

Länsförsäkringar AB

Interim report January–September 2016

JANUARY–SEPTEMBER 2016 COMPARED WITH JANUARY–SEPTEMBER 2015

- The Group's operating profit increased to SEK 1,743 M (1,394). The return on equity amounted to 10% (8).
- Operating profit in the non-life insurance operations improved to SEK 461 M (431). Premiums earned after ceded reinsurance rose to SEK 3,989 M (3,777).
- Operating profit for the Bank Group improved to SEK 1,077 M (863). Net interest income strengthened to SEK 2,513 M (2,189).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 385 M (414). Premium income amounted to SEK 6,465 (6,620). Commission income was SEK 1,034 M (1,042).
- Net sales for the Parent Company amounted to SEK 2,036 M (1,937).

THIRD QUARTER OF 2016 COMPARED WITH SECOND QUARTER OF 2016

- The Group's operating profit increased to SEK 628 M (578). The return on equity amounted to 10% (11).
- The Group's equity rose SEK 519 M to SEK 22,126 M.
- Operating profit in the non-life insurance operations amounted to SEK 143 M (148). Premiums earned after ceded reinsurance rose to SEK 1,359 M (1,333).
- Operating profit for the Bank Group improved to SEK 380 M (356). Net interest income strengthened to SEK 898 M (826).
- Operating profit for Länsförsäkringar Fondliv amounted to SEK 136 M (131). Premium income amounted to SEK 2,071 (2,096). Commission income amounted to SEK 361 M (337).
- Net sales for the Parent Company amounted to SEK 647 M (747).

STEN DUNÉR, PRESIDENT OF LÄNSFÖRSÄKRINGAR AB:

“After nine months, the Länsförsäkringar AB Group can report a 25% improvement in profit compared with the first nine months of 2015. Operating profit amounted to slightly more than SEK 1.7 billion. The strong earnings improvement was primarily driven by profit in the Bank Group. Growth and the customer inflow for the bank is continuing, with sustained high credit quality and a well-diversified geographic spread. During the period, our share of market growth in household lending was greater than our market share.

The stock market generally recovered relatively quickly following initial market unrest in the wake of the Brexit vote. This contributed to a favourable trend in managed assets during the quarter in unit-linked insurance, even though the

earnings trend was slightly weaker year-on-year. In the non-life insurance business, health care insurance performed better year-on-year due to lower claims costs. Agria is continuing to contribute a healthy volume trend and strong earnings.

Since May, when the Swedish Financial Supervisory Authority approved our application to use a partial internal model to calculate Solvency II capital requirements, we have continued to work on a model that accurately reflects our business model and our actual risk profile.

Another great achievement is that we continued to top reputation and customer satisfaction surveys. We have Sweden's most satisfied retail bank customers for the third consecutive year according to the Swedish Quality Index.

Market commentary

The start of the third quarter was dominated by the uncertainty following in the wake of the outcome of the UK referendum to leave the EU. However, reactions were more short-lived than expected and the stock markets recovered relatively quickly. The fixed-income market also recovered, although not to the same extent as the equities market.

Long-term interest rates were again at historically low levels. Swedish interest rates fell more than global rates on the back of expectations of a future shortage of Swedish government bonds. Interest rates on covered bonds have also fallen and investor demand has been high. Interest rates remain heavily governed by expectations on the central banks. The low pressure on inflation in the eurozone led to market expectations of additional stimulus measures from the ECB. However, the ECB surprised the market somewhat at its September meeting by not giving any clear indication about whether additional easing would be made. At its meeting in September, the Federal Reserve decided to not to change the key interest rate, but indicated that it will be raised later in the year. The Federal Reserve did, however, adjust its forecast of the pace of continued interest-rate increases.

The real-economic performance in the third quarter was mixed. Growth figures for the second quarter were revised up for both the US and Sweden, while growth signals for the third quarter were more subdued than expected. However, the important US labour market reported strong figures and salaries and inflation also continued to rise. Real-economic indicators in Europe were stable. Despite heightened uncertainty, households and companies remained relatively positive in their expectations of the future. Incoming statistics for Sweden were in line with market expectations and indicate a somewhat lower rate of growth, whereas the trend in the labour market was slightly lower than expected. Overall, the Swedish economy remained strong, although it did not grow as strongly as it did at year-end.

The stock markets performed well in the third quarter with the Stockholm Stock Exchange reporting a very favoura-

ble trend. The SEK weakened further against the USD and EUR during the quarter.

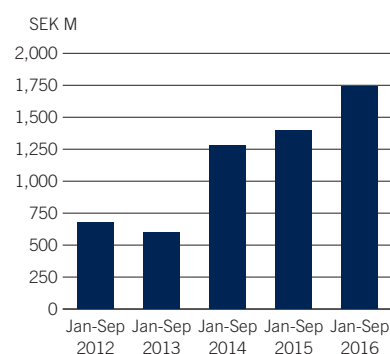
Following a slightly subdued housing market in the beginning of the summer, housing prices started to rise again in the third quarter, mainly driven by a strong price trend for tenant-owned apartments and single-family homes in July and August.

JANUARY–SEPTEMBER 2016 COMPARED WITH JANUARY–SEPTEMBER 2015

The report provides commentary on the performance in the January – September 2016 period compared with the corresponding period in 2015, unless otherwise stated. Amounts are in SEK, unless otherwise stated.

Group earnings

GROUP OPERATING PROFIT



The Group's operating profit increased to SEK 1,743 M (1,394), attributable to improved earnings in the Bank Group and the non-life insurance operations. The return on equity amounted to 10% (8).

Operating profit for the non-life insurance operations was SEK 461 M (431), positively impacted by strong investment income. However, the technical result weakened to SEK 331 M (400), mainly due to lower earnings in assumed international reinsurance.

The Bank Group's operating profit improved to SEK 1,077 M (863), on the basis of higher net interest income and good underlying cost control.

Managed assets in the unit-linked insurance operations increased to SEK 110 billion (97). Operating profit amounted to SEK 385 M (414).

The Group's investment income attributable to the insurance operations' and Parent Company's assets amounted to 3.2% (1.7). Properties, which comprised about 21% of the investment assets, yielded the highest return contributing 2.0 percentage points (2.5) to the total return. The fixed-income portfolio contributed 1.1 percentage points (neg: 0.2), driven by lower credit spreads for US credits and falling interest rates. Equities made a positive contribution of 0.2 percentage points (neg: 0.2).

The Group's capital situation

The Group's equity increased SEK 519 M during the quarter to SEK 22,126 M (21,607).

The Länsförsäkringar AB Group is a financial conglomerate. The Group's companies are encompassed by regulations on group solvency in accordance with legislation on financial conglomerates, legislation on insurance operations and legislation on banking operations. The first two regulations are essentially the same in regards to capital requirement on a consolidated basis, while the rules for capital requirement on a consolidated basis in the banking operations differ.

