

Länsförsäkringar Alliance

Interim Review January–September 2016

JANUARY–SEPTEMBER 2016 COMPARED WITH JANUARY–SEPTEMBER 2015

- Operating profit for the Länsförsäkringar Alliance's non-life insurance operations strengthened to SEK 3,645 M (2,727). Premiums earned after ceded reinsurance rose to SEK 17,933 M (16,882).
- The technical result in the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 1,177 M (1,897). The combined ratio amounted to 96% (92).
- Investment income in the Länsförsäkringar Alliance increased to SEK 3,405 M (1,605).
- 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).
- Operating profit for Länsförsäkringar Liv increased to SEK 2,156 M (1,590).

THIRD QUARTER OF 2016 COMPARED WITH SECOND QUARTER OF 2016

- Operating profit for the Länsförsäkringar Alliance's non-life insurance operations strengthened to SEK 2,231 M (1,691). Premiums earned after ceded reinsurance rose to SEK 6,156 M (5,906).
- The technical result for the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK 348 M (472). The combined ratio amounted to 97% (94).
- Investment income in the Länsförsäkringar Alliance increased to SEK 1,979 M (1,576). Solvency capital increased by SEK 2,777 M to SEK 56,302 M.
- 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).
- Profit for Länsförsäkringar Liv amounted to SEK 1,755 M (1,483).

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

“ The Länsförsäkringar Alliance is continuing its positive performance in terms of both earnings and business volumes. Premium volumes in non-life insurance increased 6% to SEK 18 billion. Both the private and commercial segment contributed to robust growth, primarily from home, motor and commercial insurance. Agria and health care insurance are also continuing to contribute a healthy volume trend. Increased investment income contributed to operating profit, whilst higher claims costs primarily from fires and motor insurance claims impacted the technical result.

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 in unit-linked insurance in the quarter, even though the earnings trend was slightly weaker year-on-year.

Within Länsförsäkringar Alliance we continue our focus on risk management under Solvency II. In addition, Länsförsäkringar AB Group bases its business model and risk management on its partial internal model used for the calculation of Solvency II capital requirements, which was approved by the Swedish Financial Supervisory Authority in May.

Our digital ventures are continuing at full strength and we launched new “My pages” for customers in the quarter. Grati- fyingly, we are continuing 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.

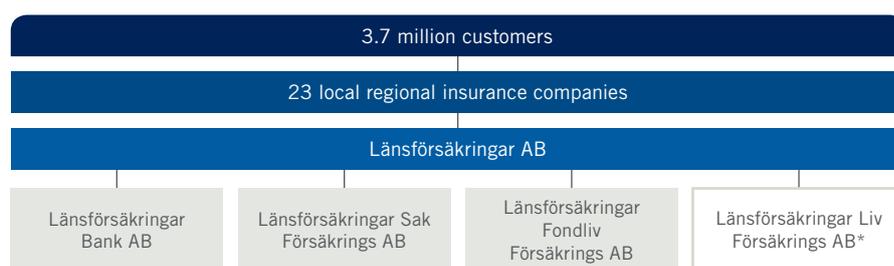
LÄNSFÖRSÄKRINGAR ALLIANCE

The Länsförsäkringar Alliance consists of 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking, insurance and real-estate brokerage services through each regional insurance company. The starting point is the local presence and decision-making. Experience shows that local decision-making authority combined with joint strength creates substantial added value for customers. Long-term respect for customers' money is fundamental. There are no external shareholders; it is the customers' money that is being managed. This approach characterises the entire business. The Länsförsäkringar Alliance has 3.7 million customers and about 6,200 employees.

The Länsförsäkringar Alliance is not a

Group in the legal sense of the term. Most of the non-life insurance business within the Länsförsäkringar Alliance is underwritten in the 23 customer-owned regional insurance companies. The business conducted by Länsförsäkringar AB's non-life insurance group comprises health insurances, animal insurance as well as cargo insurance and some liability, property and motor hull insurance. The Länsförsäkringar AB Group also manages the Länsförsäkringar Alliance's joint reinsurance cover and assumed international reinsurance.

