

Länsförsäkringar Alliance

Annual review

2016



Länsförsäkringar



The 2016 fiscal year

Five-year summary

Länsförsäkringar Alliance	2016	2015	2014	2013	2012
Total capital, SEK M	63,390	55,562	48,188	41,518	36,681
Länsförsäkringar Alliance's non-life insurance	2016	2015	2014	2013	2012
Solvency capital, SEK M	57,956	51,628	46,493	40,458	35,737
Solvency margin, %	236	222	209	206	182
Return on equity, %	8	8	11	10	8
Premiums earned after ceded reinsurance, SEK M	24,073	22,705	21,550	20,067	19,363
Technical result, SEK M	1,813	2,700	2,266	1,247	1,439
Operating profit/loss, SEK M	4,626	4,365	5,209	3,863	3,013
Combined ratio	95	91	93	98	97
Länsförsäkringar AB, Group ¹⁾	2016	2015	2014	2013	2012
Operating profit, SEK M	2,286	2,155	1,469	923	819
Total assets, SEK M	421,750	384,595	355,933	322,550	290,994
Return on equity, %	10	11	7	5	5
Own funds for the group (FRL) ²⁾	40,602	36,905 ⁴⁾	-	-	-
Solvency capital requirement for the group (FRL) ²⁾	30,121	28,233 ⁴⁾	-	-	-
Own funds for the financial conglomerate ³⁾	40,352	-	-	-	-
Capital requirement for the financial conglomerate ³⁾	30,121	-	-	-	-
Länsförsäkringar Sak, Group	2016	2015	2014	2013	2012
Premiums earned after ceded reinsurance, SEK M	5,342	5,074	4,099	4,122	4,024
Technical result, SEK M	435	821	611	434	306
Operating profit, SEK M	644	908	791	427	486
Solvency ratio, % (Länsförsäkringar Sak Försäkrings AB)	260	235 ⁴⁾	-	-	-
Länsförsäkringar Bank, Group	2016	2015	2014	2013	2012
Deposits from the public, SEK M	91,207	83,925	76,790	69,220	62,396
Loans to the public, SEK M	226,705	201,964	179,424	162,003	149,942
Operating profit, SEK M	1,467	1,175	935	647	555
Return on equity, %	10	9	8	7	6
Tier 1 ratio Bank Group, %	24.8	23.7	13.9 ⁵⁾	14.4 ⁵⁾	13.1 ⁵⁾
Länsförsäkringar Fondliv AB	2016	2015	2014	2013	2012
Premium income, SEK M	8,637	8,645	8,543	9,473	8,714
Net profit for the year, SEK M	516	519	368	246	128
Managed assets, SEK M	114,450	102,807	93,610	77,438	62,944
Solvency ratio, %	150	141 ⁴⁾	-	-	-
Länsförsäkringar Liv, Group	2016	2015	2014	2013	2012
Premium income, SEK M	1,720	1,919	2,639	3,388	4,319
Net profit for the year, SEK M	2,682	5,089	1,903	5,174	4,872
Solvency ratio, %	195	182 ⁴⁾	-	-	-

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

²⁾ According to Swedish Insurance Business Act (FRL), the Solvency II directive in Swedish law.

³⁾ The financial conglomerate comprises Länsförsäkringar AB, all insurance companies in the Group, Länsförsäkringar Bank AB with subsidiaries and Länsförsäkringar Liv Försäkrings AB.

⁴⁾ Opening balance on 1 January 2016 according to Solvency II.

⁵⁾ According to Länsförsäkringar Bank's interpretation of the regulations at the time.

Result for the regional insurance companies

SEK M	Technical result ¹⁾		Operating profit/loss ¹⁾	
	2016	2015	2016	2015
Länsförsäkringar Norrbotten	22	59	113	73
Länsförsäkringar Västerbotten	39	119	267	237
Länsförsäkringar Jämtland	10	5	125	129
Länsförsäkringar Västernorrland	7	40	67	93
Länsförsäkringar Gävleborg	7	72	96	92
Dalarnas Försäkringsbolag	126	188	640	505
Länsförsäkringar Värmland	64	-5	182	70
Länsförsäkringar Uppsala	-53	19	188	212
Länsförsäkringar Bergslagen	-22	17	462	323
Länsförsäkringar Stockholm	115	266	441	487
Länsförsäkringar Södermanland	-3	5	252	269
Länsförsäkringar Göteborg och Bohuslän	272	183	723	660
Länsförsäkringar Skaraborg	52	62	170	159
Länsförsäkringar Östgöta	99	124	690	523
Länsförsäkringar Älvsborg	210	190	736	660
Länsförsäkringar Gotland	11	42	89	104
Länsförsäkringar Jönköping	128	51	438	245
Länsförsäkringar Halland	106	67	323	235
Länsförsäkring Kronoberg	28	49	168	212
Länsförsäkringar Kalmar län	68	25	291	211
Länsförsäkringar Blekinge	-8	28	118	107
Länsförsäkringar Göinge-Kristianstad	24	47	248	159
Länsförsäkringar Skåne	75	225	711	615

¹⁾ Before bonuses and discounts.

Rating

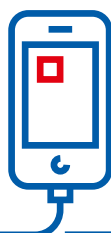
Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar AB	S&P Global Ratings	A-/Stable	-
Länsförsäkringar AB	Moody's	A3/Stable	-
Länsförsäkringar Bank	S&P Global Ratings	A/Stable	A-1 (K-1)
Länsförsäkringar Bank	Moody's	A1/Stable	P-1
Länsförsäkringar Hypotek ¹⁾	S&P Global Ratings	AAA/Stable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

¹⁾ Pertains to the company's covered bonds.

2016 in brief

High reputation and Sweden's most satisfied customers

Kantar Sifo's 2016 reputation survey showed that Länsförsäkringar has the highest reputation in the insurance industry and the fifth highest reputation of all Swedish companies, with Volvo and Ikea topping the list. The Swedish Quality Index revealed that Länsförsäkringar has Sweden's highest customer satisfaction in banking, insurance and real-estate brokerage services.



Multi-award-winning app

Länsförsäkringar's app has won prizes at Web Service Award for many years. It won first prize again in 2016. The app also won two prizes, "Best Service Design" and "People's Choice," at Design S - the Swedish national design awards.