Information on the capital requirement and own funds on a consolidated basis according to the insurance rules on 30 September 2016 will be published on the company's website in December 2016. On 30 June 2016, profits were SEK 9.5 billion (8.7), own funds SEK 37.6 billion and the capital requirement SEK 28.1 billion.

The capital situation under the rules on financial conglomerates differed slightly as per 30 June 2016 from how the situation is measured under the group rules for insurance operations. The difference is due to certain disparities in the rules on own funds regarding the treatment of profits in subsidiaries that cannot be transferred to the parent company. Profits in the solvency test under the rules on financial conglomerates was SEK 9.2 billion (8.7), which was SEK 0.3 billion lower than the group rules for insurance operations.

Common Equity Tier 1 capital strengthened during the third quarter based on profit generated in the Bank Group and the Common Equity Tier 1 capital ratio for the consolidated situation* (the group encompassed by the group rules for banking operations) was 20.8% (20.3).

* The Länsförsäkringar Bank Group consolidated with Länsförsäkringar AB and the property company Utile Dulci 2 HB.

CAPITAL ADEQUACY, BANKING OPERATIONS

Consolidated situation (SEK M)	30 Sep 2016	30 Jun 2016
IRB Approach	31,027	30,728
retail exposures	23,375	23,481
exposures to corporates	7,292	7,248
Standardised Approach	15,268	15,324
Operational risks	10,717	10,717
Total REA	59,170	59,952
Common Equity Tier 1 capital	12,282	11,955
Tier 1 capital	13,482	13,155
Total capital	16,038	15,746
Common Equity Tier 1 capital ratio	20.8%	20.3%
Tier 1 ratio	22.8%	22.3%
Total capital ratio	27.1%	26.7%

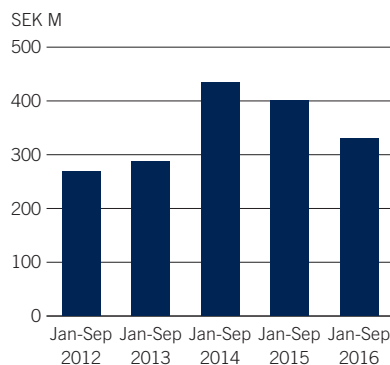
Non-life insurance

Operating profit improved to SEK 461 M (431), primarily attributable to improved investment income. However, the technical result weakened to SEK 331 M (400), mainly due to lower earnings in assumed international reinsurance.

Premiums earned after ceded reinsurance rose 6% to SEK 3,989 M (3,777). The increase was the result of previous premium increases in both the health care business and Agria, but also due to portfolio growth in Agria.

Claims payments after ceded reinsurance rose to SEK 2,866 M (2,636), and the claims ratio increased to 72% (70) mainly as a result of higher claims costs in the assumed international reinsurance business and strengthened reserves in the annuities operations. Claims costs for health care insurance improved due to quality enhancements in claims adjustment and earnings are now balanced. Claims costs in group life assurance also performed positively. The expense ratio was unchanged at 20 and the combined ratio amounted to 92 (90).

TECHNICAL RESULT



The total return amounted to 3.2% (3.4). Properties, which comprised about 23% of the investment assets, yielded the highest return contributing 2.4 percentage points (4.1) to the total return. The value of the property holdings displayed a positive trend primarily due to the continued decline of yield requirements in the market. The fixed-income portfolio, which has a short duration, made a total contribution of 0.6 percentage points (neg: 0.4), mainly due to lower spreads against US credits.

The reason for the decline in the total return while net financial items improved was the increase in value of owner-occupied property, which was higher in the comparative period, being reported directly in equity and not being included in recognised net financial items.

Bank

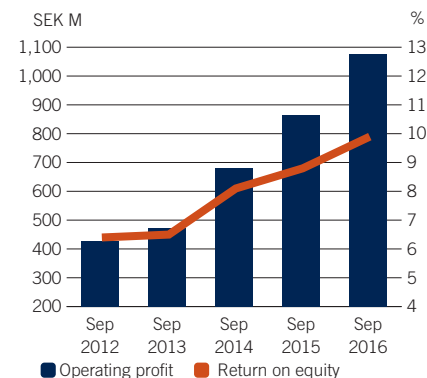
Länsförsäkringar Bank reported healthy growth for the period with increased business volumes and further improved market position within all segments.

Operating profit rose 25% to SEK 1,077 M (863), primarily due to higher net interest income and good underlying cost control. Return on equity strengthened to 10.0% (8.9). Net interest income increased by 15% to SEK 2,513 M (2,189), attributable to higher volumes and lower refinancing margins.

Net gains from financial items amounted to SEK 83 M (81), as a result of unrealised changes in values of financial instruments with accompanying hedge accounting. Net commission amounted to SEK -396 M (-315). The change was attributable to lower fund commission and increased remuneration to the regional insurance companies. Operating expenses amounted to SEK 1,168 M (1,176), cor-

responding to a 1% decline. The cost/income ratio before loan losses improved to 0.51 (0.58).

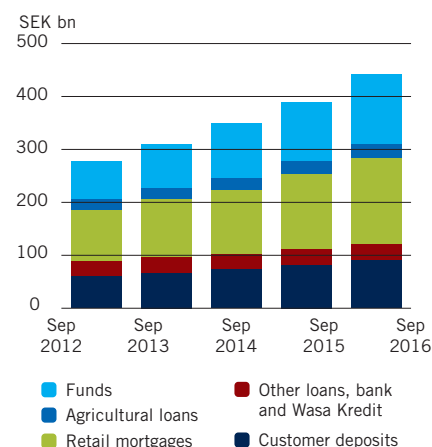
OPERATING PROFIT AND RETURN ON EQUITY



Loan losses amounted to SEK 35 M (-9), net, corresponding to a loan loss level of 0.02% (-0.01). The change was attributable to the comparative period including the dissolution of reserves of SEK 60 M. Impaired loans, gross, amounted to SEK 266 M (264), corresponding to a percentage of impaired loans, gross, of 0.12% (0.13).

Business volumes increased 13% to SEK 442 billion (390). Lending increased 12% to SEK 219 billion (196) with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 15% to SEK 163 billion (142). Lending in Wasa Kredit increased 13% to SEK 18 billion (16). Deposits rose 10% to SEK 90 billion (82). The fund volume increased 17% to SEK 133 billion (113).

BUSINESS VOLUMES FOR THE BANK GROUP



*) Business volumes comprise the total volume of internally and externally managed funds, agricultural loans, mortgages and other loans in Länsförsäkringar Bank and Wasa Kredit and deposits from the public.