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



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

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 favourable 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.

Financial overview

Report commented on the development January-September 2016 compared to the same period in 2015, unless otherwise stated. Amounts are in SEK, unless otherwise stated.

LÄNSFÖRSÄKRINGAR ALLIANCE

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Total capital, SEK M	61,409	58,226	55,952	53,589	61,409	53,589	55,562
Non-life insurance							
Solvency capital, SEK M	56,302	53,525	51,607	49,922	56,302	49,922	51,628
Solvency margin, %	232	223	217	216	232	216	222
Return on equity, %	8	5	-2	7	8	7	8
Premiums earned after ceded reinsurance, SEK M	6,156	5,906	5,871	5,769	17,933	16,882	22,705
Technical result, SEK M	349	472	356	711	1,177	1,897	2,700
Operating profit, SEK M	2,231	1,691	-277	-1,025	3,645	2,727	4,365
Combined ratio	97	94	97	91	96	92	91

LÄNSFÖRSÄKRINGAR AB, GROUP¹⁾

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Operating profit, SEK M	628	578	537	549	1,743	1,394	2,155
Total assets, SEK M	421,090	406,036	392,523	375,748	421,090	375,748	384,595
Return on equity, %	10	11	9	9	10	8	11
Capital base for the financial conglomerate ^{2) 3)}	-	37,258	36,222	-	-	-	-
Necessary capital requirement for the financial conglomerate ^{2) 3)}	-	28,107	27,551	-	-	-	-

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

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

LÄNSFÖRSÄKRINGAR SAK, GROUP

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Premiums earned after ceded reinsurance, SEK M	1,359	1,333	1,297	1,303	3,989	3,777	5,074
Technical result, SEK M	122	59	150	157	331	400	821
Operating profit, SEK M	143	146	172	105	461	431	908

LÄNSFÖRSÄKRINGAR BANK, GROUP

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Deposits from the public, SEK M	90,022	87,602	84,494	81,590	90,022	81,590	83,925
Loans to the public, SEK M	219,290	213,029	205,977	196,322	219,290	196,322	201,964
Operating profit, SEK M	380	356	341	304	1,077	863	1,175
Return on equity, %	10	10	10	9	10	9	9
Tier 1 ratio Bank Group, %	27.1	26.4	26.2	26.0	27.1	26.0	26.6
Total capital ratio Bank Group, %	32.8	32.3	31.4	31.5	32.8	31.5	32.0

LÄNSFÖRSÄKRINGAR FOND LIV

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Premium income (rolling 12-months), SEK M	8,490	8,404	8,488	8,600	8,490	8,600	8,645
Operating profit, SEK M	136	131	118	148	385	414	516
Managed assets, SEK M	110,314	102,972	100,410	97,322	110,314	97,322	102,807
Solvency ratio ³⁾	-	1.55	1.44	-	-	-	1.41 ⁴⁾

LÄNSFÖRSÄKRINGAR LIV, GROUP

	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Premium income after ceded reinsurance, SEK M	422	440	420	442	1,282	1,448	1,919
Profit, SEK M	1,755	1,483	-1,082	-1,448	2,156	1,590	5,104
Managed assets, SEK M	117,482	116,244	115,055	114,603	117,482	114,603	114,970
Solvency ratio ³⁾	-	1.90	1.79	-	-	-	1.82 ⁴⁾

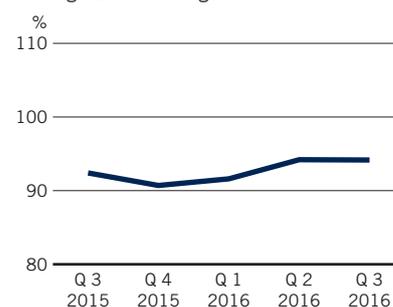
³⁾ Calculations of capital requirements and own funds under legislation for insurance companies, Solvency II, will be published with a quarter delay during 2016.