Contents

- 2 Länsförsäkringar's offering
- 4 Comments
- 8 About Länsförsäkringar
- 10 Owner control
- 12 Sustainability
- 18 Non-life insurance
- 26 Bank
- 33 Life assurance and pension insurance
- 38 Real-estate brokerage
- 39 Länsförsäkringar Alliance in figures
- 50 About Länsförsäkringar AB
- 54 Definitions
- 55 Financial calendar 2017
- 56 Addresses

Bonuses to customers

Strong earnings and the continued positive trend in business volumes created scope for paying bonuses to the regional insurance companies' owners - their customers. Based on profit for 2016, the companies will pay back SEK 933 M in bonuses to their customers.

Bonuses to customers

SEK 933M

Bank turns 20, real-estate brokerage 10

Länsförsäkringar's bank turned 20 this year and the real-estate brokerage turned 10. Both business have reached a respective market position of fifth and third in a relatively short space of time. These are two excellent examples of the strength of the Länsförsäkringar brand.



Agria's success continues

Agria Djurförsäkring consolidated its position as a market leader and reported strong earnings. During the year an additional branch was opened, in Finland.

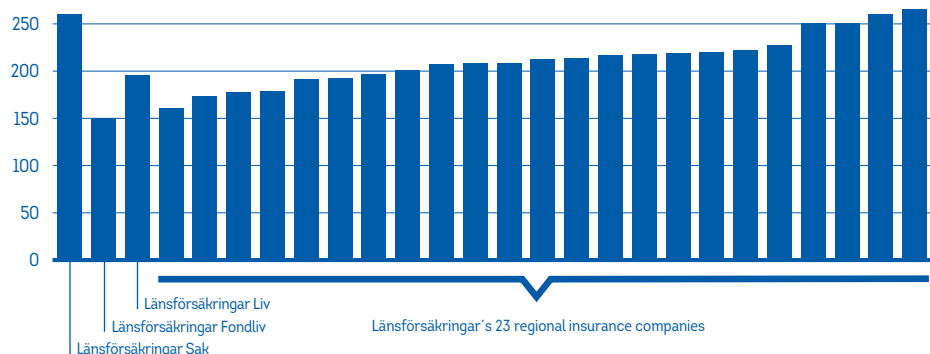


Financial Supervisory Authority approved Solvency II partial internal model

In May 2016, Länsförsäkringar AB became the first insurance group in Sweden to receive approval, from the Swedish Financial Supervisory Authority, for calculating its Solvency II capital requirements using a partial internal model. The regional insurance companies are very well-capitalised with an average solvency ratio of 212% on 31 December 2016, according to the Solvency II standard formula.

Solvency II capital ratio on 31 December 2016

Solvency ratio, %



Non-life Insurance, premiums earned: SEK 24 billion

+6%

Bank's business volumes: SEK 455 billion

+13%

Managed assets in unit-linked insurance: SEK 114 billion

+11%

Customer-owned regional insurance companies with local presence

23 local, customer-owned regional insurance companies work together under a joint brand to offer secure banking, insurance and real-estate brokerage solutions close to their customers. The starting point is that all questions and decisions are best handled close to the people who are affected by them. Strength is also created in each individual company through cooperation with the jointly owned Länsförsäkringar AB. Everything is based on the experience that local decision-making authority combined with joint resources create added value for customers.

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

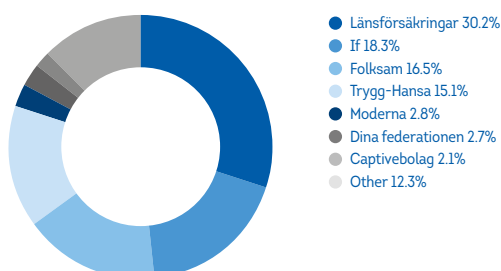


Non-life insurance

Leader in Swedish non-life insurance

Länsförsäkringar has insured Swedes for more than 200 years, and today, about 3 million people are non-life insurance customers of the local regional insurance companies and the jointly owned non-life insurance company. Confidence is high among companies in Sweden – Länsförsäkringar holds a market share of slightly more than 40%. More than 70% of agricultural customers have selected Länsförsäkringar. Local claims management, in-depth knowledge of the local market and customer focus underpin the leading position in the market.