Funding and liquidity

The Bank Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased to a nominal SEK 148 billion (133), of which covered bonds amounted to SEK 117 billion (103), senior long-term funding to SEK 29 billion (28) and short-term funding to SEK 2 billion (2). The average remaining term for the long-term funding was 3.4 years (3.3) on 30 September 2016.

Covered bonds were issued during the period at a volume corresponding to a nominal SEK 22 billion (24), repurchased covered bonds to a nominal SEK 3 billion (4) and matured covered bonds to a nominal SEK 8 billion (16). Länsförsäkringar Bank issued senior unsecured bonds in the nominal amount of SEK 7 billion (14) during the period and senior unsecured bonds of a nominal SEK 6 billion (9) fell due for payment.

On 30 September 2016, the liquidity reserve totalled SEK 43 billion (41), according to the Swedish Bankers' Association's definition. The liquidity reserve is invested in securities with very high credit quality that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for about two years without needing to secure new funding in the capital market.

The Group's Liquidity Coverage Ratio (LCR) for the consolidated situation, according to the Swedish Financial Supervisory Authority's definition, amounted to 192% (212) at 30 September 2016.

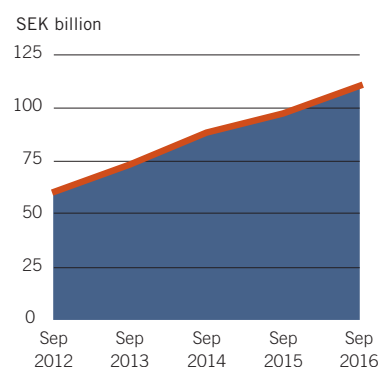
Unit-linked insurance

According to statistics from Insurance Sweden for the first six months of 2016, Länsförsäkringar Fondliv strengthened its position as a market leader in individual occupational pensions. The market share measured in premium income was 19.6% (19.0). Sales of new policies also increased during the second quarter.

Operating profit for Länsförsäkringar Fondliv amounted to SEK 385 M (414) and the lower result was due to a weaker trend in insurance capital in the first half of the year, and thus lower income, and higher operating expenses. Insurance capital in-

creased to SEK 110 billion (97) in the third quarter primarily due to the stock market trend. Total premium income declined slightly, based on lower volumes of capital transferred and the decline in one-off payments, and amounted to SEK 6,465 M (6,620). Capital transferred amounted to SEK 901 M (1,067). Premiums for insurance risk increased to SEK 129 M (105). The weakening trend in insurance capital contributed to income falling to SEK 489 M (494). Operating expenses rose to SEK 721 M (657), primarily as a result of higher IT expenses due to increased investments in digital development.

MANAGED ASSETS FOR UNIT-LINKED INSURANCE



Fund and guarantee management

Some 83% of the 87 funds in the recommended fund range performed positively during the period and 17% negatively. 24 of the funds increased by more than 10%, while three funds declined between 5% and 9%.

Funds in commodities and certain emerging markets were among the funds that generated the highest returns in the range of recommended funds in 2016. The funds with the highest returns were BlackRock World Mining, East Capital Rysslandsfonden, Alfred Berg Ryssland and BlackRock Latin America. The commodity fund BlackRock World Mining benefited from the rising price of gold. Emerging market funds focusing on Russia, Eastern Europe and Latin America recovered after a weak performance in 2015. Some of the funds that reported the weakest performance in the period invested in Europe and the pharmaceutical industry. The funds with the lowest returns were SEB Europafond Småbolag, JPM Global Healthcare and Standard Life GARS.

Premium income for guarantee management amounted to SEK 264 M (323), due to lower capital transferred. Managed assets amounted to SEK 2.6 billion (2.2). The return rose to 3.6% (neg: 2.3), with the increase due to both fixed-income and equities holdings.

Rating

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	Standard & Poor's	A-/Stable	
Länsförsäkringar AB	Moody's	A3/Stable	
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1
Länsförsäkringar Hypotek ¹⁾	Standard & Poor's	AAA/Stable	
Länsförsäkringar Hypotek ¹⁾	Moody's	Aaa	
Länsförsäkringar Sak	Standard & Poor's	A/Stable	
Länsförsäkringar Sak	Moody's	A2/Stable	

¹⁾ Pertains to the company's covered bonds

Significant events after the end of the interim period

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

Risks and uncertainty factors of the operations

The Group's banking and insurance operations give rise to various types of risks, with credit risk in the Bank Group and market risks and insurance risks attributable to the Group's non-life insurance and unit-linked life-assurance companies comprising most of the risks.

Credit risk in Länsförsäkringar Bank is primarily affected by the macroeconomic situation in Sweden since all loans are granted locally. The Bank Group is also exposed to liquidity risk and a certain level of market risk. Loan losses remain low and the refinancing of business activities is highly satisfactory.

Market risks primarily arise in Länsförsäkringar Fondliv on the basis of indirect exposure to market risk, since income in the unit-linked insurance operations is dependent on trends in the financial market. Länsförsäkringar Sak's market risk arises on the basis of allocation decisions made by the company and fluctuations in the financial markets.

Life-assurance risks relate primarily to cancellation risk in Länsförsäkringar Fondliv, meaning the risk of lower future fee income due to customers moving their insurance to paid-up policies or transferring to another insurance company.

Non-life insurance risks arise on the basis of business in Länsförsäkringar Sak including its subsidiary Agria Djurförsäkring (pet insurance).

Market and insurance risk for Länsförsäkringar Sak and Länsförsäkringar Fondliv is managed and monitored using the partial internal model that the Swedish Financial Supervisory Authority has approved for Länsförsäkringar AB and its insurance subsidiaries for calculating capital requirements under Solvency II.

The risks that arise directly in Länsförsäkringar AB are primarily attributable to the company's financing, investments in liquidity and the business-support operations conducted on behalf of the subsidiaries and the regional insurance companies.

A more detailed description of the risks to which the Group and Parent Company are exposed and how these risks are managed is presented in the 2015 annual reports for each specific company.

Related-party transactions

In 2016, the Länsförsäkringar AB Group has had the same type of agreements as those described in the notes to the 2015 Annual Report. The most important related-party transactions during the interim period are reported in note 3 for the Group and note 2 for the Parent Company.

THIRD QUARTER OF 2016 COMPARED WITH SECOND QUARTER OF 2016

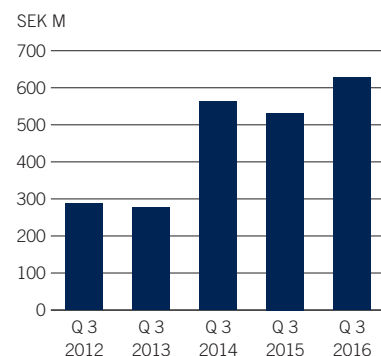
The Group's operating profit amounted to SEK 628 M (578).

