI), Länsförsäkringar is one of the few companies in the Swedish market that can offer customised and local insurance solutions in more than 100 countries at competitive prices.

Agricultural



Agricultural	2015	2014
Premiums earned, gross, SEK M	1,740	1,665
Agricultural insurance, number of policies	189,890	189,800
Tractor insurance, number of policies	270,000	267,700

Länsförsäkringar remained the market leader in insurance cover for agricultural customers. Premium volumes increased 4%.

The segmentation among agricultural customers has improved opportunities for risk adjusting premiums in the insurance solutions that were introduced a few years ago. In 2015, large-scale efforts were undertaken to combine the insurance terms and conditions for garden centres, equine and agricultural operations into joint insurance conditions for these agriculture-based business operations.

The option of supplementing customer cover in the agricultural area with commercial solutions on the same insurance policy means that Länsförsäkringar is well-equipped for the continued rapid development in agriculture towards larger, more complex and diversified companies.

Agria Djurförsäkring



Agria	2015	2014
Premiums earned after ceded reinsurance, SEK M	2,721	2,395
Market share Sweden, %	58.2	59.1

Premiums earned amounted to SEK 2,721 M (2,395) and the market share was 58.2% (59.1).

In the Swedish operations, the pet-insurance business reported a continued stable increase in business volumes and strong earnings. Swedish pet owners are continuing to choose Agria as their insurance company. A new insurance policy for breeding dogs and cats, under which the animals are insured from birth, was presented in the autumn.

The Swedish equine industry continues to suffer problems with fewer riders and fewer horses, but despite this Agria increased its business volumes. Claims costs increased for veterinary care, which is the reason for the lower earnings in horse insurance.

The agriculture business reported lower earnings due to higher claims costs for farmed animals. A positive sign is the increased portfolio. Insured crop areas remained stable, and the 2015 crop season experienced relatively few claims. The operations in Norway continued to display a stable trend with both a growing portfolio and satisfactory financial earnings. Denmark, Agria's youngest market, reported a stable, positive performance. For the UK, the year was characterised by improved brand awareness and significant portfolio growth with satisfactory profitability.

Health



Health	2015	2014
Premiums earned, gross, SEK M	1,445	1,311
Market share, accident and health insurance, premiums paid, %	19.9	19.3
Health care insurance, number of insured parties	123,400	120,700

Accident and health insurance market increased to SEK 8,877 M (8,223), up 7.9%. Länsförsäkringar increased both premium volumes and the number of policies in personal-risk insurance. The market share for Länsförsäkringar in accident and health insurance amounted to 19.9% (19.3). The health care insurance market also increased, and Länsförsäkringar remains a market leader. At year-end 2015, 648,000 individuals had health care insurance in Sweden, most of which is taken out and paid by the employer.

Modernised accident insurance has been offered for slightly more than a year and is very successful. These policies provide standard compensation for treatment and healing periods as well as pain and suffering instead of reimbursing costs according to receipts. This makes customer meetings simpler and more efficient and facilitates claims adjustment. Group insurance policies for small businesses provide sound financial basic insurance coverage for companies and employees. The aim of the changes made in the health insurance line was to create insurance policies that are better tailored to current society.

In 2015, work continued on packaging health care insurance with preventive health services and good rehabilitation. The insurance policy provides businesses with the tools for working on preventive measures for mental health and motivating employees to make healthier lifestyle changes. The medical and work-oriented rehabilitation elements of the policy can help companies to reduce their sickness absence figures.

Children's insurance



Children's insurance	2015	2014
Premiums earned, gross, SEK M	424	397
Number of insured parties	284,700	279,800

In 2015, Länsförsäkringar launched a new children's insurance and has been hailed by the Swedish Consumers Insurance Bureau as one of the best in the market. Extensive joint market communication activities were implemented for the product and sales set new records in the autumn. A total of 18,700 new children's insurance policies were taken out in 2014 and 21,900 policies were taken out in 2015. Since the new children's insurance was launched on 1 June, new sales rose 33% between June and December compared with the year-earlier period.

Reinsurance



Länsförsäkringar Sak manages the Länsförsäkringar Alliance's joint reinsurance cover and internal Alliance reinsurance with a number of pool solutions. The internal reinsurance and the reinsurance jointly procured for the Länsförsäkringar Alliance is a major asset for Länsförsäkringar and its customers. The system ensures a stable solution at low cost by distributing risk within the Länsförsäkringar Alliance and procuring external cover for large claims. Länsförsäkringar Sak also underwrites a highly diversified portfolio in internationally assumed reinsurance.

Profit for assumed reinsurance declined due to higher claims costs in internationally assumed reinsurance. Länsförsäkringar, along with many other reinsurance companies, was impacted by the Tianjin explosions in China. This was the single largest international reinsurance claim for Länsförsäkringar during the year. 2015 was a positive year for large claims in the Länsförsäkringar Alliance. Large claims are internally reinsured within the Länsförsäkringar Alliance. Storm Gorm is estimated to cost a total of SEK 200 M for the Länsförsäkringar Alliance.

Claims adjustment



Claims	Approx. no.	Claims costs, SEK M ¹⁾
Commercial	40,200	1,673
Agriculture	27,000	819
Home	264,750	2,383
Accident and health	40,830	380
Yacht	2,560	58
Private automotive	330,400	2,877
Commercial automotive	73,300	1,297
Total	779,040	9,487

¹⁾ Compensation paid for claims that occurred in 2015.

Each individual regional insurance company offers a wide range of non-life insurance products for private, agricultural and corporate customers and has its own claims-adjustment specialists who provide claims services in close proximity to customers. The combination of local strength and the ability to jointly utilise resources and expertise results in high-quality customer service for all types of claim incidents. The local concept ensures swift processing by skilled employees located close to customers. 1,100 people in the Länsförsäkringar Alliance work in the area of claims adjustment and an international network of partners guarantees service outside Sweden.

Claims adjustment is an important means of delivering the product purchased by the customer and should be characterised by active customer service. Claims are adjusted in cooperation with the customer as soon as possible after the claims have arisen. Länsförsäkringar's guiding principle for many years now is that claims adjustment is to be consistent, standardised and fair and that claims service is to be perceived as flexible and adapted to customers' individual needs. In the future, this will need to be combined with a quicker, clearer and digitised process.

Natural catastrophes

2015 was no exception to the trend in recent years of widespread damage caused by storms and torrential rain. The effects of torrential rain can range from very serious damage to almost passing unnoticed in claims statistics. In 2015, storms and torrential rain resulted in the largest claims, and the consequences of the storms were very different. During Storm Freja, the ground was relatively dry which limited damage to forests. However, the terrain was wet when Storm Gorm hit, and the damage in certain areas of Kronoberg, Skåne and Blekinge was comparable with the devastation after Storm Gudrun. About 2.5 million m³ is estimated to have been damaged, a large portion of which is insured with Länsförsäkringar. Storm Helga caused extensive damage and the combination of storm and rain led to flooding.

The fierce Storms Gorm and Helga mainly impacted Sweden's south and west coasts. The most severely affected regional insurance companies received assistance from other regional insurance companies to process applications, carry out inspections and adjust the many claims submitted.

Claims-prevention activities

The regional insurance companies are key players in performing claims-prevention activities in their respective markets. The ultimate aim is to create greater security for customers. Länsförsäkringar AB conducts work in four focus areas: road-traffic accidents (motor third-party liability), water damage, fire damage and natural catastrophes. Effective claims-prevention activities reduce claims costs and environmental impact. Länsförsäkringar has a social responsibility towards its customers, authorities and organisations, as well as a responsibility to individual customers.

Constructive and positive dialogues are conducted with government authorities and industry organisations regarding such matters as construction and industry rules, in which Länsförsäkringar's expertise in the area of building damage claims is highly sought after. Claims-prevention activities are also conducted in motor third-party liability. In recent years, Länsförsäkringar has worked actively to raise awareness for the risks of unprotected road-users, with a particular focus on mopeds, motorcycles and quad bikes. Use of map functions to analyse traffic environments increased and many initiatives are in place that analyse traffic environments and produce local improvement plans. Work in commercial automotive began in 2015 to highlight claims-prevention activities in, for example, haulage and machine.

In collaboration with Mid Sweden University and Karlstad University, the regional insurance companies' Research Fund conducted a claims-prevention project in the fields of flooding and personal injury related to quad bikes. Social media is used to spread knowledge about risks and how to best prevent them.

Disaster claims

Major claims require special resources. Länsförsäkringar has prepared an contingency plan for managing large claims, and the regional insurance companies also continuously monitor the risks in their local areas. As part of this work, competencies in specific subject areas and the requirements arising in connection with mass-claims handling are catalogued.

The primary purpose of the contingency plan is to establish a state of preparedness within the individual regional insurance companies, and also to coordinate available resources. Consequently, the regional insurance companies are well-equipped and prepared for any major claim that may occur. The contingency plans have been extremely helpful to the regional insurance companies in their claims work following the tsunami that occurred in Southeast Asia, the harsh storms and the major forest fire in 2014. The plans are continuously developed and improved by adding experiences.

Comments on financial results, non-life insurance

The Länsförsäkringar Alliance's earnings and key figures for non-life insurance comprise the sum of the earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding Länsförsäkringar Fondliv and the Länsförsäkringar Bank Group. Operating profit amounted to SEK 4,365 M (5,209). The lower profit was due to weaker investment income. The technical result strengthened to SEK 2,700 M (2,266). The combined ratio improved to 91 (93) as a result of the improved claims ratio of 72 (74). The expense ratio remained unchanged at

19%. Investment income amounted to SEK 3,794 M (5,041). The sharp movements in the global stock markets combined with increased credit spreads had a negative impact on investment income. Solvency capital strengthened SEK 5,135 M to SEK 51,628 M. Based on these earnings, the regional insurance companies paid slightly more than SEK 1 billion in bonuses to policyholders.

Business volumes

Premiums earned increased 5% to SEK 22,705 M (21,550). The increase was due to both portfolio increases and

Non-life insurance

Premiums earned after ceded reinsurance, SEK M
Technical result before bonuses, SEK M
Operating profit/loss, SEK M
Expense ratio
Claims ratio
Combined ratio
Technical result as a percentage of premiums earned after ceded reinsurance
Solvency capital, SEK M
Solvency margin, %
Return on equity, %

2015	2014	2013	2012	2011
22,705	21,550	20,067	19,363	18,756
2,700	2,266	1,247	1,439	856
4,365	5,209	3,863	3,013	-2,273
19	19	19	21	21
72	74	79	76	79
91	93	98	97	100
12	11	6	7	5
51,628	46,493	40,458	35,737	32,709
222	209	206	182	171
8	11	10	8	-5

Service outside Sweden



Customer needs must also to be met outside Sweden and the claims-adjustment service has been expanded to provide rapid assistance abroad. For emergency claims, special resources are required. The Länsförsäkringar Alliance is one of the largest shareholders of SOS International, with a 12% interest. SOS International assists customers through both travel and vehicle insurance. For example, SOS helps with breakdown services, referrals to car repair garages, baggage delays and medical assistance when customers suddenly fall seriously ill or are involved in an accident. SOS International processes slightly more than 11,000 cases for the regional insurance companies every year.

premium increases. The largest increase was in the business lines of motor hull, household and homeowner insurance, although accident insurance also noted volume increases. Growth in Agria remained high, with the best performance of Agria's business reported in the UK.

Claims trend

Claims payments after ceded reinsurance amounted to SEK 16,192 M (15,804). However, the claims ratio improved due to higher premium volumes and amounted to 72% (74). The cost increase was mainly related to higher vehicle-damage costs in the motor hull business, where the increased portfolio impacted claims costs. Claims costs also increased in Agria, primarily due to increased costs for veterinary care, but also to a larger portfolio. Only a small number of large claims occurred during 2015. Storm Gorm had the largest impact on claims costs. The gross claims cost was SEK 330 M, of which SEK 130 M was recovered through external reinsurance cover. Costs for fire-damage claims fell, a total of 15 major fires broke out in 2015, with a large fire in Skåne and the fire in Trästad in Eksjö accounting for most of the claims costs.

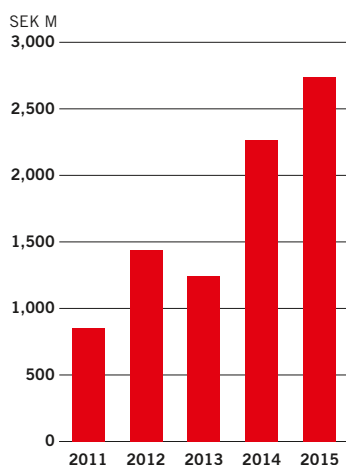


Investment income

Investment income amounted to SEK 3,794 M (5,041). Volatility in the financial markets was high, and both concerns regarding Greece and uncertainty surrounding growth in China triggered a stock-market decline in the second and third quarters. However, share prices rose in the fourth quarter as concern for the

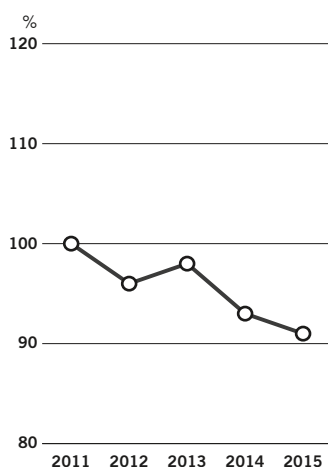
Chinese economy waned. This had a positive effect on investment income, which totalled SEK 2,188 M for the fourth quarter. The equities class of assets performed the best, and properties also displayed a positive trend. Interest rates and credits performed less well due to continued low interest rates and expanded spreads.