⁴⁾ Opening balance 1 January 2016 under Solvency II.

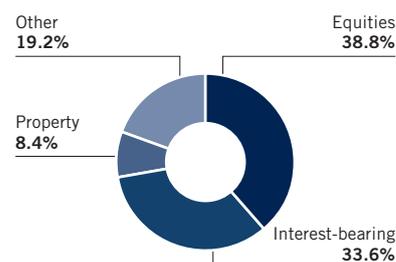
Non-life insurance

- Operating profit strengthened to SEK 3,645 M (2,727).
- The technical result amounted to SEK 1,177 M (1,897).
- Combined ratio increased to 96 (92).
- Investment income strengthened to SEK 3,405 M (1,605).
- Solvency capital has increased by SEK 4,674 M since year-end and amounted to SEK 56,302 M.

COMBINED RATIO
Rolling 12-months figures



ALLOCATION OF INVESTMENT ASSETS



Total investment assets amounted to SEK 89.6 billion on 30 September 2016.

NON-LIFE INSURANCE, LÄNSFÖRSÄKRINGAR ALLIANCE

KEY FIGURES, 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 after ceded reinsurance	6,157	5,906	5,871	5,769	17,933	16,882	22,705
Technical result	3498	472	356	711	1,177	1,897	2,700
Bonuses and discounts	-70	-64	-72	-58	-207	-175	-1,263
Investment income	1,979	1,576	-150	-1,529	3,405	1,605	3,794
Operating profit	2,231	1,691	-277	-1,025	3,645	2,727	4,365
Solvency capital	56,302	53,525	51,607	49,922	56,302	49,922	51,628
Solvency margin, %	232	223	217	216	232	216	222
Expense ratio	17	20	19	17	18	19	19
Claims ratio	80	75	79	73	78	73	72
Combined ratio	97	94	97	91	96	92	91

Earnings

Operating profit for the Länsförsäkringar Alliance's non-life insurance operations strengthened to SEK 3,645 M (2,727). The stronger earnings were mainly due to strong investment income. Operating profit was adversely impacted by SEK 240 M in method changes in the annuities operations, where the negative effect of reserve strengthening offset the positive effect of rate changes to the Solvency II yield curve. The technical result weakened to SEK 1,177 M (1,897) due to increased claims payments. Solvency capital strengthened by SEK 4,674 M since year-end and amounted to SEK 56,302 M. The solvency margin amounted to 232% (222).

Business volumes

Premiums earned rose 6% to SEK 17,933 M (16,882), attributable to both portfolio increases and premium increases. Private insurance increased 7%, with sustained strong growth in household and homeowner insurance and accident insurance. Agria and health care insurance are also continuing to contribute a healthy volume trend. The commercial segment grew 5%,

with favourable growth continuing in commercial property and commercial insurance. The motor insurance segment continued to report a healthy volume increase of 5%, in line with growth in the first six months of 2016, which was stronger than total market growth according to Insurance Sweden. The agriculture segment grew slightly more than 4%.

According to statistics from Insurance Sweden for the first six months of 2016, Länsförsäkringar retained its strong position as a market leader in non-life insurance, commanding a market share of 30%.

Claims trend

Claims payments after ceded reinsurance increased to SEK 13,767 M (12,220), primarily due to higher expenses related to fire-damage claims with claims exceeding the retention limit (maximum claims cost level for own account) and were thus covered by reinsurance. Motor insurance claims also increased during the period. Accordingly, the claims ratio worsened to 78% (73) and the combined ratio to 96% (92).

Investment income

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, which had a positive impact on investment income for the Länsförsäkringar Alliance. The Länsförsäkringar Alliance reported total investment income of SEK 3,405 M (1,605), with contributions from equities, as well as from property and interest-bearing investment assets.