Operating profit in the non-life insurance operations amounted to SEK 143 M (148), with an improved technical result. Earnings for asset management remained favourable but were slightly weaker for the third quarter. Premiums earned after ceded reinsurance amounted to SEK 1,359 M (1,333).

The Bank Group's operating profit amounted to SEK 380 M (356). Operating income rose to SEK 770 M (766) and net interest income amounted to SEK 898 M (826). Operating expenses fell to SEK 388 M (398). The return on equity amounted to 10.3% (9.9).

Länsförsäkringar Fondliv's operating profit amounted to SEK 136 M (131). Total premium income fell to SEK 2,071 M (2,096). Insurance capital increased during the quarter from SEK 103 billion to SEK 110 billion. Fees amounted to SEK 167 M (160) and management remuneration to SEK 191 M (177). Operating expenses fell to SEK 237 M (252).

GROUP OPERATING PROFIT



PARENT COMPANY EARNINGS, JANUARY-SEPTEMBER 2016 COMPARED WITH JANUARY-SEPTEMBER 2015

Profit after financial items for the Parent Company amounted to SEK 394 M (202). Profit was positively impacted by dividends of SEK 470 M from Länsförsäkringar Sak. Income amounted to SEK 2,036 M (1,937).

PARENT COMPANY EARNINGS, THIRD QUARTER OF 2016 COMPARED WITH SECOND QUARTER OF 2016

Profit after financial items for the Parent Company amounted to SEK 5 M (loss: 28). Earnings for the third quarter were positively impacted by lower operating expenses.

The results of the operations during the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at 30 September 2016 are shown in the following financial statements with accompanying notes for the Group and Parent Company.

KEY FIGURES

Länsförsäkringar AB Group	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
SEK M							
Group							
Operating profit	628	578	537	549	1,743	1,394	2,155
Net profit for the period	507	530	427	451	1,464	1,109	1,765
Return on equity, % ¹¹⁾	10	11	9	9	10	8	11
Total assets, SEK billion	421	406	393	376	421	376	385
Equity per share, SEK ²⁾	2,007	1,958	1,902	1,790	2,007	1,790	1,858
Solvency capital ³⁾	24,600	24,083	23,232	21,911	24,600	21,911	22,774
Solvency margin, % ⁴⁾	446	442	434	463	446	463	428
Own funds for the group ⁵⁾	—*	37,583 ¹⁾	36,222	—	—*	—	36,905**)
Solvency capital requirement for the group ⁵⁾	—*	28,107 ¹⁾	27,551	—	—*	—	28,233**)
Own funds for the financial conglomerate ⁶⁾	—	37,258	36,222	—	—	—	—
Capital requirement for the financial conglomerate ⁶⁾	—	28,107	27,551	—	—	—	—
*) Information on capital requirements and own funds will be provided on the company's website in December 2016.							
**) Opening balance 1 January 2016 under Solvency II.							
Insurance operations ⁷⁾							
<i>Non-life insurance operations</i>							
Premiums earned (after ceded reinsurance)	1,295	1,270	1,233	1,243	3,798	3,598	4,836
Investment income transferred from financial operations	4	4	3	12	11	33	44
Claims payments (after ceded reinsurance) ⁸⁾	–878	–863	–777	–855	–2,518	–2,497	–2,776
Technical result, non-life operations	104	59	143	155	306	392	808
<i>Premium income, non-life insurance</i>							
Premium income before ceded reinsurance	1,193	1,249	3,000	1,151	5,442	5,321	6,534
Premium income after ceded reinsurance	1,141	1,234	1,795	1,096	4,170	3,999	4,959
<i>Life-assurance operations</i>							
Premium income (after ceded reinsurance)	72	72	219	53	362	326	383
Fees pertaining to financial agreements	167	160	162	161	489	494	649
Investment income, net	79	42	–14	–89	107	–61	–21
Claims payments (after ceded reinsurance)	–66	–67	–75	–70	–209	–199	–262
Technical result, life-assurance operations	151	125	113	156	389	431	540
Operating profit for insurance operations ⁹⁾	254	303	290	253	847	845	1,424
<i>Key figures</i>							
Cost ratio ¹⁰⁾	24	28	25	25	26	26	27
Expense ratio ¹¹⁾	19	22	20	20	20	21	21
Claims ratio ¹²⁾	73	74	68	69	72	69	63
Combined ratio	92	96	89	88	92	90	84
Management cost ratio, life-assurance operations ¹³⁾	1	1	1	1	1	1	1
Direct yield, % ¹⁴⁾	0.0	0.7	0.4	–0.7	1.0	0.5	0.7
Total return, % ¹⁵⁾	1.0	1.8	0.2	–1.0	3.0	2.0	3.9
<i>Financial position</i>							
Investment assets, SEK billion ¹⁶⁾	14	13	13	12	14	12	12
Unit-linked insurance assets – policyholder bears the risk, SEK billion	108	101	98	95	108	95	100
Technical reserves (after ceded reinsurance), SEK billion	9	9	8	8	9	8	8

Continued on next page

KEY FIGURES, CONT.

Länsförsäkringar AB Group	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
SEK M							
Banking operation							
Net interest income	898	826	789	778	2,513	2,189	2,994
Operating profit	380	356	341	304	1,077	863	1,175
Net profit for the period	296	281	266	225	843	674	911
Return on equity, % ¹⁷⁾	10	10	10	9	10	9	9
Total assets, SEK billion	278	271	259	249	278	249	251
Equity	12,942	12,638	12,386	11,866	12,942	11,866	12,057
Cost/income ratio before loan losses ¹⁸⁾	0.50	0.52	0.51	0.58	0.51	0.58	0.57
Investment margin, % ¹⁹⁾	1.31	1.24	1.22	1.27	1.25	1.20	1.22
Common Equity Tier 1 capital ratio Bank Group, %	24.4	23.7	23.5	23.2	24.4	23.2	23.7
Tier 1 ratio Bank Group, % ²⁰⁾	27.1	26.4	26.2	26.0	27.1	26.0	26.6
Total capital ratio Bank Group, % ²¹⁾	32.8	32.3	31.4	31.5	32.8	31.5	32.0
Common Equity Tier 1 capital ratio consolidated situation, %	20.8	20.3	20.3	20.2	20.8	20.2	21.4
Tier 1 ratio consolidated situation, % ²⁰⁾	22.8	22.3	22.4	22.6	22.8	22.6	23.7
Total capital ratio consolidated situation, % ²¹⁾	27.1	26.7	26.4	27.3	27.1	27.3	28.2
Loan losses in relation to loans, % ²²⁾	0.00	0.02	0.04	-0.02	0.02	-0.01	0.00

1) Operating profit and revaluations of owner-occupied property less standard tax at 22.0% in relation to average equity, adjusted for items in equity recognised in other comprehensive income excluding revaluations of owner-occupied property, and adjusted for Additional Tier 1 Capital loans.