Technical result



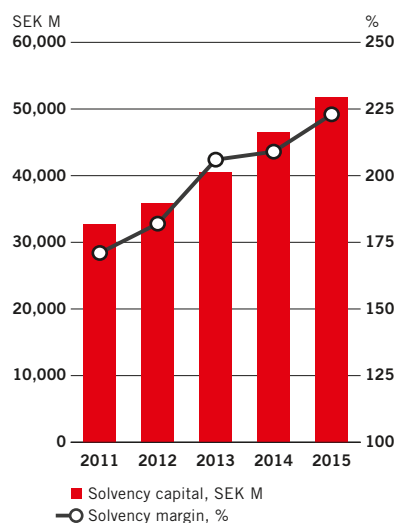
The improved technical result in 2015 was mainly due to higher premiums earned.

Combined ratio



The combined ratio improved due to an increased claims ratio.

Solvency



The Länsförsäkringar Alliance has a strong level of solvency. Solvency capital totalled SEK 51,628 M and the solvency margin amounted to 222% at 31 December 2015.

The bank with Sweden's most satisfied retail customers

Bank | Länsförsäkringar Bank is a customer-owned bank with a strong local presence. Customer dialogue takes place through local meetings and digital services – a combination that has made Länsförsäkringar Bank one of Sweden's larger retail banks.

Economic environment and market

2015 was a year of major fluctuations in the financial markets. Stock-market upswings continued at the start of the year, but greater uncertainty started to make its mark felt in April. A low risk appetite and major fluctuations then prevailed on the financial markets as a result of the, at times, widespread concern for the global economy, primarily driven by uncertainty regarding the Chinese economy and also speculations about if and when the Federal Reserve would raise interest rates. The oil price fell sharply during the year, which led to lower inflation pressure and ultimately pressure on additional easing from the central banks. The US economy performed

well during the year and the labour market continued to strengthen. This trend led to the Federal Reserve raising interest rates towards the end of the year, the first rise since 2006. The eurozone economy continued to recover, partly due to the highly expansive measures from the ECB. The stimulus packages implemented by the ECB at the start of the year led to long-term interest rates falling to historically low levels in the spring. Concern about the global economy also impacted more risk-exposed assets with the stock markets generally reporting major fluctuations. The stock markets in Sweden, the US and Europe reported positive returns, while returns for emerging markets fell. Long-term interest rates have risen slightly since reaching a low point in April but have remained low, while heightened uncertainty, combined with poor liquidity in the secondary market, has led to credit spreads widening. The spread for Swedish covered bonds also increased during the year. The Swedish economy performed well. However, inflation remained low, which resulted in the highly unusual situation of a negative key interest rate and high growth. The authorities' work on introducing mortgage amortization requirements continued. However, incoming statistics towards the end of the year showed signs of a slowdown in housing-price increases.

Regulatory development

Regulatory development is continuing to have a significant impact on banks, with uncertainty prevailing in many areas. The Mortgage Credit Directive, which aims

to increase consumer protection and regulates how mortgages are offered, will affect the retail mortgage lending operations. The banking operations are also impacted by the introduction of MiFID II, which primarily relates to securities transactions and customer advisory services. The new IFRS 9 accounting rules that take effect on 1 January 2018 will also impact such areas as the recognition of loan losses, whereby reserves will be more prospective-based than previously.

Uncertainty regarding capital adequacy regulations remains. The Basel Committee is working on new standardised approaches for calculating capital requirements for credit, market and operational risks combined with capital floors for banks using internal models. At the same time, the Swedish Financial Supervisory Authority has announced that it will review banks' internal risk-based models.

Furthermore, uncertainty prevails surrounding the minimum requirements that will be established for the leverage ratio. The Crisis Management Directive will be incorporated into Swedish law on 1 February 2016 and the resolution authority will set a minimum requirement for write-downs of liabilities ("bail-in"). Widespread uncertainty continues to prevail regarding certain significant regulations, but based on the current situation, Länsförsäkringar Bank is well-prepared and positioned to meet forthcoming requirements.

Strategy and goals

Länsförsäkringar Bank was founded in 1996 and is the fifth largest retail bank in Sweden with a business volume of SEK 404 billion. The banking operations are conducted only in Sweden and business volumes are continuing to grow in all areas.

The strategy is to offer banking services to the Länsförsäkringar Alliance's customers and leverage Länsförsäkringar's strong brand and local presence. The banking operations have a large potential customer base with the Länsförsäkringar Alliance's 3.7

BUSINESS VOLUMES:
SEK 404 BILLION

+14%

NUMBER OF PRIMARY BANK
CUSTOMERS 378,000

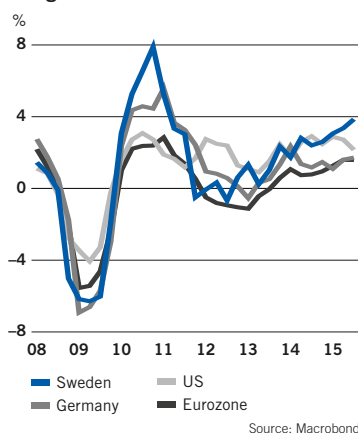
+8%

PRIMARY BANK CUSTOMERS
WHO ARE ALSO RETAIL
MORTGAGE CUSTOMERS

93%

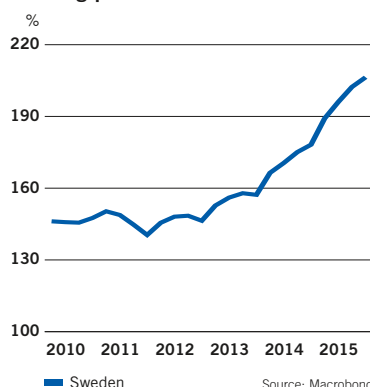
MARKET FACTS

GDP growth



The Swedish economy performed well during the year.

Housing-price trends



Swedish housing prices continued to rise in 2015, due to high demand combined with a limited supply of residential properties and low interest rates.

million customers. The main target groups are the 3 million retail customers, of whom 2.2 million are home-insurance customers. Other target groups are agricultural customers and small businesses. The aim is, based on low risk, to maintain healthy growth in volumes and profitability, have the most satisfied customers and increase the share of customers who have both banking and insurance with Länsförsäkringar.

Länsförsäkringar Bank has one again Sweden's most satisfied retail customers, according to the 2015 Swedish Quality Index, which is confirmation of the high quality of the banking operations. With a comprehensive banking and insurance offering from Länsförsäkringar, customers receive a secure, total solution for their private finances.

Offering

Savings

Länsförsäkringar focuses on giving customers secure savings. For example, customers are offered savings in the form of fixed-interest and savings accounts, and also through such products as mutual fund savings, Investment Savings Accounts (ISK) and equities savings. The advisory services strive to ensure that customers have well-balanced private finances in which savings and mortgage repayments are key elements. Customers' private finances are more secure by making mortgage amortizations.

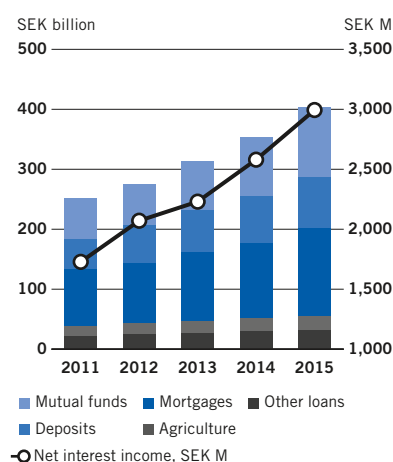
Deposits

Deposits from the public rose 9% and have grown at a stable rate in recent years. The market shares amounted to 4.7% and the number of deposit accounts increased 7%. The ISK displayed healthy growth during the year.

Fund and securities

Sweden's fund market continued to grow in 2015. A net total of SEK 84 billion was saved in funds during the year. Länsförsäkringar Fondförvaltning holds a market share of 3.4%, and the fund offering includes some 80 funds, of which slightly more than 30 are under Länsförsäkringar's own brand. Five new funds were started during the year, two fund managers were replaced and three funds were merged.

Business volumes and net interest income



Total business volumes have increased an average of 12% per year over the past five years. Net interest income has risen an average of 17%.

The average return of the funds for the year was 5.6%.

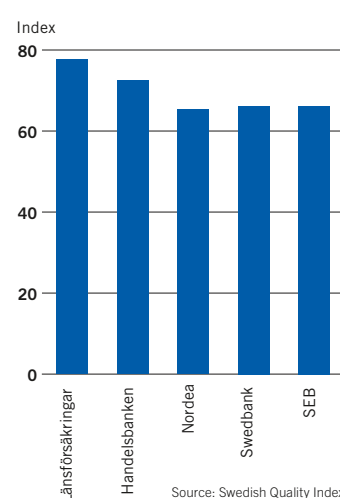
The volume of managed funds increased 9% to SEK 109 billion during the year. The mobile app is one of the best in the market, with features include managing fund savings, changing, purchasing and selling funds and shares, thus consolidating the bank's strong position in digital services. Trading in equities and other securities is growing steadily among customers and the number of deposits rose during the year. Structured products are also offered, such as equity-linked bonds.

Lending

Länsförsäkringar was the first Swedish bank to licence all of its mortgage advisors in 2014. Such licensing exams, which are based on the proficiency requirements of the EU Mortgage Credit Directive, create greater security for customers, and Länsförsäkringar is the only player in the market to do this.

The bank's lending is continuing to grow stably and according to plan. Loans are granted at low risk. The market share for household lending amounted to 5.5%. The percentage of bank customers that have both banking and insurance with Länsförsäkringar was 93%. The largest product is retail mortgages, which comprises 73% of the loan portfolio. Retail mortgages are

Customer satisfaction, retail banking



Länsförsäkringar Bank has Sweden's most satisfied retail customers according to the 2015 Swedish Quality Index.

mostly granted by Länsförsäkringar Hypotek, which offers mortgages up to 75% of the market value on the granting date, and any surplus mortgage portions are offered by Länsförsäkringar Bank. The maximum loan-to-value ratio is 85% of the market value. The bank offers loans to tenant-owners' associations and to multi-family housing.

Länsförsäkringar is the fourth largest provider of agricultural loans in Sweden. The bank's agricultural loans are primarily targeted to family-owned agricultural operations that are insurance customers with Länsförsäkringar. On average, agricultural lending comprises small commitments and the percentage of first-lien mortgages amounted to 92%.

Wasa Kredit offers leasing, hire purchase and unsecured loans and the growth in lending was favourable in a fiercely competitive market.

Payments and bank cards

Bank cards are continuously developed to offer customers security and a high level of service in their payment services. The number of bank cards increased 10% to 466,000 and the number of card-payment transactions rose 14% to 121 million. The Swish service, which allows private individuals to send payments directly to the recipient's account number using a mobile telephone number, performed well. Länsförsäkringar Bank, which is one of the drivers of the Swish partnership, owns 10% of the company that manages and develops the service.

Business segment

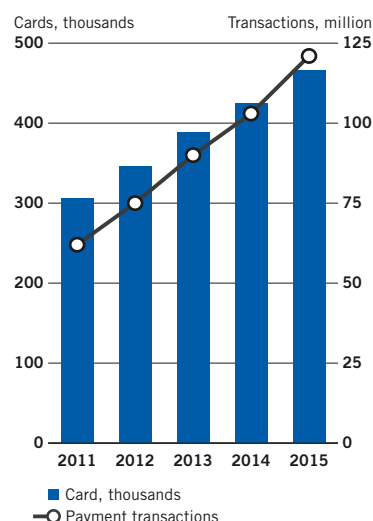
Deposits in the business segment continued to grow. The largest increase was

noted in deposits in trading and investment accounts, which reported strong growth of 33%. Deposits from small businesses rose 10% to SEK 11 billion and loans to small businesses amounted to SEK 1.5 billion.

Offering to young people

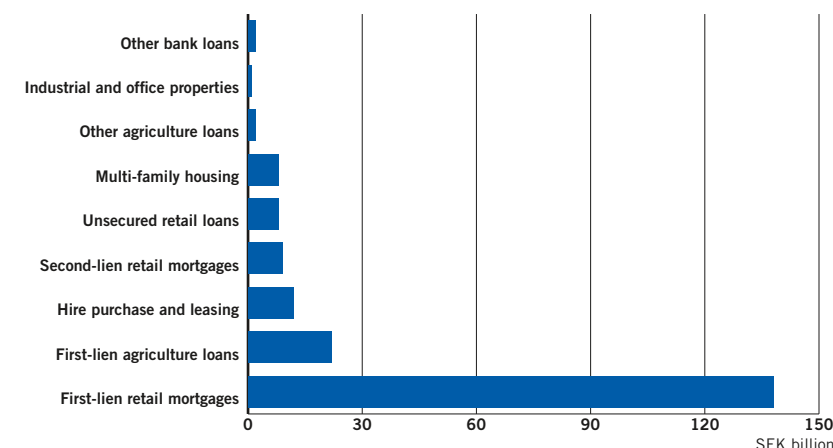
The bank's offering to young people directed to teenagers aged 12–17 is one of the best in the market. The young person's bank card makes everyday life easy, with purchases and cash withdrawals immediately debited from the young person's account. A card and payment service is offered to young people from the age of 16, comprising a young person's account and bank card, Internet and telephone banking and digital services. The account is connected to the Swish service, which means that money can be sent and received via mobile telephone. The offering to young people performed well during the year.

Card-payment transactions



The number of bank cards and card-payment transactions has risen steadily over the past five years.

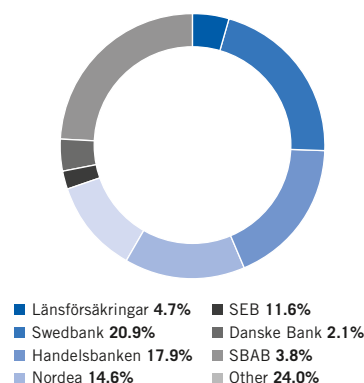
Loans, product distribution



MARKET SHARES

Deposits in retail market

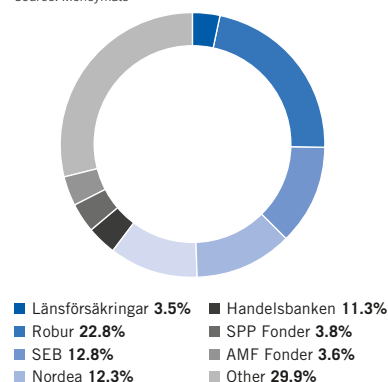
Source: Statistics Sweden



The market position in retail deposits was unchanged at 4.7%.