Bank

- Operating profit rose to SEK 1,077 M (863) and the return on equity amounted to 10% (9). Net interest income rose to SEK 2,513 M (2,189).
- Business volumes rose to SEK 442 billion (390). Deposits increased to SEK 90 billion (82) and lending increased to SEK 219 billion (196). The number of customers with Länsförsäkringar as their primary bank increased to 408,000 (367,000).
- Länsförsäkringar has Sweden's most satisfied retail bank customers for the third consecutive year according to the Swedish Quality Index.

LÄNSFÖRSÄKRINGAR BANK, GROUP

KEY FIGURES, SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Jun 2016	Jan-Sep 2015	Full-year 2015
Deposits from the public	90,022	87,602	84,494	81,590	90,022	81,590	83,925
Loans to the public	219,290	213,029	205,977	196,322	219,290	196,322	201,964
Operating profit	380	356	341	304	1,077	863	1,175
Return on equity, %	10	10	10	9	10	9	9
Cost/income ratio before loan losses	0.50	0.52	0.51	0.58	0.51	0.58	0.57

Earnings

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 value of financial instruments with accompanying hedge

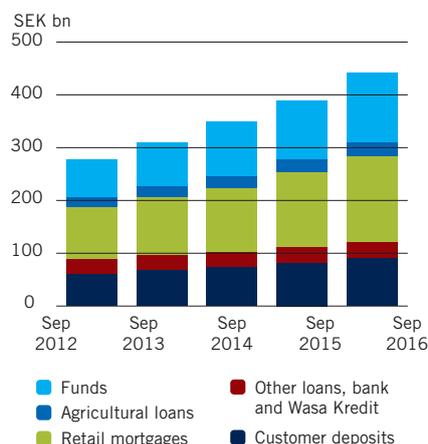
accounting. Net commission amounted to SEK -396 M (-315). The change was attributable to lower fund commission and increased remuneration to the regional insurance companies. Operating expenses amounted to SEK 1,168 M (1,176), corresponding to a 1% decline. The cost/income ratio before loan losses improved to 0.51 (0.58).

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).

BANK OPERATING PROFIT AND RETURN ON EQUITY



BUSINESS VOLUMES



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).

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.

Capital Adequacy, Banking 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). For further information see Länsförsäkringar Banks Interim Report.

Life-assurance and pension insurance

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

- Operating profit for Länsförsäkringar Fondliv amounted to SEK 385 M (414).
- Operating profit for Länsförsäkringar Liv increased to SEK 2,156 M (1,590).
The improvement was mainly the result of higher investment income and changed conditions to New Trad.

(280). Claims paid amounted to SEK 4.4 billion (4.6). Investment assets increased to SEK 118.9 billion (115.5).

Collective consolidation is calculated as the ratio between total capital and insurance capital. Collective consolidation was 114% (113) for New Trad and 128% (119) for Old Trad.

Information on own funds and the capital requirement as at 30 September 2016 will be published on Länsförsäkringar's website in December 2016.

In May, the Swedish Financial Supervisory Authority approved the application from Länsförsäkringar AB and its insurance subsidiaries to calculate the Solvency II capital requirement for insurance operations using a partial internal model. Capital requirements for market risks are calculated using an internal model, whereas other types of risk are calculated by applying the standard formula under the Solvency II regulations.

Länsförsäkringar Fondliv and Länsförsäkringar Liv's capital situation is expressed in accordance with Solvency II and is measured as a ratio of own funds in relation to risk-based capital requirement. Länsförsäkringar Fondliv's solvency ratio rate amounted to 1.55 on 30 June 2016. Länsförsäkringar Liv's solvency ratio on 30 June 2016 amounted to 1.90.