Market shares Percentage of premiums paid
Source: Insurance Sweden

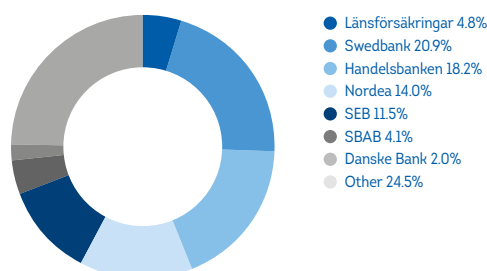


Bank

The fifth largest retail bank close to customers

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

Market shares Retail deposits
Source: Statistics Sweden

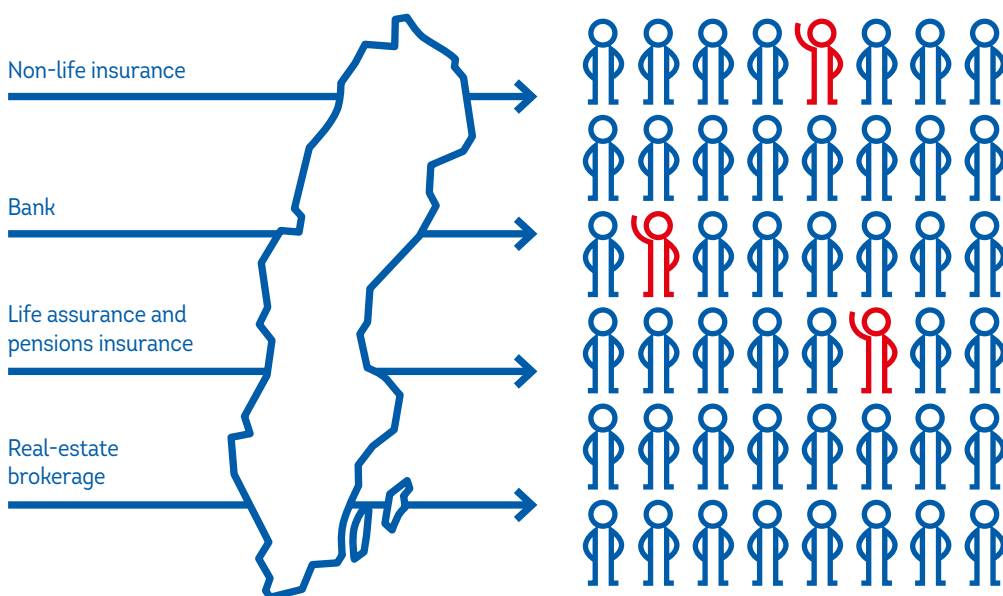


Complete security

Offering

23 local companies

3.7 million customers



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

Life assurance and pension insurance

A close and understandable pension partner

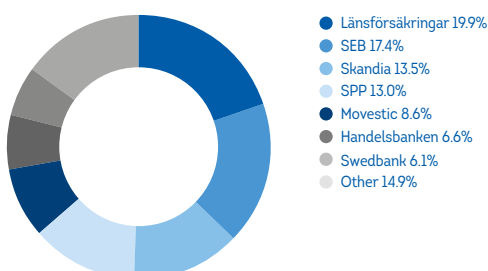
Länsförsäkringar offers pension savings, primarily occupational pensions, and is today the leader in the unit-linked insurance market for individual occupational pensions. Länsförsäkringar strives to offer comprehensible pensions that are considered to be secure and personal. The offering is mainly directed to small and medium-sized businesses and is distributed via the regional insurance companies and independent insurance brokers.

Real-estate brokerage

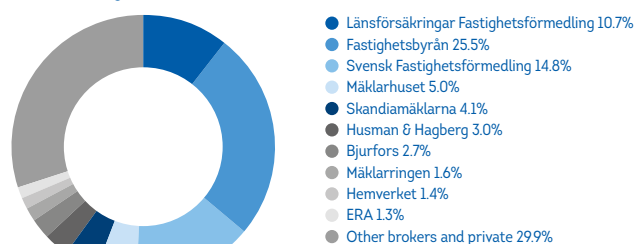
Comprehensive real-estate brokerage

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

Market shares Premium income occupational pensions, excluding collective agreements
Source: Insurance Sweden



Market shares Real-estate brokerage, single-family homes and vacation homes
Source: Värderingsdata



Stable grounds for meeting new challenges

Comments The Länsförsäkringar Alliance reported strong earnings for 2016 and business volumes continued to perform positively. Based on net profit for the year, the regional insurance companies will pay a total of SEK 933 M in bonuses to their owner – the customers. The strong brand continues to drive growth, but Länsförsäkringar needs to continue to develop in a changeable and increasingly digitised world in order to continuously improve the customer experience. Johan Agerman took office as the new President of Länsförsäkringar AB after year-end when Sten Dunér retired.

Sten Dunér, President, Länsförsäkringar AB until 9 January 2017

Yet another strong year in times of instability

Both Länsförsäkringar AB and our owners – the 23 regional insurance companies – can summarise yet another strong year and face the future on stable ground, based on the strength of our finances and the brand.

2016 was a turbulent year dominated by terrorism, war and political unrest. Even the financial markets were turbulent at times. The year began with a sharp decline in the oil price and uncertainty surrounding China's growth prospects, which resulted in stock-market downturns and falls in interest rates. The market unease in the wake of unexpected political outcomes, such as Brexit and the Republican success in the US presidential election, passed relatively quickly. However, the long-term implications are more difficult to assess. Political uncertainty is also expected to continue into 2017 since many European countries will hold elections. Despite political woes, most equities markets reported positive returns for the year and the stock-market trend in the US and emerging markets was particularly favourable measured in SEK. The Swedish economy continued to perform at a healthy rate. However, inflation remained low, meaning that we are now in the unusual situation of having a more expansive monetary policy despite Sweden experiencing an economic boom.

Continued profitable growth and strong earnings

In these times of instability, the Länsförsäkringar Alliance reports strong earnings for 2016. Operating profit for the non-life

insurance operations increased to SEK 4.6 billion and premium volumes rose 6% to SEK 24 billion. Both the private and commercial segment contributed to robust growth, primarily from home, motor and commercial insurance. Health care insurance and Agria also continued to contribute a healthy volume trend. Agria opened yet another branch during the year, this time in Finland. New products such as "Bo Kvar" and completion insurance enjoyed a positive market reception during 2016. Strong investment income contributed to high operating profit, while increased claims costs primarily for fires and motor insurance claims impacted the technical result. The claims ratio was 75. Based on these healthy profits, the regional insurance companies will pay back a total of SEK 933 M in bonuses to their owners – their customers. The bank's profit increased by 25% year-on-year, driven by lower refinancing costs and continued strong growth, while retaining high credit quality and a well-diversified geographic spread in Sweden. Our unit-linked life assurance company is now Sweden's leading pension insurance company for individual occupational pensions, managing assets of SEK 114 billion. Our index funds have some of the lowest fund fees in the market and in September we reduced our fund fees for our own equities funds to



create even better value for our customers. During the year, we continued to work actively on a number of improvements to the traditional life-assurance company to strengthen its capital situation, which is particularly important with continued low interest rates.

Customer focus

The two key reasons for our profitable growth are our focus on customer satisfaction with a strong local presence and our leading digital services. We saw proof again this year that our customers appreciate our efforts – according to the 2016 Swedish Quality Index we have the most satisfied

“ Länsförsäkringar’s successful business model, with its customer focus, is more relevant and current than ever.

customers in banking, non-life insurance, pension insurance and real-estate brokerage. Our successful business model – where Länsförsäkringar AB’s task is to provide business, service and development activities to strengthen the competitiveness of the locally based regional insurance companies and enhance value for customers – is more relevant and current than ever. The most recent example of Länsförsäkringar AB’s role as a driver was in the transfer of a large part of the accident business from Länsförsäkringar AB to the regional insurance companies during 2016, when this product was deemed to have achieved the desired volume, profitability and stability for being locally based.

Financial Supervisory Authority approved Solvency II partial internal model

The EU’s Solvency II regulations came into force at the start of 2016. In May, the Swedish Financial Supervisory Authority approved our application to use a partial internal model for calculating Solvency II capital requirements in the Länsförsäkringar AB Group and Länsförsäkringar Liv. I am delighted that we are the first insurance group in Sweden to have our model approved – a model that reflects our business logic and our actual risk profile.

For competition reasons, we believe that it is important that insurance companies

and occupational pension institutions in Sweden are regulated in the same way as far as possible. We believe that it is absolutely essential that consumers are protected and that the new proposal ensures competition neutrality in the Swedish market. This need for protection is the same regardless of whether it is a matter of an occupational pension, a privately paid pension or other type of insurance.