Fund volumes

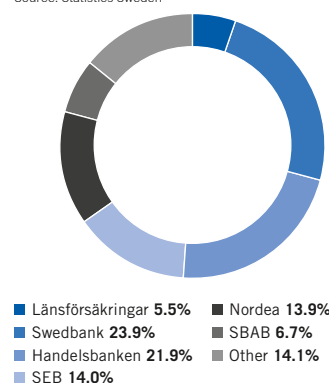
Source: Moneymate



Länsförsäkringar holds a 3.5% market share of Swedish fund volumes.

Household and retail mortgages

Source: Statistics Sweden



The market position in household and retail mortgages was unchanged at 5.5%.

Loans and credit quality

Credit process

Loans are granted based on standardised and stringent credit regulations, and an integrated credit scoring system. In the business model between Länsförsäkringar Bank and the regional insurance companies, there is a strong incentive to maintain excellent credit quality. Loan origination is primarily directed towards retail mortgages for private individuals and small-scale family-owned agricultural operations with a low risk level. All loans are granted in Sweden and in SEK.

The credit regulations, which are based on a low risk appetite, combined with the credit scoring process and advisors' local customer and market knowledge, create a loan portfolio that maintains high credit quality. The credit regulations impose strict requirements on customers' repayment capacity and the quality of collateral. In connection with credit scoring, the repayment capacity of borrowers is tested using "left to live on" calculations. These calculations apply a significantly higher interest rate than the actual rate. Länsförsäkringar Bank wishes to promote a healthy amortization culture and requires borrowers to amortize. Both the quality of the loan portfolio and value of the collateral are continuously monitored and reviewed.

Mortgages for private individuals

Politicians, authorities and banks focused intently on rising housing prices and household indebtedness during the year. It is vital that the bank maintains high credit quality and mortgage amortizations are a key tool in this respect to ensure that households have stable finances. Although amortization rules have not yet come into effect, the bank applies amortization requirements to all new loans, which will help strengthen the amortization culture over time. The bank has also tightened the requirements of the "left to live on" calculations.

Loans to the public amounted to SEK 202 billion. Retail mortgages for private individuals' housing comprises 73% of the loan portfolio. First-lien mortgages, meaning loans of up to 75% of the market value, account for 94% of retail mortgages. The

maximum loan-to-value ratio is 85% of the value. A total of 73% of the collateral for retail mortgages comprises single-family homes and 22% tenant-owned apartments. The average loan commitment is low at SEK 1.1 M per borrower. 66% of borrowers have a loan commitment of less than SEK 2 M, which means that the majority of customers have a low debt ratio, thus contributing to lower risk.

The geographic spread of lending throughout Sweden is favourable, which entails a lower risk to any price adjustments in the market for Länsförsäkringar Bank.

The weighted average loan-to-value ratio (LTV) for all mortgage lending declined to 64%. Market-value analyses of the collateral in retail mortgages are performed continuously and a market-value update is performed at least once per year for all single-family homes and tenant-owned apartments.

First-lien mortgages for multi-family housing primarily to tenant-owners' associations amounted to slightly less than 4% of the loan portfolio.

First-lien mortgages to agricultural operations

A total of 92% of loans to the agricultural segment, which accounts for 12% of the loan portfolio, comprises first-lien mortgages. The remaining agricultural lending comprises second-lien mortgages and operating credits. Family-owned agricultural operations account for 96% of agricultural loans. The average commitment is low at SEK 1.9 M per borrower. Agricultural lending grew at a lower rate than other loans during the year.

Leasing, hire purchase and unsecured loans

Leasing, hire purchase and unsecured loan products account for 10% of the Group's loan portfolio. Leasing and hire purchase are offered by Wasa Kredit and unsecured loans are offered by both Wasa Kredit and the bank.

Loans to small businesses

Loans to small businesses totalled SEK 1.5 billion at year-end, of which SEK 0.8 billion

comprised first-lien mortgages for industrial and office properties and SEK 0.7 billion comprised operating credits to small businesses. The business is continuing to be developed while maintaining low risk.

Impairment and impaired loans

The high credit quality of the loan portfolio is a result of loan origination being based on a low risk tolerance. Länsförsäkringar has a conservative model for impairment and impairment remains at a low level. A settlement model has been applied since regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated. The model entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the settlement model means that the Bank Group's credit reserves attributable to the regional insurance companies' business on the date of introduction will be gradually reversed by SEK 158 M. During the year, SEK 60 M was reversed and SEK 23 M remains to be reversed.

Loan losses amounted to SEK 6 M (–10), corresponding to loan losses of 0.00% (0.00). Loan losses before the reversal above remained low and amounted to SEK 66 M (58), net. Reserves totalled SEK 281 M, corresponding to a reserve ratio in relation to loans of 0.14%. In addition, SEK 107 M of the remuneration to the regional insurance companies is withheld, in accordance with the settlement model described above.

Funding and liquidity

Objectives

The aim of the funding operations is to ensure that the Bank Group has a sufficiently strong liquidity reserve to manage turbulent periods in capital markets, when funding opportunities are limited or even impossible. The Group's liquidity risk is controlled and limited on the basis of a survival horizon, meaning how long all known cash flows can be met without access to capital-market financing.

Financing sources

The composition of financing is a result of the bank being a retail bank with large mortgage lending operations. Accordingly, the main financing sources are deposits in Länsförsäkringar Bank and funding based on Länsförsäkringar Hypotek's covered bonds. These covered bonds have the highest credit ratings, Aaa from Moody's and AAA/Stable from Standard & Poor's. Long-term senior funding and short-term commercial paper funding takes place in Länsförsäkringar Bank. The Group endeavours to maintain a sound balance of covered and senior funding and all capital market funding is conducted under a number of funding programmes. The single most important source of financing is the Swedish covered bond market, where Länsförsäkringar Hypotek has a number of outstanding liquid benchmark bonds. At year-end, Länsförsäkringar Hypotek had five outstanding benchmark loans with maturities until 2021. The Swedish covered bond market is one of Europe's largest and most liquid, which secures good access to long-term financing.

Diversification

Since all lending is in SEK, the Group has no structural need for financing in foreign currency. However, the bank has chosen to conduct a certain portion of its capital market funding in international markets in an effort to diversify and broaden the investor base. Funding has continuously taken place through issuance of Euro Benchmark Covered Bonds, which has increased funding diversification and strengthened the brand in both the Swedish and European capital markets. In addition, diversification takes place through issuances of bonds, primarily in NOK and CHF

currencies. The international markets were primarily used for long maturities.

Refinancing and liquidity risk management

The Bank Group works pro-actively with its outstanding liabilities by repurchasing bonds with short remaining terms against issuance of long-term liabilities as a means of managing and minimising the liquidity and refinancing risk. The market risks that arise in the lending and funding operations are managed through derivative instruments.

Deposits

The share of deposits in the Group's total financing increased 35% on 31 December 2015. The Group's position in the deposits market was strengthened as a result of the bank's robust growth in volume and customers.

Funding operations

A relatively large portion of the funding took place during the first six months of the year when there was high demand in the market. As in previous years, Länsförsäkringar Bank finances most of its operations, both those based on covered bonds and senior funding, in the Swedish market in SEK. Funding in other currencies offers diversification and several transactions were performed outside the Swedish market in 2015. A covered funding transaction of EUR 500 M with a seven-year term took place in April, which was the largest trans-

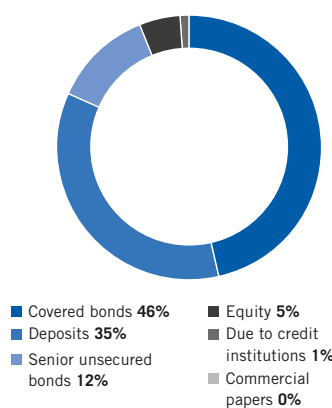
action in 2015 directed to the foreign investor base. Demand was almost three times higher than the volume issued. An AT 1 transaction was successfully implemented in the Swedish market in June. The volume was SEK 1.2 billion and there was high demand for this transaction. During the year, the average term for senior unsecured issues was lower than in 2014, while issues of covered bonds had an average term of approximately the same level as previously.

Liquidity

The bank's management of liquidity and financing is characterised by effective long-term planning and a high level of control. A satisfactory liquidity reserve is in place to ensure that sufficient liquidity is always available. The management and investment of the liquidity reserve are conservative.

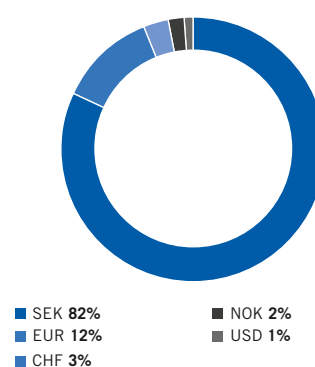
According to the Swedish Bankers' Association's definition, the liquidity reserve amounted to SEK 43 billion at 31 December 2015. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. A total of 63% of the liquidity reserve comprises Swedish covered bonds, 7% other Swedish bonds with a credit rating of AAA/Aaa, 20% Swedish government bonds, 5% AAA/Aaa-rated bonds issued or guaranteed by European governments and multinational development banks, 2% Nordic AAA/Aaa-rated covered bonds, and 3% deposits with the Swedish National Debt Office. By utilis-

Financing sources



The largest source of financing in the Group is covered bonds, representing 46%.

Funding by currency



Programme funding primarily takes place in the Swedish market and in SEK.

ing the liquidity reserve, contractual undertakings can be met for slightly more than two years 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 251% at 31 December 2015. The LCR in EUR amounted to 139,989% on 31 December 2015.

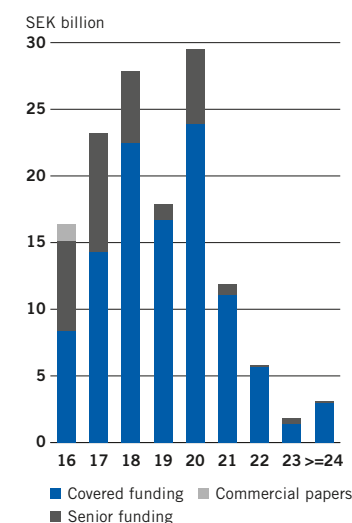
Rating

Länsförsäkringar Bank's long-term credit rating from Moody's increased from A3

to A1/stable during the year, while the long-term credit rating from Standard & Poor's was A/Stable. The short-term credit ratings are A-1 from Standard & Poor's and P-1 from Moody's.

Länsförsäkringar Hypotek's covered bonds maintained the highest credit rating of Aaa from Moody's, and AAA/Stable from Standard & Poor's. Länsförsäkringar Hypotek is thus one of three issuers in the Swedish market for covered bonds with the highest rating from both Standard & Poor's and Moody's.

Maturity structure



Comments on financial results, Länsförsäkringar Bank

Earnings and profitability

Operating profit rose 26% to SEK 1,175 M (935), due to higher net interest income and increased commission income. Return on equity strengthened to 8.9% (8.3). Net interest income increased 16% to SEK 2,994 M (2,580), attributable to higher volumes and improved margins.

Income

Operating income increased 12% to SEK 2,747 M (2,451), due to higher net interest income. Net interest income increased 16% to SEK 2,994 M (2,580), mainly attributable to higher volumes and improved margins.

The investment margin strengthened to 1.22% (1.15).

Net gains from financial items amounted to SEK 97 M (98). Commission income increased 16% to SEK 1,522 M (1,312) due to higher income in the fund and securities businesses. Net commission amounted to an expense of SEK -441 M (-319), attributable to increased remuneration to the regional insurance companies due to the healthy volume trend.

Expenses

Operating expenses amounted to SEK 1,566 M (1,526). One of the reasons for

the increase was the fund company's higher administration costs related to increased volumes. The cost/income ratio before loan losses amounted to 0.57 (0.62).

Loan losses

Loan losses amounted to SEK 6 M (-10), net, corresponding to loan losses of 0.00% (0.00). Impaired loans, gross, amounted to SEK 241 M (316), corresponding to a percentage of impaired loans, gross, of 0.12% (0.17). The cost/income ratio before loan losses amounted to 0.57 (0.62).

LÄNSFÖRSÄKRINGAR BANK, GROUP

INCOME STATEMENT

SEK M	2015	2014
Net interest income	2,994	2,580
Net commission	-441	-319
Other operating income	194	190
Total operating income	2,747	2,451
Staff costs	-462	-441
Other administration expenses	-980	-876
Depreciation/amortisation and impairment of property and equipment and intangible assets	-124	-209
Total operating expenses	-1,566	-1,526
Profit before loan losses	1,181	925
Loan losses, net	-6	10
Operating profit	1,175	935
Tax	-264	-223
NET PROFIT FOR THE YEAR	911	712

BALANCE SHEET

SEK M	31 Dec 2015	31 Dec 2015
ASSETS		
Treasury bills and other eligible bills	8,824	5,409
Loans to credit institutions	503	1,790
Loans to the public	201,964	179,424
Bonds and other interest-bearing securities	31,991	36,104
Intangible assets	306	310
Property and equipment	10	10
Other assets	7,482	9,133
TOTAL ASSETS	251,080	232,180
EQUITY AND LIABILITIES		
Due to credit institutions	2,954	3,390
Deposits and funding from the public	83,925	76,790
Debt securities in issue	139,882	128,656
Subordinated liabilities	2,300	2,300
Other liabilities	9,962	11,447
Equity	12,057	9,597
TOTAL EQUITY AND LIABILITIES	251,080	232,180

A comprehensible pension offering considered to be secure and personal

Life assurance and pension insurance | Länsförsäkringar offers pension savings, primarily occupational pensions. With satisfied customers, healthy growth and strong key figures, Länsförsäkringar made substantial progress towards the targets of its long-term plan.