MANAGED ASSETS UNIT-LINKED INSURANCE



LÄNSFÖRSÄKRINGAR FOND LIV AND LÄNSFÖRSÄKRINGAR LIV

KEY FIGURES, SEK M	Q 3 2016	Q 2 2016	Q 1 2016	Q 3 2015	Jan-Sep 2016	Jan-Sep 2015	Full-year 2015
Länsförsäkringar Fondliv							
Premium income, net (rolling 12 months)	8,490	8,404	8,488	8,600	8,490	8,600	8,645
Operating profit	136	131	118	148	385	414	516
Managed assets	110,314	102,972	100,410	97,322	110,314	97,322	102,807
Solvency ratio ¹⁾	-	1.55	1.44	-	-	-	1.41 ²⁾
Länsförsäkringar Liv							
Operating profit	1,755	1,483	-1,082	-1,448	2,156	1,590	5,104
Managed assets	117,482	116,244	115,055	114,603	117,482	114,603	114,970
Collective consolidation, New Trad, %	114	111	111	113	114	113	114
Collective consolidation, Old Trad, %	128	126	122	119	128	119	120
Solvency ratio ¹⁾	-	1.90	1.79	-	-	-	1.82 ²⁾

¹⁾ Calculations of capital requirements and own funds under legislation for insurance companies, Solvency II, will be published with a quarter delay during 2016.

²⁾ Opening balance 1 January 2016 under Solvency II.

Earnings

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 increased 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.

Operating profit for Länsförsäkringar Liv increased to SEK 2,156 M (1,590). Investment income contributed strongly to third-quarter earnings. Changing conditions to New Trad continued to strengthen earnings but reduced technical provisions. In 2016, new actuarial assumptions have made a positive contribution of SEK 0.8 billion to earnings. For example, the company has introduced a new discount curve adapted to the Solvency II regulations. Operating expenses totalled SEK 311 M

Fund and guarantee management

Unit-linked insurance

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.

Guarantee Management

Länsförsäkringar Fondliv conducts management of pension insurance carrying an element of guarantees in regards to paid-in premiums, whilst Länsförsäkringar Liv, which is closed for new business, manages traditional life assurance divided into four portfolios; New Trad, Old Trad, New World and Insured Pension. Länsförsäkringar Fondliv's 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.

New Trad

New Trad offers customers the opportunity to change the conditions of their existing traditional insurance policies. Managed assets in New Trad amounted to SEK 17 billion (14). The total return was 2.8% (neg: 1.4) with interest-bearing investment assets contributed positively to the return. In the third quarter, equities also made a positive contribution. The bonus rate on 30 September 2016 was 4% (10). The bonus rate was lowered from 6% on 1 August 2016.

Old Trad

The primary aim of investments in Old Trad is to ensure that the guaranteed bonus can be realised also in the event of a negative market trend. This is ensured by making most investments in long-term interest-bearing investments. The percentage of interest-bearing assets amounted to 87%. The total return was 6.8% (neg: 0.5). Falling interest rates had a positive impact on interest-bearing investments. The bonus rate for the quarter was unchanged at 2%.

New World

New World is a traditional insurance form in which capital is largely invested in equities. Managed assets amounted to SEK 11 billion (12) and the return was a 3.7% (neg: 3.4).

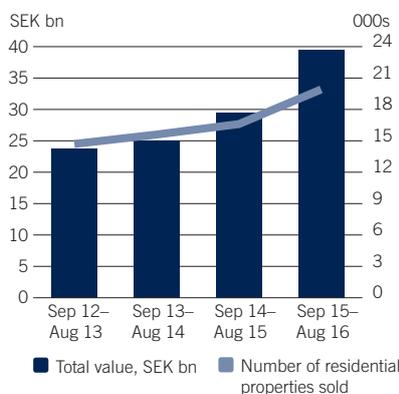
Real-estate brokerage

Through Länsförsäkringar Fastighetsförmedling, Länsförsäkringar offers a total solution for reliable mortgage transactions: real-estate brokerage, banking and insurance services all in one company. Real-estate brokerage is also a key customer meeting for sales of mortgages and insurance.