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

3) Total of shareholders' equity adjusted for Additional Tier 1 Capital loan, subordinated loan and deferred taxes.

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

5) The group under the insurance-operation rules comprises the Parent Company Länsförsäkringar AB, all of the insurance companies in the Group, Länsförsäkringar Bank AB, Wasa Kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. Länsförsäkringar Liv Försäkrings AB is also included in the group, despite the Länsförsäkringar Liv Group not being consolidated in the Länsförsäkringar AB Group. As stated in the EU Solvency II Directive, the calculations are made in accordance with the consolidation method, but with Länsförsäkringar Liv included in accordance with the deduction and aggregation method as permitted by the Swedish Financial Supervisory Authority.

6) The financial conglomerate comprises the same companies as the group according to the insurance-operation rules, see footnote 5). The calculations for the financial conglomerate are made using the same methods as for the group in accordance with the insurance-operation rules. Unlike the group under the insurance-operation rules, the transferability of profits for the financial conglomerate is to also be tested in other regulated companies than the group's insurance companies.

7) The earnings, key figures and financial position of the insurance operations are presented in accordance with the Swedish Annual Accounts Act for Insurance Companies and Swedish Financial Supervisory Authority's directives and general guidelines FFFS 2015:12.

8) Excluding claims adjustment costs.

9) The operating profit of the insurance operations includes the Länsförsäkringar Sak Group's and Länsförsäkringar Fondliv's investment income and other non-technical income and expenses.

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

11) Operating expenses as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance. Excluding claims adjustment costs in accordance with the regulation of the Swedish Financial Supervisory Authority.

12) Claims payments as a percentage of premiums earned after ceded reinsurance. Pertains only to non-life insurance. Includes claims adjustment costs in accordance with the regulation of the Swedish Financial Supervisory Authority.

13) Operating expenses and claims adjustment costs in relation to the average value of investment assets, investment assets for which the policyholder bears the investment risk and cash and cash equivalents.

14) Direct yield refers to the total of rental income from properties, interest income, interest expense, dividends on shares and participations, administration costs for asset management and operating expenses for properties in relation to the average value of the insurance operations' investment assets and cash and bank balances for the period.

15) Total return is calculated as the sum of direct yields and changes in the value of the investment portfolio in relation to the average value of the investment assets during the period. Pertains to non-life insurance and life-assurance.

16) Investment assets comprise owner-occupied property, shares and participations in associated companies, loans to Group companies, shares and participations, bonds and other interest-bearing securities, derivatives (assets and liabilities), cash and cash equivalents, and interest-bearing liabilities.

17) Operating profit after standard tax at 22.0% in relation to average equity, adjusted for changes in value of financial assets recognised in equity.

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

19) Net interest income in relation to average total assets.

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

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

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

FINANCIAL STATEMENTS – GROUP

CONSOLIDATED INCOME STATEMENT

SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Premiums earned before ceded reinsurance	1,681	1,630	1,788	1,619	5,099	4,922	6,775
Reinsurers' portion of premiums earned	-320	-296	-351	-329	-967	-1,018	-1,583
Premiums earned after ceded reinsurance	1,361	1,334	1,438	1,290	4,133	3,904	5,192
Interest income	1,020	984	970	1,736	2,974	5,349	4,130
Interest expense	-123	-157	-181	-957	-460	-3,147	-1,124
Net interest income	897	827	789	780	2,514	2,201	3,006
Change in unit-linked insurance assets – policyholder bears the risk	6,332	1,345	-2,999	-5,699	4,678	849	5,365
Dividends in unit-linked insurance assets – policyholder bears the risk	7	-	-	8	7	8	8
Investment income, net	81	154	2	-173	237	-90	-6
Commission income	673	634	617	640	1,924	1,943	2,595
Other operating income	502	565	517	523	1,584	1,572	2,104
Total operating income	9,853	4,859	364	-2,632	15,076	10,387	18,263
Claims payments before ceded reinsurance	-1,197	-1,201	-1,110	-1,080	-3,508	-3,096	-3,968
Reinsurers' portion of claims payments	259	280	257	219	796	599	930
Claims payments after ceded reinsurance	-939	-921	-853	-861	-2,712	-2,497	-3,038
Change in life-assurance provision	38	35	-115	38	-42	-41	-5
Change in unit-linked insurance liabilities – policyholder bears the risk	-6,417	-1,376	3,022	5,782	-4,771	-792	-5,349
Commission expense	-723	-677	-640	-661	-2,039	-1,970	-2,663
Staff costs	-464	-535	-485	-407	-1,484	-1,375	-1,826
Other administration expenses	-719	-794	-737	-720	-2,249	-2,327	-3,220
Loan losses	-3	-12	-20	9	-35	9	-6
Total expenses	-9,226	-4,280	173	3,180	-13,333	-8,993	-16,108
Operating profit	628	578	537	549	1,743	1,394	2,155
Tax	-120	-49	-110	-98	-279	-285	-389
NET PROFIT FOR THE PERIOD	507	530	427	451	1,464	1,109	1,765
Earnings per share before and after dilution, SEK	49	51	41	43	143	108	171

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Net profit for the period	507	530	427	451	1,464	1,109	1,765
Other comprehensive income							
Items that have been transferred or can be transferred to profit for the period							
Translation differences attributable to foreign operations	-3	-8	-20	-11	-30	12	3
Cash-flow hedges	-32	-61	79	-8	-14	77	41
Change in fair value of available-for-sale financial assets	59	41	23	-28	124	-190	-195
Tax attributable to items that have been transferred or can be transferred to profit for the period	-6	4	-23	8	-24	25	34
Total	18	-23	60	-39	55	-76	-117
Items that cannot be transferred to profit for the period							
Revaluation of owner-occupied property	2	115	5	12	122	212	330
Revaluation of defined-benefit pension plans	-	-	-	-	-	-	2
Tax attributable to items that cannot be reversed to profit for the period	0	-25	-1	-3	-27	-47	-73
Total	2	89	4	9	95	165	259
Total other comprehensive income for the period, net after tax	20	66	64	-30	150	90	142
Comprehensive income for the period	527	596	491	421	1,614	1,199	1,907