Sustainability creates security for customers

We continued our ongoing work on sustainability issues in 2016, which for me is a completely natural element of a customer-owned organisation. Priority areas include our work on responsible investments, responsible offering, social commitment, long-term environmental efforts and demands on suppliers and partners. Our efforts in 2016 to implement processes for responsible investment led to high ratings from external advisors, for example, Söderberg & Partners and Max Matthiessen. Also, our new sustainability fund, Länsförsäkringar Global Hållbar, was launched in October. Another pleasing achievement is that the Swedish Sustainability Ranking revealed that the Swedish public rank Länsförsäkringar as number one for sustainability in banking, pension and insurance.

At the end of 2016, Länsförsäkringar Sak became the first Swedish insurance company to sign the Principles for Sustainable Insurance (PSI), the largest international initiative between the UN and the insurance industry on sustainable insurance.

New President of Länsförsäkringar AB

Both Länsförsäkringar AB and our owners – the 23 regional insurance companies – can meet future challenges on stable ground, in terms of financial strength and the business model, as well as core values and customer satisfaction. I am now retiring after having worked at Länsförsäkringar AB for 35 years, six of which as President. I am very grateful for having been part of Länsförsäkringar’s development for such a long and exciting period.

Stockholm, March 2017

On behalf of the 23 regional insurance companies



Sten Dunér

Former President of Länsförsäkringar AB

Johan Agerman, President, Länsförsäkringar AB from 9 January 2017:

The customer experience is always crucial – we have the best prerequisites

The foundation of both our processes and what we develop must always be that everything is based on the customer. The customer experience is crucial in attracting our targeted customers.

I have had the opportunity to follow the development of Länsförsäkringar in insurance and bank for several years. I think I speak for the entire industry when I say that Länsförsäkringar, with its unique business model, is the company that competitors envy the most. Länsförsäkringar has become a type of benchmark for the industry. The local, customer-owned structure and the customer value it provides. The broad brand with its banking, non-life insurance and life-assurance offering, and also in real-estate brokerage. No one else has truly succeeded in breaking through this. And most of all – the high level of confidence and reputation that Länsförsäkringar enjoys from its customers, as created by this work approach. In addition to our favourable results and strong growth, we have received confirmation for many years that our customers appreciate our efforts – according to the Swedish Quality Index we have the most satisfied customers in banking, insurance and real-estate brokerage services. The public also believe that Länsförsäkringar is the best at sustainability in banking, pensions and insurance. Long-term sustainability is a central part of our operations and we work continuously on sustainability issues, such as claims prevention and responsible investment.

Digital challenges

At the same time, we naturally face many challenges. Digitisation will not slow down, in fact it will only accelerate and we have much work ahead of us. We have the best bank app in Sweden and it holds great customer value. However, we do not meet customer expectations in a number of areas. Our customers do not only compare us with our competitors but with other companies that offer the best

customer experience regardless of industry. We must accept that, in many respects, the customers of tomorrow are significantly more digital than we are. If we are to meet their requirements – and the customer experience is crucial if they are to choose us – then we must speed up the pace. We have the prerequisites, in fact better ones than anyone else. Länsförsäkringar's business model supports both local and digital customer meetings, by telephone as needed by the customer and in person when it is more convenient. Digital channels essentially have all the prerequisites for becoming local, and even personal. With our broad customer base and local knowledge, no one has better prerequisites than we do for sending out the right information to the right person. The starting point must always be that everything is based on the customer, and that we base communication on customer data and thus our knowledge. We must be innovative and sometimes think completely outside the box in these development activities. We need to not only develop what we already have but also have to be bold enough to remove certain processes and add others. It involves finding the right balance and forms of cooperation within the Länsförsäkringar Alliance; while the customer experience must always be local, developments can be made together.

Regulatory developments

Regulatory development is continuing to have a significant impact on banks and insurance companies, with uncertainty still prevailing in many areas. I essentially have a positive view of greater customer protection, but I believe that the regulations between banking and insurance must be better harmonised to avoid over-complica-

tion for groups like Länsförsäkringar. I believe that we are well-positioned to meet the changes under the regulations.

External environment affects business

Business will naturally also be highly affected by everything that happens around us – by technological advances, urbanisation, climate change and new requirements and expectations that emerge from customers. Growth in our banking business has reached record-breaking levels and we are capturing market shares in all areas. We now have a challenging time ahead in which we will face both traditional competition and be continuously challenged by new and innovative fintech companies. Our non-life insurance business will experience completely new conditions even in the near future. The sharing economy that is evolving – for example, where cars are no longer owned, are safer and safer and will even be driverless in the future – will mean a brand new playing field for us. We simply need to accept that we will have lower motor insurance premiums in ten years than we have today. Buildings are becoming smarter and insurance needs will also change in this respect.

Acting rather than reacting

We will be able to use new technology to monitor the rehabilitation of a customer with health care insurance and make sure that progress is made in the right direction. The need for solid health care insurance will only increase and insurance solutions for the elderly is an attractive area for the future. To summarise developments, you could say that we are on a journey from being reactive to being proactive. We will act instead of react. We must always bear in mind the aim of dealing less with the effects of claims that have

“ No one has better prerequisites than we do for meeting customers based on customers' terms.



already occurred and instead working increasingly with preventive measures. And this will not only apply to individual customer relationships. We will develop our role as a partner in society to a greater extent. We will increasingly set the tone in matters related to climate threats and natural catastrophes and will play a role in issues of integration and segregation. All of these are areas that greatly affect Länsförsäkringar AB, the regional insurance companies and our customers and owners.

As the new President of Länsförsäkringar AB, I am looking forward to being involved in developing Länsförsäkringar to meet future challenges in a changeable and

increasingly digitised world. We will do this from a position of strength, backed by strong earnings and healthy growth. With satisfied customers and a strong brand. And with a business model that is more modern and customised than ever before.

Stockholm, March 2017
On behalf of the 23 regional insurance companies

A handwritten signature in blue ink, consisting of a stylized 'J' and 'A' followed by a long horizontal stroke.

Johan Agerman
President, Länsförsäkringar AB

This is Länsförsäkringar

About Länsförsäkringar The 23 customer-owned regional insurance companies co-operate and combine the ability of a small company to understand customers with the advantages of economies of scale generated by an alliance. Customers are provided with a complete offering of banking, insurance and real-estate brokerage services through the regional insurance companies. Everything is based on the experience that local decision-making authority combined with joint resources create added value for customers.