Länsförsäkringar Fondliv offers customers pension savings with fund management, guarantee management and insurance cover. Länsförsäkringar Liv is the Länsförsäkringar Alliance's life-assurance company for traditional management. No new insurance has been underwritten by the company since the stop in 2011.

Länsförsäkringar has the most satisfied retail customers in life assurance and pension insurance for the third consecutive year and maintained its second place among corporate customers in the occupational pension market. A high level of confidence and good reputation among customers are valuable characteristics and are areas that Länsförsäkringar nurtures and cultivates every day. The sole principal is the customer, and there are no other financial interests to consider. Based on this, Länsförsäkringar is always close to its

customers, develops offerings and makes decisions in close collaboration with those who are affected by them.

Länsförsäkringar primarily targets small and medium-sized businesses. Occupational pensions create a sense of financial security for business owners, families and employees. Business owners who do not have their own occupational pension solution risk receiving a far lower pension and poorer risk protection than the average employee.

Nowadays, it is difficult for business owners to gain an overview of the total insurance coverage available in society and offered privately, something that business owners need to keep track of while driving the company forward and developing it. The actions of a company have consequences for both society and the small businesses that do not deal with their situation. As a result, Länsförsäkringar promotes the issue that the security of business owners must be prioritised more highly. To help companies understand and gain an overview of their needs for supplementary pension solutions, Länsförsäkringar focuses on building a comprehensible pension offering that is considered to be secure and personal.

Market

Competition in the Swedish life-assurance and pension market is intensifying. In 2003, the four largest companies com-

manded almost 55% of the market. Ten years later that figure is about 40%. Today, the market is entirely fragmented with many players, none of which hold more than 20% of the whole market – nor are there any companies that are successful in all four sub-markets.

The total value of new sales in Sweden was SEK 235 billion (180), up 30%. Premium income rose 7% to SEK 231 billion. The savings sub-market comprising endowment insurance accounted for the largest increase, measured in terms of both new policies and premiums. The large increase in the savings sub-market is partially the result of the lower tax deductions for private pension savings, which led to a rise in endowment insurance.

Measured in premium income, Länsförsäkringar is a market leader in the prioritised market segment of individual occupational pensions, but lost its first place to SEB when measured in new sales. Länsförsäkringar Fondliv's market share amounted to 18.7% (18.8). SEB's market share amounted to 18.8% (16.8) and SPP's to 13.6% (15.1).

Länsförsäkringar is the total fifth largest company in the entire unit-linked insurance market. Measured in underwriting of new policies, the unit-linked insurance market has increased 21% to SEK 92 billion. Most of the growth took place in the savings market, which increased by SEK 11 billion.

TRADITIONAL LIFE ASSURANCE:
MANAGED ASSETS

SEK 115 billion

UNIT-LINKED LIFE ASSURANCE:
MANAGED ASSETS

SEK 103 billion



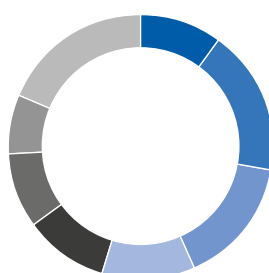
Länsförsäkringar is the ninth largest company in the overall life-assurance market measured in underwriting of new policies, with a market share of 4.4% (5.6). The market share measured as premium income is at the same level. Most of Länsförsäkringar's new policies and premium income derive from the occupational pension market. The occupational pension market including collective agreement pensions is the largest of all the sub-markets with the value of new policies at SEK 155 billion, corresponding to 66% of the total market. The market for individual occupational pensions increased 14% and the value of new policies was SEK 82 billion.

Statistics show that movements in the transfer market are increasing, with internal and external transfers of capital among companies rising from SEK 21 billion to SEK 27 billion. Banks and niche players are the most successful in net flows to date. Länsförsäkringar Fondliv reported a positive net flow and has an attractive offering with more and more customers choosing to transfer all their capital to Länsförsäkringar. External capital transferred has almost doubled compared with 2014. The transfer market is important and Länsförsäkringar is continuing to work on strengthening its offer to ensure that customers actively choose to stay with the company, and that they have their pension capital and commitments with Länsförsäkringar.

MARKET SHARES UNIT-LINKED INSURANCE

Market share of new sales

Source: Insurance Sweden

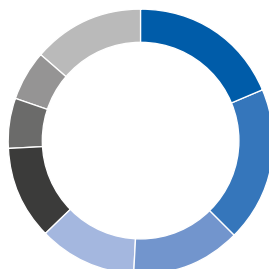


■ Länsförsäkringar 10.0% ■ Handelsbanken 10.3%
 ■ SEB 17.9% ■ SPP 9.3%
 ■ Folksam 15.5% ■ Skandia 7.0%
 ■ Swedbank 11.4% ■ Other 18.6%

Länsförsäkringar's total market share in unit-linked insurance, measured in new sales, was 10.0% (11.5).

Occupational pension market, share of new sales, excluding collective agreements

Source: Insurance Sweden

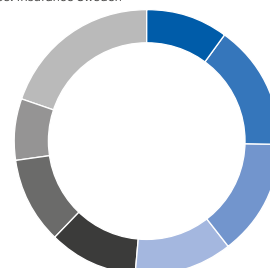


■ Länsförsäkringar 18.7% ■ Skandia 11.5%
 ■ SEB 18.8% ■ Swedbank 6.2%
 ■ SPP 13.6% ■ Handelsbanken 5.9%
 ■ Movestic 11.7% ■ Other 13.6%

Länsförsäkringar is the largest company in the occupational pension sub-market, excluding collective agreement pensions, after SEB.

Occupational pension market, share of premium income, total

Source: Insurance Sweden

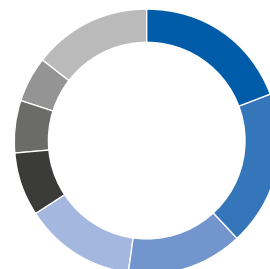


■ Länsförsäkringar 10.1% ■ Nordea 11.0%
 ■ SEB 15.2% ■ Handelsbanken 10.3%
 ■ Folksam 14.3% ■ Skandia 7.6%
 ■ Swedbank 11.9% ■ Other 19.6%

Länsförsäkringar is the total sixth largest company in the occupational pension market.

Occupational pension market, share of premium income, excluding collective agreements

Source: Insurance Sweden



■ Länsförsäkringar 19.4% ■ Movestic 7.9%
 ■ SEB 18.9% ■ Handelsbanken 6.2%
 ■ Skandia 14.1% ■ Swedbank 5.7%
 ■ SPP 13.5% ■ Other 14.3%

Länsförsäkringar is a market leader in the occupational pension sub-market, excluding collective agreement pension, with a share of 19.4% (19.6).

Heading towards a major change

The market is in the midst of a major change driven by customers' increasing requirements, new regulations and, in particular, digitisation. Länsförsäkringar is working intensively to both introduce and adapt the operations to new conditions, always focusing on customers' best interests. The main purpose of the new regulations is to strengthen customers' position and create stability in the system, which Länsförsäkringar essentially believes is an entirely natural and self-evident approach. Work on implementing the European Solvency II Directive continued during the year. Länsförsäkringar is well-prepared now that the rules are taking effect and works consistently to ensure that they will create significant business and customer value.

More new regulations are in the pipeline. Both the Insurance Distribution Directive (IDD) and the Markets in Financial Instruments Directive (MiFID II) will greatly impact the industry and may rewrite business models, pricing models and distribution channels. Intense efforts were made during the year to ensure that the offering and business model remain strong going forward. One step in the adjustments to MiFID II was the decision to discontinue "up-front payments" from 2016. These rules are driving changes and it is clear how brokers and niche players, for example, are positioning themselves for these future changes and a potential ban on commissions. Brokers are gradually consolidating and roles in the value chain are being broadened, all driven by these future regulations and developments in the digital area.

Advice adds value

Länsförsäkringar has a positive approach to all distribution forms, and the sales force and franchisees are important for representing and positioning Länsförsäkringar. Distribution volumes in the commercial lines market are further strengthened through good relationships with insurance brokers. Digital customer meetings are significant for creating frequency, generating additional sales and adding value for customers. Länsförsäkringar has solid breadth for meeting customer needs and the capacity for allowing customers to

choose the meeting place is a competitive advantage.

Länsförsäkringar believes in the value of advice, that such advisory services create value for customers and that advice is the basis of a long-term, healthy relationship. In 2015, the regional insurance companies recruited more advisors and invested heavily in basic and further training to offer attractive and accessible customer meetings.

The focus on the important brokered channel continued, both in terms of the development of Länsförsäkringar's offering and remaining competitive in procurement processes. The response from the prioritised brokers and their customers was positive.

Fund management

Länsförsäkringar's fund range for unit-linked insurance comprises 35 funds under its own brand and about 46 external funds, a total of 81 funds. The former are found in Länsförsäkringar's own fund company and are managed by carefully selected external managers. The external funds provide additional breadth and variety in the offering and were chosen because they have posted favourable results compared with other similar

funds in the market. Continuous monitoring is performed to ensure that the funds and managers continue to perform well. Those that fail to meet requirements are replaced. The work on continuously evaluating and reviewing the fund range and quality is a priority. By offering a range of selected, high-quality funds, customer are given help with choosing funds and managers. Two new theme funds, BNP Paribas Equity World Aqua and Deutsche Invest Global Infrastructure, were added to the range in February 2015. Five new funds were launched by Länsförsäkringar in April, based on convenient investment proposals with five different levels of risk. Didner & Gerge Aktiefond was added to the Swedish equities category of the range in October.

Some 67% of the 81 funds in the recommended fund range performed positively during 2015 and 33% negatively. 16 of the funds increased by more than 10%, while five funds declined more than 10%. The funds with the highest returns in 2015 were SEB Europa Småbolag, Länsförsäkringar Småbolag Sverige and Lannebo Småbolag. The weakest performances in 2015 were noted in Blackrock World Mining, Blackrock Latin America and JPM Africa.



Guarantee Management

Guarantee Management is Länsförsäkringar's option for new and existing customers seeking a guarantee element to their savings and wishing to know the lowest level of their future payments. The guarantee principle is that the customer recoups the savings payments made, but with the possibility of additional returns. Full guarantee, meaning "at least your money back" applies for a minimum ten-year savings period. A sliding scale is applied to shorter savings periods, with the guarantee at 80% for periods of five to ten years until retirement, and a minimum of 70% with less than five years until retirement. The assets of Guarantee Management are divided between equity and fixed-income investments, with the fixed-income element always being at least 40% and the equities portion may be as low as zero. Premium income for Guarantee Management amounted to SEK 1,097 M (1,527). Managed assets totalled SEK 2.3 billion (1.9) at year-end.

The return for the year amounted to a negative 0.2% (pos: 6.0). The fixed-income portfolio performed negatively, whereas the equity portfolio reported a positive trend, mainly in Swedish, European and Japanese shares. The largest negative contribution to the fixed-income portfolio was from Non Investment Grade credits.

Some 58% of the portfolio was invested in fixed-income investments and 42% in equities. At the start of 2015, 50% was invested in fixed-income investments, mostly in Swedish government securities and mortgage bonds, and 50% in equities that were invested globally. The percentage of equities was reduced at the end of the summer from 50% to 43%, while the portion of fixed-interest products was increased by the equivalent. The equities portion largely comprises US, European and Swedish equities.

New Trad

New Trad is Länsförsäkringar Liv's alternative that offers customers with traditional insurance the opportunity to change the conditions of their insurance. Essentially customers with pension insurance can now change the conditions of their insurance to New Trad, except for certain



smaller sub-portfolios that have technical or contractual restrictions. Today, customers with insurance capital of a total of SEK 12 billion have changed the conditions of their insurance, of which SEK 5 billion during 2015. The new conditions include lower fees and lower guarantees. Lower guarantees provide greater scope for investment assets with higher expected returns and improved opportunities for future increases in the value of savings.

Managed assets amounted to SEK 15 billion (9) and investment income was 1.4% (9.4). On 31 December 2015, the asset allocation was as follows: 47% in interest-bearing securities, 40% equities, 8% in alternative investments and 5% in property. The return on the various asset classes was as follows: interest-bearing securities negative 0.2% (pos: 5.8), equities 1.9% (10.1), alternative investments 3.0% (6.4) and properties 30.0% (41.5). The bonus rate was 10%. The bonus rate was lowered to 6% on 1 February 2016.

Old Trad

A narrow risk scope meant that the percentage of long-term interest-bearing investments remained high for Old Trad. However, the percentage of equities and alternative investments could be increased, which was positive since these

investments yield higher expected returns. Managed assets amounted to SEK 87 billion (98) and investment income was 0.5% (11.3). On 31 December 2015, the asset allocation was as follows: 85% interest-bearing securities, 4% equities, 9% alternative investments and 2% property. The return on the various asset classes was as follows: Interest-bearing securities negative 1.8% (pos: 11.1), equities 4.1% (21.0), alternative investments 27.9% (6.1) and properties 13.6% (2.6).

The bonus rate for Old Trad was 2% for all of 2015. The average bonus rate for Old Trad over the past ten years was 3.4%.

New World

In the New World management form, approximately 30% of the customers' capital is invested in bonds and about 70% in Swedish and foreign equities. New World is a traditional insurance policy whereby customers are guaranteed to recoup at least the premiums paid, subject to deductions for expenses and yield tax. The total return for New World amounted to 0.3% (8.7). Equities in developed markets generated positive returns, while equities in emerging markets performed negatively. Returns for interest-bearing investments were slightly positive.