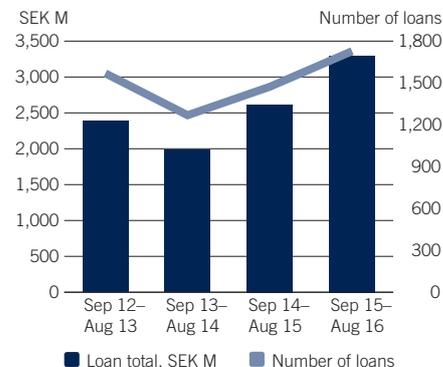
Länsförsäkringar Fastighetsförmedling has 160 branches throughout Sweden. Strong growth has advanced Länsförsäkringar Fastighetsförmedling to the position of third largest brokerage in Sweden. The real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering. The aim is to offer more than just the brokerage and sale of residential properties. The operations are conducted in franchise form, whereby the regional insurance company acts as the franchiser for the local branch. This means that Länsförsäkringar Fastighetsförmedling differs from national estate-agent chains by always being locally based.

A total of 8,937 (6,932) single-family homes, 10,976 (9,680) tenanted apartments, and 443 (450) agricultural properties were brokered in period from September 2015 to August 2016. The value of the sales amounted to SEK 40.6 billion (31.1). During the period, sales of single-family homes resulted in SEK 3.3 billion (2.6) in first-lien mortgages in Länsförsäkringar's mortgage institution, divided between 1,728 (1,473) transactions.

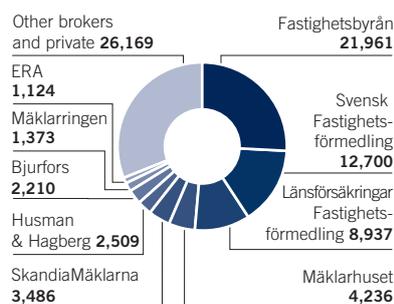
NUMBER OF SINGLE-FAMILY HOMES AND TENANT-OWNED APARTMENTS SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETSFÖR-MEDLING



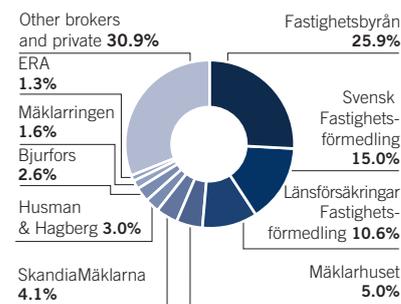
SINGLE-FAMILY HOMES SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETS-FÖR-MEDLING WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK



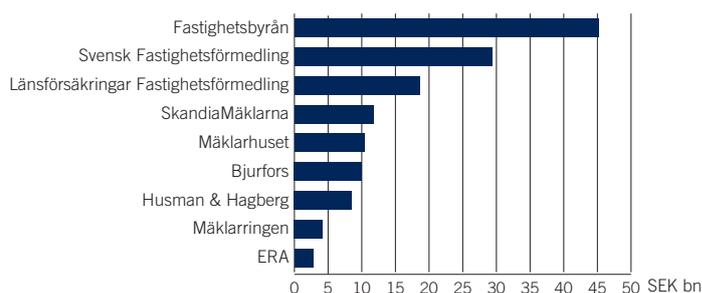
NUMBER OF SINGLE-FAMILY HOMES SOLD SEPTEMBER 2015-AUGUST 2016



MARKET SHARES 31 AUGUST 2016



VALUE OF SALES OF SINGLE-FAMILY HOMES SEPTEMBER 2015-AUGUST 2016



Source: Värderingsdata

Financial statements

LÄNSFÖRSÄKRINGAR ALLIANCE NON-LIFE INSURANCE

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 after ceded reinsurance	6,157	5,906	5,871	5,769	17,933	16,882	22,705
Investment income transferred from financial operations	85	102	144	130	330	377	507
Claims payments after ceded reinsurance	-4,846	-4,358	-4,563	-4,191	-13,767	-12,220	-16,192
Operating expenses	-1,029	-1,157	-1,079	-988	-3,266	-3,115	-4,281
Other technical revenue/expenses	-17	-20	-17	-9	-54	-27	-39
Technical result from non-life insurance operations before partner discounts	349	472	356	711	1,177	1,897	2,700
Bonuses and discounts	-70	-64	-72	-58	-207	-175	-1,263
Technical result from non-life insurance operations after partner discounts	279	408	283	653	970	1,722	1,437
Total investment income	1,979	1,576	-150	-1,529	3,405	1,605	3,794
Investment income transferred to insurance operations	-73	-215	-337	-153	-625	-400	-531
Other non-technical expenses	46	-78	-73	4	-105	-200	-334
OPERATING PROFIT	2,231	1,691	-277	-1,025	3,645	2,727	4,365

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

BALANCE SHEET

SEK M	30 Sep 2016	31 Dec 2015
ASSETS		
Shares and participations	34,740	31,646
Bonds and other interest-bearing securities	30,122	29,596
Other investment assets	24,731	24,487
Total investment assets	89,593	85,729
Reinsurers' portion of technical provisions	11,293	10,829
Receivables and other assets	11,014	10,617
Cash and bank balances	7,499	5,799
Prepaid expenses and accrued income	1,412	1,249
TOTAL ASSETS	120,811	114,224
EQUITY, PROVISIONS AND LIABILITIES		
Equity	46,777	42,679
Technical provisions (before ceded reinsurance)	56,268	53,296
Other provisions and liabilities	15,091	15,630
Accrued expenses and deferred income	2,675	2,619
TOTAL EQUITY, PROVISIONS AND LIABILITIES	120,811	114,224

LÄNSFÖRSÄKRINGAR AB, GROUP

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 reserve	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

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

LÄNSFÖRSÄKRINGAR AB, GROUP

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 instruments	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
Provisions for life assurance – 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

LÄNSFÖRSÄKRINGAR LIV, GROUP

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
Premium, income, after, ceded, reinsurance	422	440	420	442	1,282	1,448	1,919
Investment, income, net	2,746	2,596	1,115	-1,272	6,457	-1,246	373
Claims, payments	-1,343	-1,503	-1,459	-1,364	-4,305	-4,493	-5,959
Change, in, technical, provisions	53	37	-975	915	-885	6,373	9,497
Operating, expenses	-96	-103	-112	-99	-311	-280	-442
Technical, result, life, insurance, operations	1,782	1,467	-1,011	-1,378	2,238	1,802	5,388
Non-technical, expenses	-27	16	-71	-70	-82	-212	-284
Profit, before, tax	1,755	1,483	-1,082	-1,448	2,156	1,590	5,104
Tax	-8	-18	0	-	-26	-3	-15
PROFIT, FOR, THE, PERIOD	1,747	1,465	-1,082	-1,448	2,130	1,587	5,089
Items, that, cannot, be, transferred, to, profit, for, the, period	-	-	-	-	-	-	-2
COMPREHENSIVE, INCOME, FOR, THE, PERIOD	1,747	1,465	-1,082	-1,448	2,130	1,587	5,087

BALANCE, SHEET

SEK M	30 Sep 2016	31 Dec 2015
ASSETS		
Investment assets	118,865	115,356
Reinsurers' portion of technical provisions	481	481
Receivables	8,421	1,378
Other assets	4,306	3,945
Prepaid expenses and accrued income	1,196	957
TOTAL ASSETS	133,269	122,117
EQUITY, PROVISIONS AND LIABILITIES		
Equity	22,758	21,402
Technical provisions	94,318	93,498
Provisions for other risks and expenses	307	137
Deposits from reinsurers	481	481
Liabilities	15,220	6,407
Accrued expenses and deferred income	185	192
TOTAL EQUITY, PROVISIONS AND LIABILITIES	133,269	122,117

Financial calendar

Year-end review, Länsförsäkringar Alliance.....	10 February 2017
Year-end report, Länsförsäkringar AB.....	10 February 2017
Year-end report, Länsförsäkringar Bank.....	10 February 2017
Year-end report, Länsförsäkringar Hypotek.....	10 February 2017

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