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK M	30 Sep 2016	31 Dec 2015
ASSETS		
Goodwill	719	738
Other intangible assets	3,872	3,672
Deferred tax assets	29	29
Property and equipment	45	53
Owner-occupied property	2,644	2,545
Shares in Länsförsäkringar Liv Försäkrings AB	8	8
Shares and participations in associated companies	70	74
Reinsurers' portion of technical reserves	11,309	10,845
Loans to the public	219,290	201,959
Unit-linked insurance assets– policyholder bears the risk	107,783	100,497
Shares and participations	1,788	1,832
Bonds and other interest-bearing securities	43,167	40,061
Treasury bills and other eligible bills	9,191	8,824
Derivatives	6,999	4,479
Change in value of hedge portfolios	915	815
Other receivables	7,650	3,678
Prepaid expenses and accrued income	2,711	3,111
Cash and cash equivalents	2,899	1,374
TOTAL ASSETS	421,090	384,595

SEK M	30 Sep 2016	31 Dec 2015
EQUITY AND LIABILITIES		
Equity		
Share capital	1,042	1,042
Other capital contributed	10,272	10,272
Additional Tier 1 instrument	1,200	1,200
Reserves	803	653
Retained earnings including profit for the period	8,808	7,370
Total equity	22,126	20,538
Subordinated liabilities	2,593	2,300
Technical reserves	19,887	18,376
Unit-linked insurance liabilities – policyholder bears the risk	108,173	101,002
Deferred tax liabilities	1,109	1,139
Other provisions	151	257
Debt securities in issue	153,786	141,269
Deposits from the public	89,045	82,702
Due to credit institutions	10,153	2,954
Derivatives	1,996	2,455
Change in value of hedge portfolios	4,626	2,899
Other liabilities	3,407	3,955
Accrued expenses and deferred income	4,037	4,749
TOTAL EQUITY AND LIABILITIES	421,090	384,595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK M	Share capital	Other capital contributed	Additional Tier 1 instruments	Reserves	Retained earnings including net profit for the period	Total
Opening equity, 1 January 2015	1,007	9,708	–	511	5,631	16,857
Comprehensive income for the period	–	–	–	90	1,109	1,199
Tier 1 capital issued	–	–	1,200	–	–18	1,182
Shareholders' contribution						
New share issue	36	564	–	–	–	600
Closing equity, 30 September 2015	1,042	10,272	1,200	601	6,722	19,838
Opening equity, 1 October 2015	1,042	10,272	1,200	601	6,722	19,838
Comprehensive income for the period	–	–	–	52	656	708
Issued additional Tier 1 instruments	–	–	–	–	–8	–8
Closing equity, 31 December 2015	1,042	10,272	1,200	653	7,370	20,538
Opening equity, 1 January 2016	1,042	10,272	1,200	653	7,370	20,538
Comprehensive income for the period	–	–	–	150	1,464	1,614
Issued additional Tier 1 instruments	–	–	–	–	–26	–26
Closing equity, 30 September 2016	1,042	10,272	1,200	803	8,808	22,126

CONSOLIDATED STATEMENT OF CASH FLOWS

SEK M	1 Jan 2016 –30 Sep 2016	1 Jan 2015 –30 Sep 2015
Operating activities		
Profit before tax	1,743	1,394
Adjustment for non-cash items	3,522	4,080
Tax paid	–434	–172
Cash flow from operating activities before changes in working capital	4,831	5,302
Cash flow from changes in working capital		
Change in shares and participations, bonds and other interest-bearing securities and derivatives	–8,650	2,173
Increase (–)/Decrease (+) in operating receivables	–19,265	–21,182
Increase (+)/Decrease (–) in operating liabilities	12,293	6,666
Cash flow from operating activities	–10,791	–7,041
Investing activities		
Purchase of intangible assets	–398	–197
Purchase of property and equipment	–58	–76
Investment in owner-occupied property	0	–5
Cash flow from investing activities	–457	–278
Financing activities		
New share issue	–	600
Change in debt securities in issue	12,810	6,914
Additional Tier 1 Capital loan	–26	1,200
Cash flow from financing activities	12,785	8,714
Net cash flow for the period	1,537	1,395
Cash and cash equivalents, 1 January	1,374	1,657
Exchange-rate differences in cash and cash equivalents	–12	3
Cash and cash equivalents, 30 September	2,899	3,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and the regulation FFFS 2015:12 of the Swedish Financial Supervisory Authority were applied. The Group also complies with recommendation RFR 1 Supplementary Accounting Rules for Groups and statements issued by the Swedish Financial Reporting Board. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

In all other respects, the interim report for the Group has been prepared in accordance with the same accounting policies and calculation methods applied in the 2015 Annual Report.

NOTE 2 EARNINGS PER SEGMENT

1 Jan 2016 – 30 Sep 2016, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	3,989	129	–	–	15	4,133
Net interest income	–	–	2,513	–	1	2,514
Change in unit-linked insurance assets – policyholder bears the risk	–	4,678	–	–	–	4,678
Dividends in unit-linked insurance assets – policyholder bears the risk	–	7	–	–	–	7
Investment income, net	11	130	83	451	–439	237
Commission income	13	1,034	1,130	–	–253	1,924
Other operating income	335	180	80	2,034	–1,045	1,584
Total operating income	4,349	6,160	3,805	2,485	–1,722	15,076
Claims payments after ceded reinsurance	–2,866	–76	–	–	230	–2,712
Change in life-assurance provision	–	–	–	–	–42	–42
Change in unit-linked insurance liabilities – policyholder bears the risk	–	–4,771	–	–	–	–4,771
Commission expense	–350	–429	–1,525	–	264	–2,039
Staff costs	–317	–124	–356	–704	16	–1,484
Other administration expenses	–486	–396	–812	–1,387	831	–2,249
Loan losses	–	–	–35	–	–	–35
Total expenses	–4,018	–5,795	–2,729	–2,090	1,299	–13,333
Technical result	331	364	–	–	–695	–
Non technical recognition	130	21	–	–	–151	–
Operating profit	461	385	1,077	394	–575	1,743
Tax	–	–	–	–	–	–279
Net profit for the period	–	–	–	–	–	1,464
Income distribution						
External income	4,152	5,906	3,814	1,057	147	15,076
Internal income	196	254	–9	1,428	–1,869	–
Total operating income	4,349	6,160	3,805	2,485	–1,722	15,076

The distribution into operating segments matches how the Group is organised and is monitored by Group Management. The technical result is presented for Non-life Insurance and Unit-linked Life Assurance since the result is followed up by Group management.

The Non-life Insurance segment pertains to non-life and group life-assurance; group life-assurance comprises a minor portion only. The Länsförsäkringar Alliance's internal and external reinsurance is also included.

The Unit-linked insurance segment pertains to life-assurance with links to mutual funds.

The Bank segment pertains to deposits and lending operations. The legal structure of Länsförsäkringar Bank Group matches the product offering to customers.

The Parent Company segment pertains to service, IT and development for the Länsförsäkringar Alliance, administration of securities funds and costs for joint functions.