Comments on financial results, Länsförsäkringar Fondliv

Earnings and profitability

Operating profit for Länsförsäkringar Fondliv amounted to SEK 516 M (373). Income from fees from the financial component of agreements increased 14% to SEK 649 M (570). Management remuneration rose 22% to SEK 728 M (598). The improved fees and management remuneration were largely due to an increase in volumes on the basis of higher returns and positive net inflows. Operating expenses increased to SEK 910 M (867), primarily due to higher selling expenses and staff costs.

Business volumes

Total premium income for Länsförsäkringar Fondliv amounted to SEK 8,645 M (8,543).

Insurance capital amounted to SEK 103 billion (94), up 10%. The increase was due to positive returns and a positive net flow. Total sales excluding collective-agreement occupational pensions amounted to SEK 9,272 M (8,186), up 13%.

INCOME STATEMENT

SEK M	2015	2014
Premium income after ceded reinsurance	140	107
Fees from financial agreements	649	570
Investment income, net	5,355	11,602
Claims payments	-98	-53
Change in technical provisions	-5,120	-11,361
Operating expenses	-910	-867
Other technical revenue and expenses	741	616
Technical result for insurance operations	757	614
Non-technical revenue/expenses	-11	6
Profit before tax	746	620
Tax	-227	-252
NET PROFIT FOR THE YEAR	519	368

BALANCE SHEET

SEK M	31 Dec 2015	31 Dec 2014
ASSETS		
Fixed assets	128	74
Investments in associated companies	29	27
Other financial investment assets	2,697	2,045
Investment assets for which the policyholder bears the investment risk	101,003	92,244
Reinsurers' portion of technical provisions	16	15
Receivables	407	436
Other assets	453	266
Prepaid expenses and accrued income	1,083	1,036
TOTAL ASSETS	105,816	96,143

EQUITY, PROVISIONS AND LIABILITIES

Equity	2,231	1,812
Technical provisions	1,938	1,432
Insurance commitments for which the policyholder bears the risk	101,002	92,250
Provisions	71	57
Deposits from reinsurers	16	15
Liabilities	535	550
Accrued expenses and deferred income	23	27
TOTAL EQUITY, PROVISIONS AND LIABILITIES	105,816	96,143

Comments on financial results, Länsförsäkringar Liv

Earnings and profitability

Profit for Länsförsäkringar Liv amounted to SEK 5,089 M (1,903). Changing conditions to New Trad and profit for asset management had the largest positive effect on earnings. Changed assumptions for technical provisions and positive risk and administration gains also contributed to earnings. Profit was slightly positively affected by rising market interest rates since liabilities to policyholders, which are discounted at the market interest rate, declined. The positive earnings led to the

solvency ratio increasing to 128 (122) and the solvency rate was 5.6 (4.2).

Premium income amounted to SEK 2,113 billion (2,932). Payments continue to be made for premium paying insurance policies, but premium income is declining in line with final insurance payments being made since the company no longer underwrites any new policies.

Technical provisions declined a total of SEK 9.5 billion to SEK 93.5 billion. A negative cash flow was the reason for most of this decline. Changing conditions

and changed assumptions for technical provisions also reduced liabilities.

Operating expenses rose to SEK 442 M (423) primarily due to higher IT costs.

Key figures for Länsförsäkringar Liv

Solvency shows the company's financial strength in relation to the guaranteed commitments to customers. The solvency rate was 5.6% (4.2) and the solvency ratio was 128% (122).

Collective consolidation is calculated separately for New and Old Trad and indicates the collective ability to pay bonuses. The measurement describes the market value of the collective assets in relation to the guaranteed commitments and the preliminary bonus allocation. Collective consolidation was 114% (120) for New Trad and 120% (120) for Old Trad. The debt coverage ratio for occupational pensions amounted to 123% (117) and for other pensions to 123% (117).

LÄNSFÖRSÄKRINGAR LIV, GROUP

INCOME STATEMENT

SEK M	2015	2014
Premium income after ceded reinsurance	1,919	2,639
Investment income, net	373	12,023
Claims payments	-5,959	-6,627
Change in technical provisions	9,497	-5,364
Operating expenses	-442	-423
Technical result for insurance operations	5,388	2,248
Non-technical expenses	-284	-347
Profit before tax	5,104	1,901
Tax	-15	2
NET PROFIT FOR THE YEAR	5,089	1,903

BALANCE SHEET

SEK M	31 Dec 2015	31 Dec 2014
ASSETS		
Property and equipment	2	2
Investment assets	110,395	115,971
Investment assets for which the policyholder bears the investment risk	4,959	5,837
Reinsurers' portion of technical provisions	481	476
Receivables	1,479	1,574
Other assets	3,844	3,928
Prepaid expenses and accrued income	957	1,195
TOTAL ASSETS	122,117	128,983
EQUITY, PROVISIONS AND LIABILITIES		
Share capital	8	8
Funds plus net profit for the period	21,394	17,529
Technical provisions	88,539	97,172
Provisions for life assurance for which the policyholder bears the investment risk	4,959	5,837
Provisions for other risks and expenses	136	150
Deposits from reinsurers	481	476
Liabilities	6,408	7,603
Accrued expenses and deferred income	192	208
TOTAL EQUITY, PROVISIONS AND LIABILITIES	122,117	128,983

Sweden's fastest growing real-estate brokerage

Real-estate brokerage | Through the regional insurance companies, Länsförsäkringar Fastighetsförmedling offers a total solution for reliable mortgage transactions: real-estate brokerage, banking and insurance services all in one company.

Länsförsäkringar Fastighetsförmedling has 159 branches throughout Sweden. Länsförsäkringar Fastighetsförmedling is Sweden's fastest growing real-estate brokerage and achieved a market share of 10.3% (9.9) during 2015.

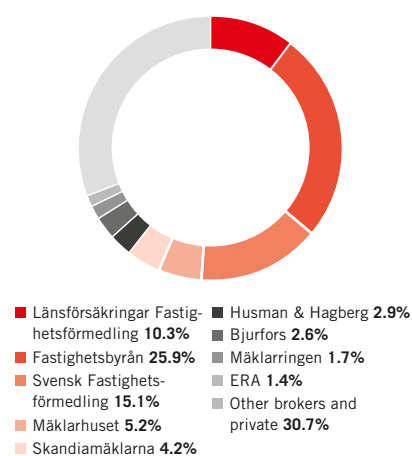
The operations are conducted in franchise form, whereby the regional insurance companies act as franchisers for the local branches. This means that Länsförsäkringar Fastighetsförmedling differs from other national estate-agent chains by always being locally based.

A total of 6,970 single-family homes, 10,340 tenant-owned apartments, 1,450 vacation homes and 470 agricultural properties were brokered in 2015. The value of the sales amounted to SEK 37.4 billion. In 2015, sales of single-family homes and

vacation homes resulted in SEK 3.0 billion in first-lien mortgages in Länsförsäkringar's mortgage institution.

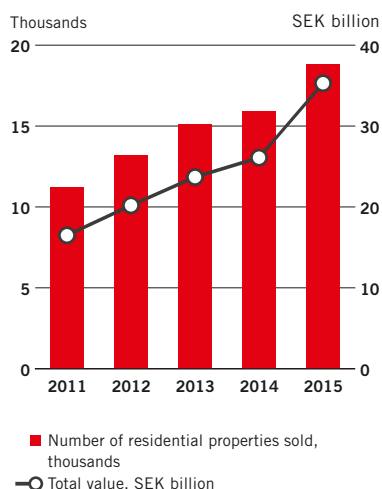
The new-build housing market is becoming increasingly important and thus Länsförsäkringar Fastighetsförmedling has begun a review of its work processes in this segment. The aim is to achieve higher market penetration. The Swedish Quality Index's (SQI) satisfaction survey among estate-agent customers showed that Länsförsäkringar Fastighetsförmedling is the only company in the survey to have improved compared with 2014. Länsförsäkringar Fastighetsförmedling advanced its position from fifth place to second, demonstrating that the nation-wide improvement activities initiated in 2015 are yielding excellent results.

Market shares



Länsförsäkringar Fastighetsförmedling is the third largest brokerage group, measured in number of single-family homes and vacation homes sold. Tenant-owned apartments are not included in the industry statistics. Brokerage of tenant-owned apartments increased 20% in 2015.

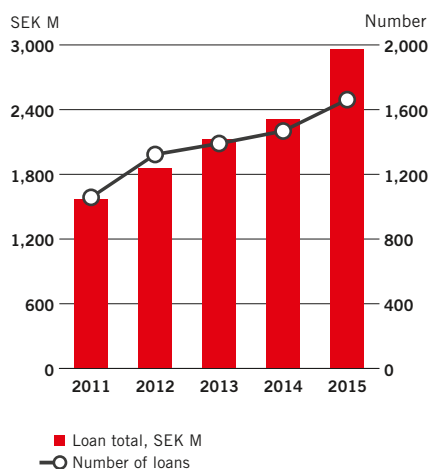
Residential properties sold¹⁾,
Länsförsäkringar Fastighetsförmedling



The number of residential properties sold increased 18% (5).

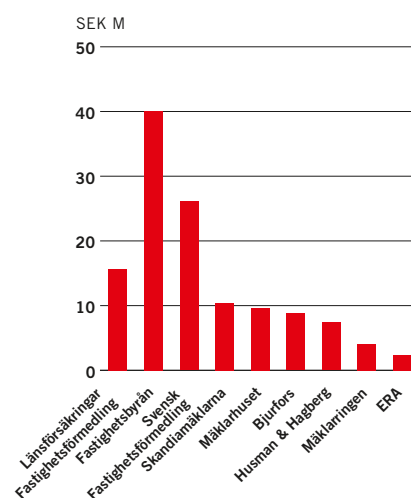
¹⁾ Single-family homes, vacation homes and tenant-owned apartments

Single-family homes and vacation homes sold with loans deposited with Länsförsäkringar Hypotek



Sales of single-family homes and vacation homes resulted in SEK 3.0 billion in first-lien mortgages in Länsförsäkringar Hypotek.

Value of sales of single-family homes and vacation homes



The sales value of single-family homes and vacation homes for Länsförsäkringar Fastighetsförmedling amounted to SEK 15.7 billion. Tenant-owned apartments are not included in the diagram and, including them, the value of sales was SEK 35.3 billion.



Länsförsäkringar Alliance in figures

The combined earnings of the Länsförsäkringar Alliance's non-life insurance operations are presented first on the following pages. This will be followed by key figures from each of the 23 regional insurance companies.

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Länsförsäkringar Alliance 2015

	Norrbotten	Västerbotten	Jämtland	Västernorrland	Gävleborg	Dalarna	Värmland	Uppsala	Bergslagen	Stockholm	Södermanland
NON-LIFE INSURANCE, SEK M											
Result after ceded reinsurance 2015											
Premiums earned	323	697	402	429	452	1,110	538	686	1,050	1,666	523
Investment income transferred from financial operations	28	25	12	9	8	25	8	15	2	42	8
Claims payments	-224	-478	-333	-309	-294	-776	-457	-551	-852	-1,071	-433
Operating expenses	-68	-122	-74	-88	-93	-166	-93	-130	-179	-369	-92
Other income/expenses	-1	-3	-2	-1	-1	-5	-1	-3	-4	-3	-2
Technical result from non-life insurance operations before bonuses and discounts	59	119	5	40	72	188	-5	19	17	266	5
Bonuses and discounts	-12	-56	-40	-	-	-246	-	-0	-	-	-
Technical result for non-life insurance operations	47	63	-35	40	72	-59	-5	19	17	266	5
Total investment income	42	144	140	83	63	335	85	198	306	248	275
Investment income transferred to insurance operations	-28	-25	-12	-9	-8	-25	-8	-15	-2	-42	-8
Other income/expenses	0	-1	-5	-21	-35	7	-2	11	2	15	-3
Operating profit	61	181	89	93	92	259	70	212	323	487	269

Balance sheet, 31 Dec 2015

ASSETS

Investment assets

Shares in Länsförsäkringar AB	259	721	487	550	634	1,279	418	892	1,041	1,731	708
Other shares and participations	272	1,305	653	343	296	2,440	379	843	2,077	966	1,390
Bonds and other interest-bearing securities	169	1,360	772	693	766	1,776	555	1,028	1,119	2,044	773
Other investment assets	169	206	101	24	2	347	244	27	556	1	9
Total investment assets	869	3,593	2,013	1,610	1,697	5,842	1,596	2,790	4,792	4,742	2,881
Reinsurers' portion of technical provisions	189	309	305	205	471	471	255	380	401	313	235
Receivables and other assets	147	298	211	211	327	635	229	396	510	686	262
Cash and bank balances	416	168	186	61	73	161	711	110	288	118	52
Prepaid expenses and accrued income	10	41	25	16	16	89	22	36	18	42	30
Total assets	1,631	4,409	2,739	2,104	2,584	7,198	2,812	3,711	6,009	5,900	3,459

EQUITY AND LIABILITIES

Equity	572	2,143	1,149	752	835	3,226	1,059	1,376	2,615	847	1,612
Untaxed reserves	-	-	-	-	-	-	-	-	-	1,541	-
Technical provisions (before ceded reinsurance)	818	1,703	1,271	1,112	1,447	3,139	1,332	1,841	2,475	2,820	1,386
Other provisions and liabilities	189	456	259	215	289	700	328	395	762	446	448
Accrued expenses and deferred income	51	106	60	25	13	134	94	100	157	246	13
Total equity and liabilities	1,631	4,409	2,739	2,104	2,584	7,198	2,812	3,711	6,009	5,900	3,459
Solvency capital / Total capital	693	2,473	1,365	848	1,020	3,708	1,295	1,665	3,133	2,697	1,918
Solvency margin	218	344	334	194	223	328	234	237	287	157	353

The Länsförsäkringar Alliance comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is not a Group in the legal sense of the term. Most of the non-life insurance business in the Alliance is underwritten by the regional insurance companies. The business conducted by Länsförsäkringar AB's non-life insurance Group comprises health insurance, animal insurance, ceded and assumed reinsurance as well as marine and cargo insurance and some casualty, property and motor insurance.