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

A complete range of banking and insurance services is offered through 23 independent and customer-owned regional insurance companies, with a total of 140 branches. Real-estate brokerage and associated services are offered through 160 branches. The leading position in the non-life insurance market has been strengthened. Länsförsäkringar holds an average of 30% of the non-life insurance market in Sweden, but this market share is significantly higher for many regional insurance companies. The life-assurance operations have a distinct focus on being the best pension partner for corporate customers and private individuals over the entire savings period and always being close and understandable. The banking operations are growing considerably and the foundation has been laid for becoming

a first choice in banking, particularly for existing insurance customers. Real-estate brokerage has gone from zero to the third largest brokerage in Sweden in only a few years. This is an example of the strength of the brand and the customer advantages in combining all elements of a reliable mortgage transaction in one company. Health care is another strong growth market for the Länsförsäkringar Alliance, with modern packaged health care insurance and preventive health services and good rehabilitation. The Länsförsäkringar Alliance jointly has 3.7 million customers and 6,200 employees.

Local, customer-owned companies create unique closeness

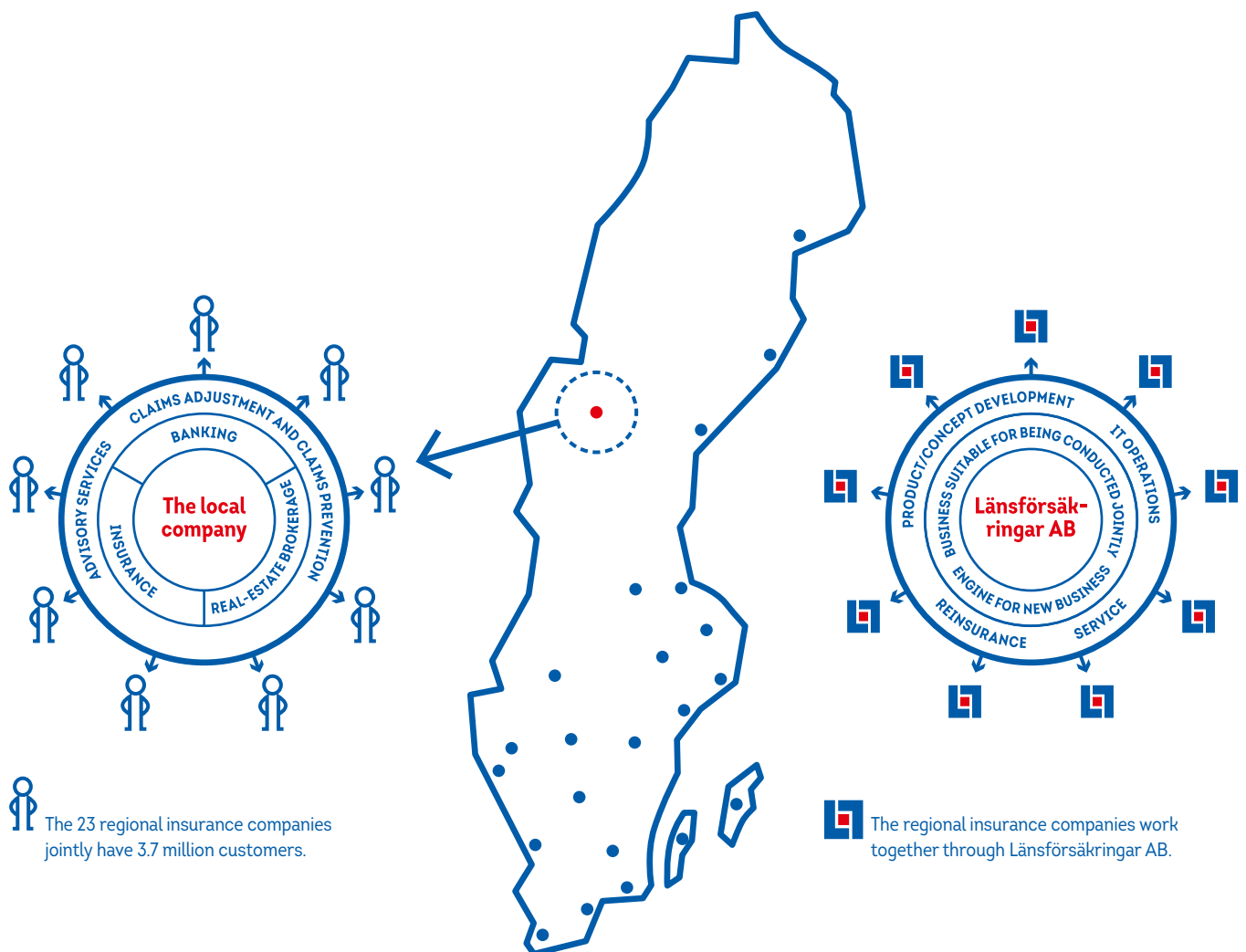
Each individual regional insurance company is owned by its non-life insurance customers, which means that the company's capital belongs to its customers. With the customer as owner and the only principal, there are no external shareholder interests to be served and instead all surpluses can be returned to customers in the form of bonuses and discounts. This is one of Länsförsäkringar's fundamental principles and lays the basis for its view of customer relationships. Traditions and values are rooted in always ensuring what is best for customers based on their daily lives. Being customer-owned provides a platform for a customer-centric approach – being locally based, close and offering the best service.

Understanding and a commitment from the entire Länsförsäkringar Alliance is required to succeed in creating clarity in the market about what the brand stands for. The perception of greater closeness and

less distance in a relationship with Länsförsäkringar is the guiding principle for everything – from product development to a personal customer meeting.

Balance between local and shared

Together, the Länsförsäkringar Alliance has developed a balance between the small and the large-scale. Cooperation between the regional insurance companies through Länsförsäkringar AB has emerged from a decentralised perspective, not the other way round. The local companies decided to cooperate together to achieve economies of scale and to concentrate on the most important issue: meetings with customers and developing close customer relationships. Certain elements of the Länsförsäkringar Alliance are conducted on a large-scale to generate economies of scale, for example, the development of products and IT systems. Other areas are better suited to being conducted on a smaller scale, such as customer meetings. Success is found in balancing these elements. The basis for cooperation in the Länsförsäkringar Alliance is that as much of the operations as possible are conducted by the local companies and essentially all customer contact is to take place with them. For Länsförsäkringar, the core concept is to meet and know customers, and this is best achieved on a small scale. This is how closeness can be built up in customer meetings. Local presence is an area that Länsförsäkringar does not compromise on. But this does not mean that the development of a large-scale format will not continue in other areas. The ultimate goal of the large-scale approach is to strengthen customer value. Economies of scale arise in



the cooperation between the regional insurance companies. Cooperation takes place through the jointly owned Länsförsäkringar AB and its subsidiaries, whose task is to create the necessary prerequisites for the regional insurance companies to be successful in their respective markets by conducting business, service and development operations, and to assume responsibility for the Länsförsäkringar Alliance's joint strategies.