Depreciation/amortisation and impairment: Depreciation of property and equipment and amortisation of intangible assets is included in Other administration expenses in Non-life Insurance and Unit-linked Life Assurance. Amortisation pertaining to acquired intangible assets under United-linked Life Assurance is included in eliminations and adjustments of administration expenses.

Investment income, net Investment income, net, for non-life insurance includes return on investments, return on securities held to hedge claims annuities operations and discounting claims annuities reserve. The change in value of properties in property-owning subsidiaries is recognised in other comprehensive income. Fair value changes are included in the bank. Dividends from subsidiaries and interest expenses are included in the Parent Company.

Continued on next page

NOTE 2 EARNINGS PER SEGMENT, CONT.

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

NOTE 3 RELATED-PARTY TRANSACTIONS

SEK M	Income Jan-Sep	Expenses Jan-Sep	Receivables 30 Sep	Liabilities 30 Sep	Commitments 30 Sep
2016					
Länsförsäkringar Liv Group	282	70	115	664	901
Regional insurance companies	1,516	1,062	9,584	14,431	59
Other related parties	16	11	5	27	7
2015					
Länsförsäkringar Liv Group	310	103	96	847	1,201
Regional insurance companies	1,296	1,453	7,276	13,263	58
Other related parties	20	20	14	48	6

Income and expenses include interest. Receivables and liabilities to regional insurance companies include technical reserves.

NOTE 4 FAIR VALUE VALUATION TECHNIQUES

Financial assets and liabilities measured at fair value in the statement of financial position are presented in the table based on the valuation techniques applied:

Level 1 refers to prices determined from prices listed in an active market.

Level 2 refers to prices determined by calculated prices of observable market listings.

Level 3 refers to prices based on own assumptions and judgements.

Table 1 Fair value valuation techniques

30 September 2016, SEK M	Level 1	Level 2	Level 3	Total
Assets				
Owner-occupied property	–	–	2,644	2,644
Unit-linked insurance assets – policyholder bears the risk	107,783	–	–	107,783
Shares and participations	1,031	19	738	1,788
Bonds and other interest-bearing securities	43,043	–	124	43,167
Treasury bills and other eligible bills	9,191	–	–	9,191
Derivatives	0	6,999	–	6,999
Liabilities				
Derivatives	0	1,996	–	1,996

31 December 2015, SEK M

Assets				
Owner-occupied property	–	–	2,545	2,545
Unit-linked insurance assets – policyholder bears the risk	100,497	–	–	100,497
Shares and participations	1,167	14	650	1,832
Bonds and other interest-bearing securities	39,961	–	100	40,061
Treasury bills and other eligible bills	8,824	–	–	8,824
Derivatives	0	4,479	–	4,479
Liabilities				
Derivatives	0	2,455	–	2,455

Table 2 Change level 3	Owner-occupied property	Shares and participations	Bonds and other interest-bearing securities	Total
Opening balance, 1 January 2016	2,545	650	100	3,295
Acquisition	32	84	39	155
Recognised in net profit for the year	–54	4	–15	–65
Recognised in other comprehensive income	122	–	–	122
Closing balance, 30 September 2016	2,644	738	124	3,506

Change level 3

Opening balance, 1 January 2015	2,265	532	31	2,828
Acquisition	22	0	69	92
Divestments	–	–3	–	–3
Recognised in net profit for the year	–73	120	–	47
Recognised in other comprehensive income	330	–	–	330
Closing balance, 31 December 2015	2,545	650	100	3,295

Continued on next page

NOTE 4 FAIR VALUE VALUATION TECHNIQUES, CONT.

There were no significant transfers between Level 1 and Level 2 during 2016 or during 2015. There were no transfers from Level 3 in 2016 or 2015.

Normally, there are no active markets for owner-occupied property within Level 3, which is why fair value is estimated using models based on discounted cash flows. The method applied to the calculation of fair value is a combination of the location-price method, based on reported purchases of comparable properties, and a return-based cash-flow method. The return method is based on a calculation of the present value of future actual cash flows in the form of operating net, which has been successively adjusted to market over 10 years and the present value of the estimated residual value in year 10. The residual value was estimated by performing a constant capitalisation of an estimated market-adjusted operating net.

Level 3 shares and participations measured at fair value are measured at equity per share based on the most recent company report.

Delisted, insolvent companies are measured at zero if no other listing can be found. Länsförsäkringar Bank AB holds shares and participations measured at cost since the shares cannot be reliably measured at fair value, and impaired if objective evidence exists to recognise an impairment loss. The assessment is based on the most recent Annual Report and forecast earnings.

The fair value of Level 2 shares and participations that pertain to unquoted Series B shares with conversion rights to quoted Series A shares without restrictions is measured based on the price of the Series A share on the balance-sheet date.

Level 2 derivatives essentially refer to swaps for which fair value has been calculated by discounting expected future cash flows.

Bonds and other interest-bearing securities in Level 3 that are not quoted in an active market comprise interest-bearing, unquoted loans.

Valuations are performed by external managers based on generally accepted valuation techniques, which means that the underlying holdings held by the issuer of the loan are valued based on relevant observable market data wherever available. Holdings for which market data is not available are measured at a fair value corresponding to the cost adjusted for impairment.

Gains and losses are recognised in profit and loss in Investment income, net.

The fair value of shares in Länsförsäkringar Liv Försäkrings AB comprises cost adjusted for impairment.

When calculating the fair value of deposits and lending, anticipated future cash flows have been discounted using a discount rate set at the current deposit and lending rates applied.

The main principle for measuring the fair value of debt securities in issue is an external valuation on the accounting date or the most recent trading date. A standard method or valuation technique based on the estimated or original issue spread is used if external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities.

The fair value of other receivables, cash and cash equivalents, due to credit institutions and other liabilities comprises a reasonable approximation based on the cost of the assets and liabilities since these assets and liabilities have short terms.