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 the Länsförsäkringar Bank Group. The holdings and change in value in the Länsförsäkringar AB share and transactions between the regional insurance companies and the Länsförsäkringar AB Group have been eliminated. The 23 regional insurance companies and the Länsförsäkringar AB Group apply the approved International Financial Reporting Standards (IFRS).

Göteborg och Bohuslän	Skaraborg	Östergöt	Älvsborg	Götaland	Jönköping	Halland	Kronoberg	Kalmar	Blekinge	Gävle-Kristianstad	Skåne	Länsförsäkringar AB Group excl. Bank & Fondliv	Länsförsäkringar Alliance Non-life insurance operations	Länsförsäkringar Alliance
1,284	631	1,261	1,085	193	938	606	435	674	284	450	1,912	5,074	22,705	22,705
98	17	11	32	3	9	33	2	23	2	4	70	45	507	507
-930	-469	-898	-728	-118	-757	-470	-302	-544	-200	-324	-1,457	-3,242	-16,192	-16,192
-273	-116	-245	-196	-35	-136	-99	-86	-129	-59	-82	-296	-1,055	-4,281	-4,281
5	-1	-4	-2	-1	-3	-2	-1	-	-	-1	-4	-1	-39	-39
183	62	124	190	42	51	67	49	25	28	47	225	821	2,700	2,700
-151	-	-207	-157	-	-25	-60	-55	-49	-25	-	-180	-	-1,263	-1,263
32	62	-82	33	42	26	7	-6	-24	3	47	45	821	1,437	1,437
598	116	398	526	63	233	189	170	224	82	122	461	150	3,794	3,794
-98	-17	-11	-32	-3	-9	-33	-2	-23	-2	-4	-70	-45	-531	-531
-23	-2	12	-24	2	-30	12	-5	-16	-1	-6	-2	-221	-334	1,116
509	159	317	503	104	220	175	157	162	82	159	435	704	4,365	5,815
1,240	568	1,392	1,220	162	997	692	429	655	257	666	1,833	-	-	-
3,007	659	2,423	3,344	417	1,445	1,096	698	1,320	495	929	3,997	853	31,646	32,625
1,547	891	1,879	1,441	403	1,442	816	477	916	474	716	1,590	5,949	29,596	63,708
636	147	1,053	57	44	753	284	208	290	244	248	382	16,229	24,487	15,365
6,430	2,265	6,747	6,061	1,026	4,637	2,888	1,813	3,181	1,471	2,559	7,802	23,031	85,729	111,698
367	251	512	319	112	400	333	194	286	163	211	941	10,829	10,829	10,845
404	276	525	396	91	410	243	151	255	142	162	691	2,960	10,617	327,923
87	107	194	238	100	151	303	300	94	34	157	787	903	5,799	6,271
118	15	47	35	34	15	109	12	24	10	23	131	332	1,249	4,028
7,406	2,914	8,025	7,050	1,363	5,612	3,876	2,470	3,840	1,820	3,112	10,351	38,054	114,224	460,764
3,317	533	3,756	3,570	711	2,453	1,672	1,058	1,777	775	1,448	3,893	16,605	42,679	46,612
-	421	-	-	-	-	-	-	-	-	-	-	-	-	-
3,185	1,641	3,222	2,713	494	2,365	1,696	1,118	1,612	833	1,304	4,953	16,438	53,296	55,234
845	199	1,004	609	151	765	486	279	440	205	344	1,432	3,952	15,630	352,609
60	120	44	158	7	29	21	15	11	6	16	74	1,059	2,619	6,309
7,406	2,914	8,025	7,050	1,363	5,612	3,876	2,470	3,840	1,820	3,112	10,351	38,054	114,224	460,764
3,935	1,088	4,521	4,101	807	2,842	1,961	1,257	2,094	953	1,699	4,736	17,424	51,628	55,562
305	168	351	372	406	297	317	280	304	327	370	239	337	222	-

Länsförsäkringar Norrbotten

President
Kjell Lindfors
Board Chairman
Mats Fabricius



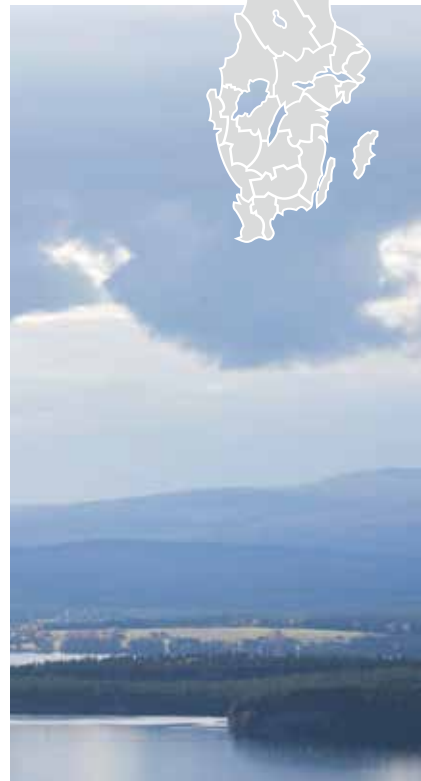
Länsförsäkringar Västerbotten

President
Göran Spetz
Board Chairman
Conny Sandström



Länsförsäkringar Jämtland

President
Pia Sandvik
Board Chairman
Tomas Eriksson



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	73	84
Total assets, SEK M	1,631	1,533
Solvency margin, %	218	210
Number of employees	74	70
Number of branches	3	3
Bank		
Deposits, SEK M	841	761
Loans, SEK M	291	300
Retail mortgages, SEK M	2,117	1,736
Fund volumes managed, SEK M	159	122
Number of customers	9,600	9,100
Life assurance		
Premium income, SEK M	90	106
Total insurance capital, SEK M	2,105	2,109
Number of customers	17,100	18,900
Non-life insurance		
Premiums earned, SEK M	323	286
Technical result for insurance operations, SEK M	59	46
Bonuses and discounts, SEK M	-12	-11
Combined ratio after ceded reinsurance, %	90	90
Total return on asset management, %	4	6
Number of customers	61,000	59,500

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	237	286
Total assets, SEK M	4,409	4,229
Solvency margin, %	344	356
Number of employees	169	164
Number of branches	3	3
Bank		
Deposits, SEK M	3,467	3,178
Loans, SEK M	1,267	1,215
Retail mortgages, SEK M	5,253	4,335
Fund volumes managed, SEK M	1,125	919
Number of customers	28,100	26,700
Life assurance		
Premium income, SEK M	182	215
Total insurance capital, SEK M	4,253	4,203
Number of customers	30,400	34,500
Non-life insurance		
Premiums earned, SEK M	697	630
Technical result for insurance operations, SEK M	119	90
Bonuses and discounts, SEK M	-56	-52
Combined ratio after ceded reinsurance, %	86	89
Total return on asset management, %	4	7
Number of customers	116,900	113,600

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	129	171
Total assets, SEK M	2,739	2,566
Solvency margin, %	334	340
Number of employees	99	95
Number of branches	4	4
Bank		
Deposits, SEK M	1,993	1,791
Loans, SEK M	922	922
Retail mortgages, SEK M	2,504	2,187
Fund volumes managed, SEK M	264	189
Number of customers	14,900	14,400
Life assurance		
Premium income, SEK M	96	113
Total insurance capital, SEK M	2,247	2,217
Number of customers	17,600	19,700
Non-life insurance		
Premiums earned, SEK M	402	371
Technical result for insurance operations, SEK M	5	29
Combined ratio after ceded reinsurance, %	101	94
Total return on asset management, %	7	10
Number of customers	56,400	55,500

Länsförsäkringar Västernorrland

President

Mikael Bergström

Board Chairman

Stig Högberg



Länsförsäkringar Gävleborg

President

Per-Ove Bäckström

Board Chairman

Mats Åstrand



Dalarnas Försäkringsbolag

President

Anders Grånäs

Board Chairman

Maria Engholm



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	93	55
Total assets, SEK M	2,104	2,057
Solvency margin, %	194	169
Number of employees	118	116
Number of branches	5	5

Bank		
Deposits, SEK M	1,500	1,407
Loans, SEK M	498	500
Retail mortgages, SEK M	2,209	1,918
Fund volumes managed, SEK M	409	325
Number of customers	23,500	23,100

Life assurance		
Premium income, SEK M	128	149
Total insurance capital, SEK M	3,597	3,581
Number of customers	24,100	27,200

Non-life insurance		
Premiums earned, SEK M	429	438
Technical result for insurance operations, SEK M	40	15
Combined ratio after ceded reinsurance, %	93	99
Total return on asset management, %	6	5
Number of customers	72,500	70,900

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	92	125
Total assets, SEK M	2,584	2,510
Solvency margin, %	223	191
Number of employees	142	140
Number of branches	6	7

Bank		
Deposits, SEK M	2,318	2,041
Loans, SEK M	874	940
Retail mortgages, SEK M	4,654	4,172
Fund volumes managed, SEK M	497	382
Number of customers	24,000	22,800

Life assurance		
Premium income, SEK M	124	159
Total insurance capital, SEK M	3,457	3,448
Number of customers	28,300	31,800

Non-life insurance		
Premiums earned, SEK M	452	479
Technical result for insurance operations, SEK M	72	57
Combined ratio after ceded reinsurance, %	86	90
Total return on asset management, %	3	7
Number of customers	83,700	82,500

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	505	563
Total assets, SEK M	7,198	6,923
Solvency margin, %	328	304
Number of employees	277	256
Number of branches	7	7

Bank		
Deposits, SEK M	4,471	4,162
Loans, SEK M	1,400	1,407
Retail mortgages, SEK M	7,146	6,524
Fund volumes managed, SEK M	1,240	978
Number of customers	42,800	41,000

Life assurance		
Premium income, SEK M	314	354
Total insurance capital, SEK M	6,806	6,657
Number of customers	45,100	50,800

Non-life insurance		
Premiums earned, SEK M	1,110	1,122
Technical result for insurance operations, SEK M	188	136
Bonuses and discounts, SEK M	-246	-175
Combined ratio after ceded reinsurance, %	84	90
Total return on asset management, %	6	10
Number of customers	148,800	146,000

Länsförsäkringar Värmland

President

Ulf W Eriksson

Board Chairman

Patrik Sandin



Länsförsäkringar Uppsala

President

Ulrica Hedman

Board Chairman

Björn Sundell



Länsförsäkringar Bergslagen

President

Mikael Sundquist

Board Chairman

Bengt-Erik Lindgren



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	70	115
Total assets, SEK M	2,812	2,677
Solvency margin, %	234	243
Number of employees	98	100
Number of branches	4	4
Bank		
Deposits, SEK M	1,237	1,137
Loans, SEK M	589	538
Retail mortgages, SEK M	2,275	1,914
Fund volumes managed, SEK M	252	183
Number of customers	12,500	11,700
Life assurance		
Premium income, SEK M	114	135
Total insurance capital, SEK M	3,020	3,024
Number of customers	23,300	26,000
Non-life insurance		
Premiums earned, SEK M	538	490
Technical result for insurance operations, SEK M	-5	13
Bonuses and discounts, SEK M	-25	-25
Combined ratio after ceded reinsurance, %	102	98
Total return on asset management, %	4	7
Number of customers	91,400	89,000

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	212	143
Total assets, SEK M	3,711	3,466
Solvency margin, %	237	211
Number of employees	176	182
Number of branches	6	6
Bank		
Deposits, SEK M	3,624	3,298
Loans, SEK M	1,533	1,505
Retail mortgages, SEK M	7,824	6,736
Fund volumes managed, SEK M	756	565
Number of customers	30,800	29,800
Life assurance		
Premium income, SEK M	294	352
Total insurance capital, SEK M	6,767	6,690
Number of customers	46,200	50,100
Non-life insurance		
Premiums earned, SEK M	686	637
Technical result for insurance operations, SEK M	19	-3
Combined ratio after ceded reinsurance, %	99	101
Total return on asset management, %	8	8
Number of customers	118,100	115,100

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	323	390
Total assets, SEK M	6,009	5,673
Solvency margin, %	287	267
Number of employees	274	241
Number of branches	7	7
Bank		
Deposits, SEK M	5,601	4,882
Loans, SEK M	3,564	3,542
Retail mortgages, SEK M	10,209	8,939
Fund volumes managed, SEK M	1,085	821
Number of customers	49,100	46,000
Life assurance		
Premium income, SEK M	492	514
Total insurance capital, SEK M	8,943	8,609
Number of customers	56,800	61,500
Non-life insurance		
Premiums earned, SEK M	1,050	1,021
Technical result for insurance operations, SEK M	17	23
Combined ratio after ceded reinsurance, %	98	99
Total return on asset management, %	7	9
Number of customers	184,400	177,200

Länsförsäkringar Stockholm

President

Fredrik Bergström

Board Chairman

Christer Villard



Länsförsäkringar Södermanland

President

Anna-Greta Lundh

Board Chairman

Caesar Åfors



Länsförsäkringar Göteborg och Bohuslän

President

Ricard Robbstål

Board Chairman

Sune Nilsson



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	487	465
Total assets, SEK M	5,900	5,349
Solvency margin, %	157	133
Number of employees	324	327
Number of branches	5	5
Bank		
Deposits, SEK M	7,161	6,747
Loans, SEK M	1,509	1,549
Retail mortgages, SEK M	21,443	17,537
Fund volumes managed, SEK M	1,627	1,363
Number of customers	85,400	84,000
Life assurance		
Premium income, SEK M	2,441	2,503
Total insurance capital, SEK M	52,444	50,736
Number of customers	216,000	226,400
Non-life insurance		
Premiums earned, SEK M	1,666	1,628
Technical result for insurance operations, SEK M	266	198
Combined ratio after ceded reinsurance, %	87	91
Total return on asset management, %	6	8
Number of customers	347,800	336,000