Strong brand and satisfied customers

The strengthening of the Länsförsäkringar brand is the result of consistent and long-term work on brand and values. The brand is a way of living and acting when in contact with customers and the local community in general. The brand remains extremely strong compared with its competitors in the banking, insurance and pension industry. Kantar Sifo's 2016 reputation survey showed that Länsförsäkringar has the highest reputation

in the insurance industry and the fifth highest reputation of all Swedish companies, with Volvo and Ikea topping the list. Länsförsäkringar has held a high ranking in the Swedish Quality Index survey for many years, which measures how satisfied customers are with their bank and insurance company. The most recent survey showed that Länsförsäkringar has highest customer satisfaction in banking, insurance and real-estate brokerage services in the country.

Owner control that creates a clear interaction

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

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

Foundations of owner control

Länsförsäkringar AB is a limited liability company and also the Parent Company of a financial Group, with shares owned individually in various holdings by the 23 regional insurance companies and 16 local insurance companies. Each of the regional insurance companies, as an owner, is responsible for

ensuring that well-functioning owner control is in place vis-à-vis Länsförsäkringar AB. The Boards of Directors of the regional insurance companies are formally responsible for owner control.

Based on the federal organisation and the purpose of the ownership of Länsförsäkringar AB, the regional insurance companies have together created joint forms for owner control. Forms that comply with the requirements usually imposed on owner control and that at the same time take into account the federal conditions of the cooperation between the companies.

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

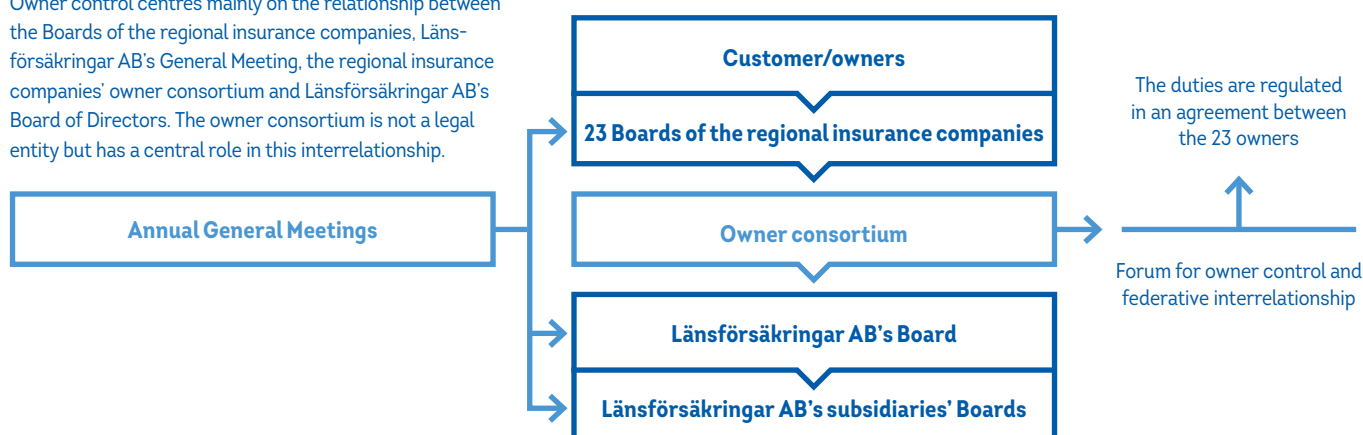
Owner-control logic

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

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

Owner control in the Länsförsäkringar Alliance

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



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

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

The task delegated by the owners to the Nomination Committee is documented in a separate instruction adopted by the General Meeting. It is important that there is a clear boundary between the Nomination Committee and the Board. The Nomination Committee works independently from the Board on behalf of the owners. At the same time, the interrelationship between the Nomination Committee and the Chairman of the Board is important. One example is the Board's annual evaluation of its own work. The evaluation is documented and provided to the Nomination Committee and thereby also comprises the basis of the Nomination Committee's evaluation of the Board.

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

the owners' assignments. At the same time, Länsförsäkringar AB's Board has a major responsibility for safeguarding the capital invested in Länsförsäkringar AB by the regional insurance companies. The regional insurance companies' assignment to Länsförsäkringar AB's Board is decided in the consortium and is documented in, for

example, the Länsförsäkringar Alliance's governance documents. Länsförsäkringar AB's Board decides on the direction and scope of the operations based on its assignment from the owners.



Secure business for customers and a sustainable society

Sustainability Länsförsäkringar's mission dates back more than 200 years. The basis of this mission is assuming local and long-term responsibility – respect for customers' security. Länsförsäkringar firmly believes that a responsible banking, insurance and pension offering enhances value for customers and contributes to the sustainable development of society.

Assuming local and long-term responsibility in society

The starting point of Länsförsäkringar's sustainability efforts is assuming local and long-term responsibility in society since the regional insurance companies are local and customer-owned. Claims-prevention activities are a priority for both customers and local society. Länsförsäkringar AB has various partnerships and conducts research that leads to a sustainable society. Maintaining a strong, local commitment not only benefits Länsförsäkringar's own customers but also society as a whole.

The local regional insurance companies' social commitment is extensive. Länsförsäkringar's long-term work in society mainly takes place in the areas of claims-prevention activities and claims adjustment. Preventing claims involving people, animals, property, forests and land and offering optimal sustainable damage repairs is inherent in environmental and social responsibility. Other activities are carried out in addition to Länsförsäkringar's more long-term social initiatives in claims prevention and damage repairs, such as partnerships with sports associations, interest groups, schools, colleges and universities, municipalities, etc. These initiatives are often long-term efforts undertaken in the local community to encourage constructive leisure time for both young and old people, ensure a secure local environment and improve customers' and local community's awareness to maintaining a safe and sustainable environment. Contributing to a safe and secure environment and surroundings is fundamental to Länsförsäkringar.

Länsförsäkringar was the highest rated insurance company in the 2016 Sustainable



Brand Index, and in the 2016 Sustainability Ranking, Länsförsäkringar was ranked number one among Swedish banks and insurance companies. Both of these surveys are based on consumer questionnaires and show that the Swedish people and customers appreciate Länsförsäkringar's efforts in the field of sustainability.