Table 3 Financial assets and liabilities

SEK M	30 Sep 2016		31 Dec 2015	
	Book value	Fair value	Book value	Fair value
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	8	8	8	8
Loans to the public	219,290	220,411	201,959	202,780
Unit-linked insurance assets – policyholder bears the risk	107,783	107,783	100,497	100,497
Shares and participations	1,788	1,788	1,832	1,832
Bonds and other interest-bearing securities	43,167	43,167	40,061	40,061
Treasury bills and other eligible bills	9,191	9,191	8,824	8,824
Derivatives	6,999	6,999	4,479	4,479
Other receivables	4,757	–	668	–
Cash and cash equivalents	2,899	–	1,374	–
Total assets	395,883		359,703	
Liabilities				
Subordinated liabilities	2,593	2,666	2,300	2,362
Debt securities in issue	153,786	159,168	141,269	145,550
Deposits from the public	89,045	89,265	82,702	82,884
Due to credit institutions	10,153	–	2,954	–
Derivatives	1,996	1,996	2,455	2,455
Other liabilities	1,295	–	1,300	–
Total liabilities	258,869		232,980	

FINANCIAL STATEMENTS – PARENT COMPANY

INCOME STATEMENT FOR THE PARENT COMPANY

SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-Year 2015
Net sales	647	747	642	657	2,036	1,937	2,653
Operating expenses							
External expenses	-412	-518	-447	-410	-1,378	-1,419	-2,015
Staff costs	-218	-253	-220	-194	-691	-637	-822
Depreciation/amortisation and impairment of property and equipment and intangible assets	-9	-7	-7	-8	-23	-26	-37
Operating profit/loss	8	-32	-32	46	-56	-145	-221
Profit/loss from financial items							
Profit from participations in Group companies	19	22	471	-	512	412	742
Interest income and similar profit/loss items	1	0	1	2	2	9	26
Interest expense and similar profit/loss items	-21	-19	-23	-21	-63	-74	-109
Profit/loss after financial items	5	-28	417	27	394	202	438
Tax	0	-5	1	3	-4	5	-7
PROFIT/LOSS FOR THE PERIOD	5	-33	418	30	390	207	431

STATEMENT OF COMPREHENSIVE INCOME FOR THE PARENT COMPANY

SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Profit/loss for the period	5	-33	418	30	390	207	431
Other comprehensive income							
Items that have been transferred or can be transferred to profit for the period							
Cash-flow hedges	5	4	4	1	13	-0	6
Change for the year in fair value of available-for-sale financial assets	1	3	6	-	10	-	-1
Tax attributable to items that have been transferred or can be transferred to profit for the period	-1	-2	-2	-0	-5	0	-1
Total other comprehensive income for the period, net after tax	5	5	8	1	18	-0	4
Comprehensive income for the period	10	-28	426	31	408	207	435

BALANCE SHEET FOR THE PARENT COMPANY

SEK M	30 Sep 2016	31 Dec 2015
ASSETS		
Fixed assets		
Intangible assets	404	227
Property and equipment	83	90
<i>Financial assets</i>		
Shares and participations in Group companies	17,869	16,892
Other fixed assets	1,009	1,027
Total financial assets	18,878	17,919
Total fixed assets	19,365	18,236
Current assets	653	1,353
Cash and bank balances	243	243
TOTAL ASSETS	20,262	19,832
EQUITY, PROVISIONS AND LIABILITIES		
Restricted equity	6,028	5,843
Non-restricted equity	10,891	10,668
Total equity	16,919	16,511
Provisions	98	198
Derivatives	21	34
Long-term liabilities	1,950	1,935
Current liabilities	1,273	1,154
TOTAL EQUITY, PROVISIONS AND LIABILITIES	20,262	19,832

STATEMENT OF CASH FLOWS FOR THE PARENT COMPANY

SEK M	1 Jan 2016 -30 Sep 2016	1 Jan 2015 -30 Sep 2015
Operating activities		
Profit after financial items	394	202
Adjustment for non-cash items	-75	122
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	319	324
Cash flow from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	717	235
Increase (+)/Decrease (-) in operating liabilities	133	-74
Cash flow from operating activities	1,170	486
Investing activities		
Shareholders' contribution paid	-	-500
Acquisition of shares in group companies	-977	-50
Acquisition of intangible assets	-186	-11
Acquisition of property and equipment	-7	-5
Divestment of property and equipment	-	3
Amortisations of loans	-	-499
Cash flow from investing activities	-1,170	-1,062
Financing activities		
New share issue	-	600
Cash flow from financing activities	-	600
Net cash flow for the year	0	23
Cash and cash equivalents, 1 January	243	239
Cash and cash equivalents, 31 December	243	262

A dividend of SEK 470 M (412) is included in cash flow from operating activities before changes in working capital.

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

SEK M	Restricted reserves			Non-restricted equity				Total
	Share capital	Development Expenditures Fund	Statutory reserve	Fair value reserve	Hedging reserve	Share premium reserve	Retained earnings, including net profit for the year	
Opening equity, 1 January 2015	1,007	–	4,801	–	–32	4,907	4,793	15,476
Comprehensive income for the period	–	–	–	–	–0	–	207	207
Shareholders' contribution								
New share issue	36	–	–	–	–	564	–	600
Closing equity, 30 September 2015	1,042	–	4,801	–	–32	5,471	5,000	16,283
Opening equity, 1 October 2015	1,042	–	4,801	–	–32	5,471	5,000	16,283
Comprehensive income for the period	–	–	–	–1	5	–	224	228
Closing equity, 31 December 2015	1,042	–	4,801	–1	–27	5,471	5,224	16,511
Opening equity, 1 January 2016	1,042	–	4,801	–1	–27	5,471	5,224	16,511
Comprehensive income for the period	–	–	–	8	10	–	390	408
Capitalised proprietary development expenditures	–	184	–	–	–	–	–184	–
Closing equity, 30 September 2016	1,042	184	4,801	7	–17	5,471	5,430	16,919

NOTES TO THE FINANCIAL STATEMENTS FOR THE PARENT COMPANY

NOTE 1 ACCOUNTING POLICIES

The Parent Company prepares its accounts according to the Annual Accounts Act (1995:1554). The company also applies recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and supplements to IFRS. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2015 Annual Report.

NOTE 2 DISCLOSURES ON RELATED PARTIES

SEK M	Income Jan-Sep	Expenses Jan-Sep	Receivables 30 Sep	Liabilities 30 Sep	Commitments 30 Sep
2016					
Group companies	1,427	167	230	188	–
Länsförsäkringar Liv Group	173	17	21	402	901
Regional insurance companies	932	32	234	419	–
Other related parties	14	0	–	6	–
2015					
Group companies	1,249	135	1,776	215	–
Länsförsäkringar Liv Group	165	23	18	519	1,201
Regional insurance companies	894	45	127	187	–
Other related parties	17	8	2	6	–

Income and expenses include interest.

In March 2016, Länsförsäkringar AB acquired participations in the property company Utile Dulci 2 HB from Länsförsäkringar Sak. The company is a wholly owned Group company.

NOTE 3 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK M	30 Sep 2016	31 dec 2015
Pledged assets		
Pledged shares in subsidiaries	901	901
Contingent liabilities		
Early retirement at age of 62 in accordance with pension agreement	27	27
Part-owner of Utile Dulci 2 HB	18	9
Total	45	36

The President submitted the report on behalf of the Board of Directors.

This report has not been reviewed by the company's auditor.

Stockholm, 25 October 2016

Sten Dunér
President

Financial calendar

Year-End Report..... **10 February 2017**

This interim report contains such information that Länsförsäkringar AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on 25 October 2016 at 12.00 Swedish time.

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