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	269	243
Total assets, SEK M	3,459	3,166
Solvency margin, %	353	297
Number of employees	129	129
Number of branches	4	4
Bank		
Deposits, SEK M	2,183	1,987
Loans, SEK M	857	831
Retail mortgages, SEK M	4,769	4,241
Fund volumes managed, SEK M	455	346
Number of customers	21,200	20,100
Life assurance		
Premium income, SEK M	216	190
Total insurance capital, SEK M	3,950	3,930
Number of customers	28,700	31,900
Non-life insurance		
Premiums earned, SEK M	523	540
Technical result for insurance operations, SEK M	5	-1
Combined ratio after ceded reinsurance, %	101	101
Total return on asset management, %	10	11
Number of customers	92,800	90,500

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	660	610
Total assets, SEK M	7,406	6,785
Solvency margin, %	305	260
Number of employees	310	301
Number of branches	10	10
Bank		
Deposits, SEK M	4,900	4,349
Loans, SEK M	1,188	1,208
Retail mortgages, SEK M	11,332	9,080
Fund volumes managed, SEK M	984	720
Number of customers	50,400	47,700
Life assurance		
Premium income, SEK M	1,008	1,044
Total insurance capital, SEK M	18,479	17,952
Number of customers	88,100	93,600
Non-life insurance		
Premiums earned, SEK M	1,284	1,293
Technical result for insurance operations, SEK M	183	175
Bonuses and discounts, SEK M	-151	-106
Combined ratio after ceded reinsurance, %	94	93
Total return on asset management, %	10	12
Number of customers	216,800	212,900

Länsförsäkringar Skaraborg

President

Jonas Rosman

Board Chairman

Per-Anders Gustafsson



Länsförsäkringar Östgöta

President

Sven Eggefall

Board Chairman

Peter Lindgren



Länsförsäkringar Älvsborg

President

Sören Schelander

Board Chairman

Lars Hallkvist



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	159	171
Total assets, SEK M	2,914	2,739
Solvency margin, %	168	157
Number of employees	152	149
Number of branches	8	8
Bank		
Deposits, SEK M	3,382	2,998
Loans, SEK M	1,982	1,910
Retail mortgages, SEK M	4,519	3,833
Fund volumes managed, SEK M	908	699
Number of customers	36,200	34,000
Life assurance		
Premium income, SEK M	156	187
Total insurance capital, SEK M	4,406	4,335
Number of customers	31,500	34,400
Non-life insurance		
Premiums earned, SEK M	631	577
Technical result for insurance operations, SEK M	62	32
Combined ratio after ceded reinsurance, %	93	95
Total return on asset management, %	5	10
Number of customers	101,900	99,900

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	523	826
Total assets, SEK M	8,025	7,641
Solvency margin, %	351	329
Number of employees	319	303
Number of branches	7	7
Bank		
Deposits, SEK M	6,807	6 200
Loans, SEK M	1,327	1,396
Retail mortgages, SEK M	13,158	11,475
Fund volumes managed, SEK M	1,789	1,337
Number of customers	54,400	54,200
Life assurance		
Premium income, SEK M	972	886
Total insurance capital, SEK M	12,218	11,470
Number of customers	65,100	71,100
Non-life insurance		
Premiums earned, SEK M	1,261	1,262
Technical result for insurance operations, SEK M	124	212
Bonuses and discounts, SEK M	-206	-225
Combined ratio after ceded reinsurance, %	91	83
Total return on asset management, %	7	12
Number of customers	190,400	187,800

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	660	647
Total assets, SEK M	7,050	6,494
Solvency margin, %	372	315
Number of employees	290	275
Number of branches	10	10
Bank		
Deposits, SEK M	4,397	4,261
Loans, SEK M	1,844	1,866
Retail mortgages, SEK M	9,800	8,462
Fund volumes managed, SEK M	1,092	803
Number of customers	66,900	66,000
Life assurance		
Premium income, SEK M	302	345
Total insurance capital, SEK M	7,501	7,423
Number of customers	56,100	62,200
Non-life insurance		
Premiums earned, SEK M	1,085	1,129
Technical result for insurance operations, SEK M	190	145
Bonuses and discounts, SEK M	-157	-110
Combined ratio after ceded reinsurance, %	85	89
Total return on asset management, %	10	13
Number of customers	166,600	164,600

Länsförsäkringar Gotland

President
Mariette Nicander
Board Chairman
Eva Wetterdal



Länsförsäkringar Jönköping

President
Örian Söderberg
Board Chairman
Göran Lindell



Länsförsäkringar Halland

President
Christian Bille
Board Chairman
Karin Starrin



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	104	112
Total assets, SEK M	1,363	1,299
Solvency margin, %	406	398
Number of employees	71	62
Number of branches	2	2
Bank		
Deposits, SEK M	1,667	1,551
Loans, SEK M	1,698	1,651
Retail mortgages, SEK M	3,021	2,731
Fund volumes managed, SEK M	331	250
Number of customers	14,100	13,400
Life assurance		
Premium income, SEK M	72	87
Total insurance capital, SEK M	1,236	1,178
Number of customers	11,000	12,000
Non-life insurance		
Premiums earned, SEK M	193	174
Technical result for insurance operations, SEK M	42	38
Bonuses and discounts, SEK M	–	–50
Combined ratio after ceded reinsurance, %	80	78
Total return on asset management, %	6	8
Number of customers	30,200	29,700

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	245	360
Total assets, SEK M	5,612	5,366
Solvency margin, %	297	267
Number of employees	192	188
Number of branches	6	6
Bank		
Deposits, SEK M	4,272	3,880
Loans, SEK M	2,060	1,823
Retail mortgages, SEK M	5,407	4,604
Fund volumes managed, SEK M	970	738
Number of customers	32,100	29,800
Life assurance		
Premium income, SEK M	299	319
Total insurance capital, SEK M	6,984	6,825
Number of customers	40,500	44,500
Non-life insurance		
Premiums earned, SEK M	938	930
Technical result for insurance operations, SEK M	51	91
Bonuses and discounts, SEK M	–25	–31
Combined ratio after ceded reinsurance, %	95	91
Total return on asset management, %	5	9
Number of customers	128,000	125,400

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	235	252
Total assets, SEK M	3,876	3,513
Solvency margin, %	317	285
Number of employees	147	149
Number of branches	6	6
Bank		
Deposits, SEK M	3,535	3,298
Loans, SEK M	3,017	3,167
Retail mortgages, SEK M	6,596	6,070
Fund volumes managed, SEK M	851	657
Number of customers	35,700	35,000
Life assurance		
Premium income, SEK M	220	247
Total insurance capital, SEK M	5,394	5,347
Number of customers	40,600	43,800
Non-life insurance		
Premiums earned, SEK M	606	630
Technical result for insurance operations, SEK M	67	71
Bonuses and discounts, SEK M	–60	–12
Combined ratio after ceded reinsurance, %	93	92
Total return on asset management, %	7	10
Number of customers	96,100	94,900

Länsförsäkring Kronoberg

President Beatrice
Kämpe Nikolausson
Board Chairman
Per-Åke Holgersson



Länsförsäkringar Kalmar län

President
Anna Blom
Board Chairman
Jan-Olof Thorstensson



Länsförsäkringar Blekinge

President
Jens Listerö
Board Chairman
Anders Larsson



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	212	159
Total assets, SEK M	2,470	2,228
Solvency margin, %	280	240
Number of employees	88	88
Number of branches	3	3
Bank		
Deposits, SEK M	2,301	2,047
Loans, SEK M	1,139	1,030
Retail mortgages, SEK M	2,583	2,124
Fund volumes managed, SEK M	399	307
Number of customers	26,600	27,300
Life assurance		
Premium income, SEK M	158	171
Total insurance capital, SEK M	3,703	3,659
Number of customers	21,300	23,200
Non-life insurance		
Premiums earned, SEK M	435	452
Technical result for insurance operations, SEK M	49	52
Bonuses and discounts, SEK M	-55	-30
Combined ratio after ceded reinsurance, %	89	86
Total return on asset management, %	10	8
Number of customers	69,100	66,700

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	211	212
Total assets, SEK M	3,840	3,594
Solvency margin, %	304	276
Number of employees	159	157
Number of branches	9	9
Bank		
Deposits, SEK M	2,570	2,447
Loans, SEK M	1,204	1,139
Retail mortgages, SEK M	3,361	2,842
Fund volumes managed, SEK M	647	526
Number of customers	20,700	19,500
Life assurance		
Premium income, SEK M	136	161
Total insurance capital, SEK M	4,047	4,030
Number of customers	27,200	31,100
Non-life insurance		
Premiums earned, SEK M	674	762
Technical result for insurance operations, SEK M	25	85
Bonuses and discounts, SEK M	-49	-85
Combined ratio after ceded reinsurance, %	100	94
Total return on asset management, %	8	7
Number of customers	108,000	106,300

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	107	106
Total assets, SEK M	1,820	1,682
Solvency margin, %	327	287
Number of employees	68	65
Number of branches	4	4
Bank		
Deposits, SEK M	1,403	1,299
Loans, SEK M	918	905
Retail mortgages, SEK M	2,447	2,143
Fund volumes managed, SEK M	406	328
Number of customers	13,100	12,500
Life assurance		
Premium income, SEK M	130	139
Total insurance capital, SEK M	2,588	2,532
Number of customers	17,100	18,800
Non-life insurance		
Premiums earned, SEK M	284	291
Technical result for insurance operations, SEK M	28	29
Bonuses and discounts, SEK M	-25	-25
Combined ratio after ceded reinsurance, %	91	91
Total return on asset management, %	7	7
Number of customers	54,800	53,500

Länsförsäkringar Göinge-Kristianstad

President

Henrietta Hansson

Board Chairman

Göran Trobro



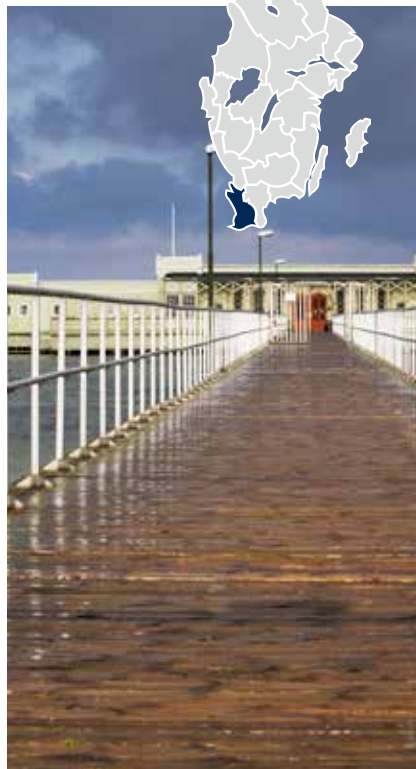
Länsförsäkringar Skåne

President

Susanne Petersson

Board Chairman

Otto Ramel



Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	159	184
Total assets, SEK M	3,112	2,971
Solvency margin, %	370	330
Number of employees	102	102
Number of branches	3	3
Bank		
Deposits, SEK M	2,081	1,861
Loans, SEK M	1,762	1,627
Retail mortgages, SEK M	2,463	2,178
Fund volumes managed, SEK M	448	333
Number of customers	17,000	16,400
Life assurance		
Premium income, SEK M	132	151
Total insurance capital, SEK M	3,411	3,391
Number of customers	23,800	27,400
Non-life insurance		
Premiums earned, SEK M	450	462
Technical result for insurance operations, SEK M	47	36
Bonuses and discounts, SEK M	–	–55
Combined ratio after ceded reinsurance, %	90	94
Total return on asset management, %	5	8
Number of customers	74,700	73,900

Key figures	2015	2014
Operating profit before bonuses and discounts, SEK M	615	579
Total assets, SEK M	10,351	9,673
Solvency margin, %	239	225
Number of employees	470	465
Number of branches	6	6
Bank		
Deposits, SEK M	6,073	5,181
Loans, SEK M	4,040	3,660
Retail mortgages, SEK M	14,031	12,320
Fund volumes managed, SEK M	1,567	1,116
Number of customers	69,500	64,700
Life assurance		
Premium income, SEK M	998	1,056
Total insurance capital, SEK M	19,745	19,160
Number of customers	115,300	124,200
Non-life insurance		
Premiums earned, SEK M	1,912	1,848
Technical result for insurance operations, SEK M	225	93
Bonuses and discounts, SEK M	–180	–
Combined ratio after ceded reinsurance, %	91	97
Total return on asset management, %	6	9
Number of customers	351,000	341,500

Together we create security and opportunities

About Länsförsäkringar AB | Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking and insurance operations, pursue strategic development activities and provide service in areas that generate economies of scale and efficiency. All to create conditions for the regional insurance companies to develop the offering close to their customers.

Länsförsäkringar AB is wholly owned by the 23 regional insurance companies, together with 16 local insurance companies. The regional insurance companies impose demands on effective capital use and a return on equity corresponding to 5% over the risk-free interest. In 2015, the return on equity amounted to 9%. In addition to the Parent Company, Länsförsäkringar AB, the Group consists of Länsförsäkringar Sak, Länsförsäkringar Bank, Länsförsäkringar Fondliv, Länsförsäkringar Liv. Länsförsäkringar Liv and its subsidiaries are not consolidated in the consolidated financial statements since the company's earnings accrue in their entirety to the policyholders.