Climate impact and natural catastrophes

Global warming is a financial risk for the insurance operations and the long-term consequences are difficult to predict. A warmer climate, resulting in a greater risk of natural catastrophes in the form of extreme weather conditions such as hurri-

cans, torrential rain and drought, will probably entail a risk of higher payments for weather-related insurance claims, with huge variations over years and parts of the country. In many respects, adjustment problems associated with managing financial risk and reducing the consequences of climate change present a brand new situation. Using historic data and correlations risks leading to systematically underestimating risks with this rising trend. During the year, Länsförsäkringar introduced a national plan to prevent natural catastrophes and coordinators had been appointed at almost all of the 23 regional insurance companies by the end of the year.

Regional insurance companies' social commitment, across Sweden

1. Länsförsäkringar Norrbotten

- Reflective vests are handed out to all preschools to keep children safe on the road.
- Actions are taken to reduce the risk of water damage in customers' homes.
- We have a partnership with SOS Children's Villages in Cambodia.

2. Länsförsäkringar Västerbotten

- Our single most important environmental responsibility is to prevent claims.
- Climate change are risks that we want to influence.
- Our sponsorship is to promote "A better Västerbotten to live in."

3. Länsförsäkringar Jämtland

- We want to help integrate new Jämtlanders.
- "Car metal workshop of the year" award given to a sustainable company with the highest customer satisfaction.
- We sponsor the county - for the county.

4. Länsförsäkringar Västernorrland

- We help our customers avoid claims - for environment and the benefit for everyone in a customer-owned company.
- Sponsorship - in the county for the county. We are local, operate only in Västernorrland and care about our county and the people who live here.

5. Länsförsäkringar Gävleborg

- We call sponsorship a secure future.
- LF Samhällsfond - for the best of Gävleborg, supporting sustainable development and activities for our children.
- Our head office is LEED certified to meet strict sustainability requirements.

6. Dalarnas Försäkringsbolag

- Dalarna Academy, a training course for leaders and managers to strengthen Dalarna's competitiveness.
- Dalarna supports Glimma, which helps prevent obesity among children and young people - a growing problem in society.
- We support club activities in Dalarna.

7. Länsförsäkringar Värmland

- We teach children the importance of wearing a helmet!
- We offer road safety courses for children and young people of sports associations.
- "Värmland's Food contractor of the year" in cooperation with LRF Konsult.

8. Länsförsäkringar Uppsala

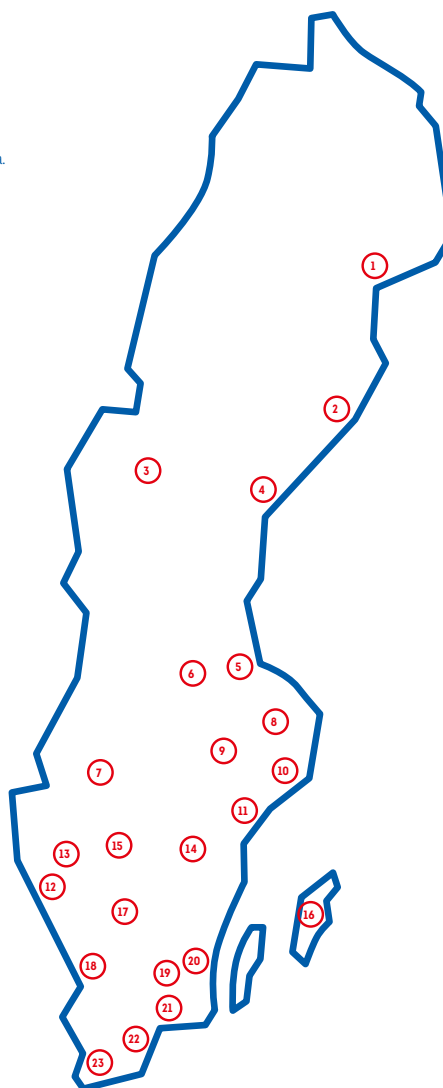
- Our sponsorship is to promote "A better Uppsala county to live in." We encourage children and young people to enjoy active leisure time and good social training. We invest in the future of our children and our young people.

9. Länsförsäkringar Bergslagen

- Annual grants are given to enhance security and solve challenges in society.
- "Bergslagslyftet" encourages children and young people to enjoy active and constructive leisure time.
- We hand out reflective vests for safer preschool children.

10. Länsförsäkringar Stockholm

- We support the S:t Erikscupen football tournament and green card for Fair Play.
- We continue the fight for Baltic sea together with the Sustainable Seas Foundation.
- We support Fryshuset for their work with young people.



11. Länsförsäkringar Södermanland

- The Jubilee Fund supports good local initiatives to increase security and reduce the risk of crime, damage or accidents.
- We support local organisations via our sponsorship project "Care about Sörmland."

12. Länsförsäkringar Göteborg och Bohuslän

- With "We take responsibility" we want more people to promote inclusion, we have partnerships with BRIS, Lärhjälpen, Friends, Ung Företagsamhet and Nattvandrarerna.
- Fulfiltret - an app to combat social exclusion.
- We help keep the coast of Bohuslän tidy.

13. Länsförsäkringar Skaraborg

- Camp BlueLight is to help young people manage various risks of accidents.
- Skaraborg Invest creates opportunities for new business and new jobs in Skaraborg.
- We want Fulfiltret to make sure everyone is kind online.

14. Länsförsäkringar Östgöta

- Östgöta Award supports sustainable initiative to increase security and community for the local population.
- We award the "Broad sport prize" to increase sports involvement and encourage more people to get involved.
- We are a Neighbourhood Watch partner with local police.

15. Länsförsäkringar Älvsborg

- We work together with Destination Gymnasium in Borås, and with local businesses, schools, pupils and parents to help everyone get into upper-secondary school.
- The "Promising role models" grant is awarded for promoting the positive development of society for children and young people.

16. Länsförsäkringar Gotland

- We support young people and sports activities to promote active leisure time.
- Länsförsäkringar Gotland's school fund supports pre-schools and schools that want to improve their values and equal treatment or conduct claims-prevention activities.

17. Länsförsäkringar Jönköping

- We want to reduce fires and improve road safety.
- "Young growing forces" grant awarded to young entrepreneurs in agriculture business.
- We co-sponsor mobile flood barriers with the emergency services.

18. Länsförsäkringar Halland

- We protect road-users, increase awareness of road regulations and provide training in bicycle safety.
- We offer customers every-day first-aid initiatives to prevent claims and at sites of accidents.
- We help companies in Halland become more sustainable.