Mission

The operations of the jointly owned company Länsförsäkringar AB are tasked with conducting profitable business activities in non-life insurance, banking, life assurance and pension insurance, developing products, concepts, meeting places and tools, and providing business service to the regional insurance companies. This ensures that the regional insurance companies can offer their customers the right range of products and enables private individuals, companies and agricultural customers in Sweden to live with a sense of security. The Länsförsäkringar Alliance's reinsurance cover is managed through a number of cover pool solutions and joint group insurance cover by Länsförsäkringar Sak.

Non-life insurance

Länsförsäkringar Sak is responsible for the non-life insurance operations, including animal and crop insurance, which have been assigned to Länsförsäkringar AB by the regional insurance companies. Its role is to complement the companies' offering with specialist products to meet customer needs and to start new business that can be channelled out to the regional insurance companies. Business is conducted so that the regional insurance companies can offer customers a broad range of insurance for people, animals and property. Sound reinsurance coverage and pool solutions is created through joint group insurance cover.

The animal insurance operations are conducted in the subsidiary Agria Djur-

Vision, values and targets

Länsförsäkringar AB's operations are guided by vision and value-based planning. The vision and values serve as guiding principles for all operations in the Group. The vision is a description of how Länsförsäkringar AB wants things to be in the world in which it operates. The vision is "together we create security and opportunities." With almost 6,000 employees, the Länsförsäkringar Alliance works to provide financial security for 3.7 million customers. Länsförsäkringar exists to create

a sense of security for our customers no matter what needs they have – from buying a home, non-life insurance, pension banking services and mortgages to different types of savings.

The values describe how the Länsförsäkringar AB Group's employees are expected to interact in order to fulfil the vision and achieve the goals. The Länsförsäkringar AB Group's shared values are trust, commitment, openness and professionalism.

VISION

Länsförsäkringar AB's vision is together we create security and opportunities.

VALUES

Our values can be summarised in four words: Commitment, Trust, Openness and Professionalism.

TARGETS

Länsförsäkringar AB's target is to help the regional insurance companies be successful and create the best value for customers.

försäkring and the Länsförsäkringar Alliance's reinsurance solutions are managed jointly by Länsförsäkringar Sak, which is also where internationally assumed reinsurance is underwritten. Of the Länsförsäkringar Alliance's combined premiums earned of SEK 23 billion, premiums earned from the non-life insurance operations in Länsförsäkringar AB accounted for SEK 5 billion.

Banking

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales, advisory services and customer service are carried out through the branches of the regional insurance companies and via digital channels and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek. The subsidiary Länsförsäkringar Fondförvaltning offers mutual funds. The subsidiary Wasa Kredit offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. The number of customers with Länsförsäkringar as their primary bank rose 8% to 378,000. Business volumes in the banking operations increased 14% till SEK 404 billion.

Life assurance and pension insurance

Länsförsäkringar offers life-assurance and pension solutions to corporate customers and private individuals. Fund management, Guarantee Management and personal insurance are offered through Länsförsäkringar Fondliv. Länsförsäkringar's fund range comprises 35 of its own funds and about 46 external funds. The former are found in Länsförsäkringar's own mutual fund company and are managed by external managers. The unit-linked life assurance company manages SEK 103 billion on behalf of its life-assurance and pension insurance customers. 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. The work on inviting customers to change the conditions of their insurance product to New Trad continued during 2015. The offer was positively received. Conditions have been changed for 34% of the capital for those customers who have received the offer to date.

Governance of risk-taking and capital use

The business activities are conducted to generate a profit so that the company can pay competitive returns on equity at market levels. All capital that is not required for Länsförsäkringar AB's operations is returned over time to the owners in the form of dividends. The Group's capital situation in relation to its combined risks forms the basis of decisions on potential dividend payments. Länsförsäkringar AB endeavours to maintain a balance between capital strength and risk-taking to justify a minimum credit rating of A.

Almost two thirds of the Länsförsäkringar Alliance's capital, excluding the capital in Länsförsäkringar Liv, which belongs to its policyholders, is invested in the regional insurance companies. Accordingly, the Group's capital strength is assessed not only on its own situation but also includes the capital strength of the regional insurance companies. Rating agencies and other stakeholders have that approach. The regional insurance companies are extremely well consolidated and thus are highly able to contribute capital to the Group.

Governance of risk-taking and capital use is a priority for the Group. Assessing the risk level of different operations forms part of this work, taking into account current and future legal requirements and the view of rating agencies. The aim is to safeguard shareholders' capital and ensure effective use and earnings on the Group's capital.

Economies of scale creating added value for customers

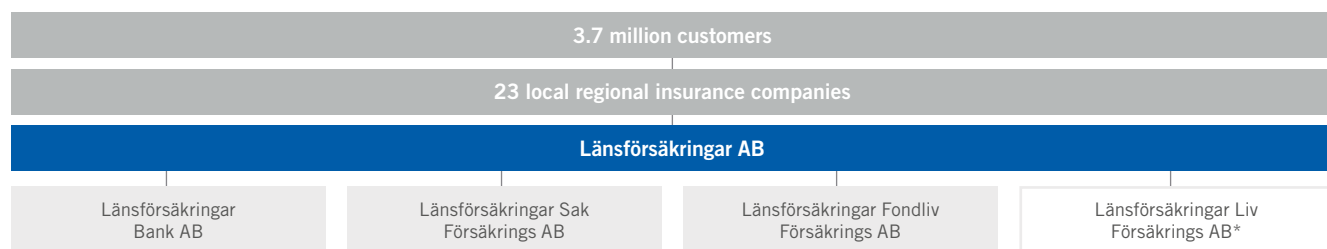
Cooperation in the Länsförsäkringar Alliance has gradually emerged. The local companies decided to cooperate together to achieve economies of scale and to concentrate on the most important issue: meetings with customers. Instead of developing these resources at local level, the regional insurance companies can share expenses in such areas as product and concept development, IT operations and management and brand communication. The separation of duties among the regional insurance companies and Länsförsäkringar AB creates a clear focus for each party. Länsförsäkringar AB is to create the conditions for the regional insurance companies to be more effective

in their roles. Economic efficiency is a basic prerequisite for this to work. That is why certain non-life insurance operations are considered best suited to a joint concession. This interface does not affect customer relationships, which are managed by the respective regional insurance company in the same manner as a local bank or insurance company. This is the foundation of the Länsförsäkringar concept. For customers, Länsförsäkringar is always close at hand with local decision-making. The basis is local presence and decision-making powers. Experience shows that local decision-making authority, combined with shared strengths, creates substantial added value for customers.

Closeness in all customer meetings

Länsförsäkringar works in all channels and in all customer meetings with a brand promise based on closeness. The perception of greater closeness and less distance in a relationship with Länsförsäkringar is the guiding principle for everything – from product development to a personal customer meeting. Understanding and a commitment from the entire Länsförsäkringar Alliance is required to succeed in creating clarity in the market about what the brand stands for. It is not enough for only employees in customer-facing roles in the regional insurance companies to know what the brand promise is. Moreover, all employees at Länsförsäkringar AB need to have such understanding since the mission is to create conditions for the regional insurance companies to succeed in their local customer meetings.

Organisation and facts Länsförsäkringar AB



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

SHAREHOLDINGS IN LÄNSFÖRSÄKRINGAR AB

Company	Number of shares			Share of equity, %
	A	B	C	
Länsförsäkringar Skåne	141,849	882,046	–	9.8
Länsförsäkringar Stockholm	129,212	802,382	–	8.9
Länsförsäkringar Östgöta	114,155	663,463	–	7.5
Dalarnas Försäkringsbolag	104,708	609,639	–	6.9
Länsförsäkringar Göteborg och Bohuslän	87,010	605,143	821	6.6
Länsförsäkringar Älvsborg	100,176	581,374	–	6.5
Länsförsäkringar Bergslagen	86,351	495,089	–	5.6
Länsförsäkringar Jönköping	82,812	474,021	–	5.3
Länsförsäkringar Uppsala	73,298	424,791	–	4.8
Länsförsäkringar Västerbotten	57,195	330,919	–	3.7
Länsförsäkringar Halland	56,785	329,857	–	3.7
Länsförsäkringar Södermanland	58,117	323,139	–	3.7
Länsförsäkringar Göinge-Kristianstad	49,982	322,347	–	3.6
Länsförsäkringar Kalmar län	56,717	295,878	–	3.4
Länsförsäkringar Gävleborg	60,058	281,083	–	3.3
Länsförsäkringar Skaraborg	64,058	253,172	–	3.0
Länsförsäkringar Västernorrland	50,186	257,122	–	2.9
Länsförsäkringar Jämtland	35,795	226,453	–	2.5
Länsförsäkring Kronoberg	36,701	203,130	–	2.3
Länsförsäkringar Värmland	31,160	202,208	–	2.2
Länsförsäkringar Norrbotten	16,960	127,878	–	1.4
Länsförsäkringar Blekinge	23,088	120,500	–	1.4
Länsförsäkringar Gotland	16,305	74,315	–	0.9
16 local insurance companies	–	–	5,134	0.0
Total number of shares	1,532,678	8,527,945	5,749	100.0

SHARE TREND, LÄNSFÖRSÄKRINGAR AB

SEK	2015	2014	2013	2012	2011
Equity per share	1,858	1,675	1,557	1,479	1,403

Definitions

After ceded reinsurance

The proportion of an insurance transaction for which the insurance company assumes the risk, and which is not reinsured with another company. Sometimes the term “for own account” is used.

Claims payments

The cost during the period for claims incurred, including costs for claims that have not yet been reported to the insurance company. The cost also includes the run-off result.

Claims ratio, non-life insurance

The ratio between claims payments, including claims adjustment costs and premiums earned after ceded reinsurance, expressed as a percentage.

Collective consolidation ratio, life assurance

The ratio between the market value of total net assets and the company's total commitments to policyholders (guaranteed commitments and preliminarily distributed bonus) for the insurance policies that carry bonus rights.

Combined ratio, non-life insurance

The sum of operating expenses, claims payments and claims adjustment costs as a percentage of premiums earned after ceded reinsurance, expressed as a percentage.

Cost/income ratio, bank

Total expenses in relation to total income. The cost/income ratio is calculated before and after loan losses.

Expense ratio, non-life insurance

Operating expenses as a percentage of premiums earned after ceded reinsurance.

Investment assets

Investment assets are current or long-term assets that take the form of an investment. This includes real estate and securities in the case of an insurance company.

Investment income, non-life insurance

The net of the following income and expense: interest income, interest expense, dividends on shares and participations, surplus (deficit) on company-owned property, change in the fair value of properties, shares, interest-bearing securities and derivatives, gains (losses) on the sale of investment assets, currency exchange gains (losses), less operating expenses in asset management.

Investment income transferred from financial operations

Premiums are paid in advance, while operating expenses and claims costs are paid in arrears. Funds that have not yet been paid out are invested in order to obtain a return. The estimated interest on these investments – the cost of capital – is transferred from investment income to the insurance operations.

Investment margin, bank

Net interest income in relation to average total assets.

Loan losses net, bank

Confirmed loan losses and reserves for loan losses less recoveries of receivables and net expense for the year for loan losses for guarantees and other contingent liabilities.

Loan losses in relation to loans, bank

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

Net interest income, bank

Interest income from loans to the public, credit institutions and income from interest-bearing securities less expenses for deposits and funding from the public, credit institutions and expenses for interest-bearing securities.

Operating expenses in the insurance operations

Includes costs of marketing, sales and administration in insurance operations.

Premiums earned

The proportion of premium income attributable to the period.

Premium income

Premiums paid in during the period or recognised as receivables at the end of the period since they have fallen due for payment. Premium income is a common measure of the volume of insurance operations.

Reinsurance

If an insurance company cannot, or does not wish to, assume the entire liability to policyholders, it reinsures part of its policies with other companies. In this connection, the reinsurance is said to be “ceded” by the first company and “assumed” by the second company.

Return on equity

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

Solvency capital

The sum of equity, untaxed reserves, deferred tax liabilities, subordinated debt as well as surplus values on assets.

Solvency rate, life assurance

The capital base in relation to required solvency margin. The solvency rate must be at least 1.

Solvency ratio, life assurance

The market value of the company's total net assets in relation to guaranteed commitments to policyholders (technical provisions according to the balance sheet).

Solvency margin, non-life insurance

Solvency capital as a percentage of premium income after ceded reinsurance.

Technical provisions

Provision for unearned premiums and unexpired risks, life-assurance reserves and provision for claims outstanding and comparable commitments in accordance with signed insurance contracts. For life assurance, this shall correspond to the company's guaranteed insurance commitments.

Technical result for non-life insurance operations

Premiums earned less claims payments, claims adjustment costs and operating expenses in the insurance operations plus profit/loss from ceded reinsurance and investment income transferred from financial operations.

Tier 1 capital, bank

Tier 1 capital is part of the capital base and comprises equity and Additional Tier 1 instruments. Deductions are made for such items as deferred tax assets, goodwill and other intangible assets, investments in financial companies and the difference between expected losses and reserves established for probable loan losses.

Tier 1 capital ratio, bank

Tier 1 capital at year-end in relation to the closing risk-weighted amount.

Total return ratio

The sum of direct yield, realised gains and losses, and unrealised changes in the value of assets in relation to the average fair value of managed assets.

Financial calendar 2016

First quarter:

Interim report, Länsförsäkringar AB	27 April
Interim report, Länsförsäkringar Bank	27 April
Interim report, Länsförsäkringar Hypotek	27 April
Interim review, Länsförsäkringar Alliance	27 April

Second quarter:

Interim report, Länsförsäkringar AB	20 July
Interim report, Länsförsäkringar Bank	20 July
Interim report, Länsförsäkringar Hypotek	20 July
Interim review, Länsförsäkringar Alliance	20 July

Third quarter:

Interim report, Länsförsäkringar AB	25 October
Interim report, Länsförsäkringar Bank	25 October
Interim report, Länsförsäkringar Hypotek	25 October
Interim review, Länsförsäkringar Alliance	25 October

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