19. Länsförsäkring Kronoberg

- We contribute to club activities in Kronoberg and initiatives for better children's health.
- "Sustainability award of the year" for outstanding contributions to improve lives and health of others and other values.
- "Stop the thief", to prevent burglary in the countryside.

20. Länsförsäkringar Kalmar län

- "Fair sport with Länsförsäkringar Kalmar län", we support and place demands on events we sponsor.
- Friends + Länsförsäkringar Kalmar = True.
- We support mussel farming for a healthier Kalmar Strait.

21. Länsförsäkringar Blekinge

- "Friend of the year" award to encourage our children and young people to grow up in a safer Blekinge.
- "Car workshop of the year" voted by our customers including environmental impact and effective processes.

22. Länsförsäkringar Göinge-Kristianstad

- Reclaim Challan in Kristianstad to increase security.
- Thinktank "Tusen Tankar" takes the lead for the future.
- "Claims preventer of the year" and "Environmental prize of the year" are awarded for excellent work in Göinge-Kristianstad.

23. Länsförsäkringar Skåne

- We support Young active 9 and MFF in society to contribute to constructive daily lives for young people.
- We support Live it up, an adventure-based leadership programme for young women.
- We want to make society more robust to meet future climate changes.

Claims prevention is environmental work

Preventing a claim is always a win for the environment and customers. Claims-prevention activities help reduce impact on the environment through less waste, energy, new materials, transportation and other resources – for both the claim incident itself and also for restoration and repairs. Natural catastrophe, water and fire damage claims and motor insurance claims have the greatest impact on the environment and are thus Länsförsäkringar's focus areas for claims-prevention activities. Average water damage to a home generates about 300 kg in carbon emissions. Water-damage claims can be avoided by choosing the right materials and by installing warning indicators. A fire at a home emits an average of 25 tonnes of carbon dioxide. Fires also cause other chemical emissions to the air, ground and water. Sanitising and restoring of a house after a fire requires a vast amount of energy, new or recycled resources and results in huge volumes of waste.



Motor insurance

Länsförsäkringar strives to reduce the number of accidents on the road. One of the results of their efforts is a joint work method and "Claims on a Map" statistics database. Every motor and motor third-party liability accident and incident is reported geographically and the complete incident and accident statistics provide knowledge of where accidents occur and why, and aid efforts to prevent long-term insurance claims in collaboration with municipal street departments and municipalities.

Health for a sustainable life

Länsförsäkringar is one of Sweden's leading companies in health care, accident and health insurance, and actively participates in public debate on good health and a sustainable working life. Health care insurance is based on preventive health services and providing the right type of care at the right time with effective rehabilitation. Independent medical examinations are used to ensure that mediated health care is based on medical grounds and provides the best long-term results for customers. The aim is for health care providers to follow the same guidelines for the forms of treatment that are recommended for various complaints, thus meaning that health care and rehabilitation have better results for customers. The aim of these preventive health services is to promote good health and prevent illness by, for example, reducing stress,

improving sleep and maintaining a healthier lifestyle. Activities include a health profile for employees and organisations, online health programmes, personal counselling and manager support services.

Health promotion and claims prevention for animals

Agria is the market leader in pet insurance in Sweden and conducts claims-prevention and health-promotion activities for animals and actively supports research into animal health. Customer awareness is high and they are involved in matters related to their pets and veterinary care. Agria offers advice and information on its website, app and other channels such as the Telephone Vet service and the Pälspodden podcast. Special campaigns targeted to children and young people increase awareness of different animals and the value of having a pet. Agria supports research into the types of animals that Agria insures. Research grants, which are based on a portion of premiums earned, are targeted to animal health and the importance of animals to people and society. Agria has unique, extensive claims statistics that are used by researchers and breed clubs to improve animal health and sustainability.

Regional Insurance Companies' Research Fund

Länsförsäkringar has supported scientific research into security for people through

the Foundation for Regional Insurance Companies' Research Fund for many years. The research must contribute to greater financial and physical security in society. The results are made available to the public and are increasingly used in the operations in customer activities. Two themes, secure homes and unprotected road-users, were priority areas in 2016. Forskningspodden, a podcast on current affairs and research findings that Länsförsäkringar has contributed to, was launched during the year.

Partnership with ECPAT

Länsförsäkringar Bank is a member of the Swedish Financial Coalition against Commercial Sexual Exploitation of Children, which works together with ECPAT in Sweden (End Child Prostitution, Child Pornography, and Trafficking of Children for Sexual Purposes). The aims of the Financial Coalition are to prevent the Swedish payment system from being abused for the purchase of child pornography and trafficking of children for sexual purposes, and also to create opinion against such criminal activity. Members work actively to provide information to employees and customers, have implemented guidelines against child sex trafficking and are involved in raising knowledge of the issue to proactively contribute to preventive actions.

Secure and responsible offering

Responsible investments

Länsförsäkringar invests in companies all over the world, directly and through external funds. The basic view is that well-managed, sustainable companies are a better investment in the long run. These companies should manage risks and opportunities related to business ethics, the environment and social issues in a responsible manner in order to remain competitive in the long term. Länsförsäkringar AB signed the United Nations-supported Principles for Responsible Investment (PRI) to mark this standpoint.

Länsförsäkringar invests customers' pension capital and offers both its own highly rated funds and recommended external funds. International conventions, active owner control, manager selection procedures and partnerships form the basis of responsible investments. Länsförsäkringar endeavours to transparently disclose its methods and procedures for responsible investments. A sustainability fund, Länsförsäkringar Global Hållbar, was launched in 2016. For this fund, a sustainability analysis is equally as important as a financial analysis. The companies that the fund invests in are companies that are already, or are on their way to becoming, highly prominent in the field of sustainability and can document clear, positive changes.

Based on international conventions

Working with responsible investments is based on the international conventions signed by Sweden in the areas of environment, human rights, labour laws, corruption and controversial weapons (nuclear weapons, cluster munitions, biological and chemical weapons and landmines). An external ethics consulting firm has been engaged to analyse companies based on these conventions. Based on these analyses, Länsförsäk-

ringar AB seeks to use dialogue to exert an influence on companies that breach international norms. The aim is for the analysed company to stop its breaches and to take preventive measures to prevent similar incidents from being repeated. If dialogue does not achieve the desired results, the holdings in the company can, as a last resort, be divested. The majority of listed share and bond holdings are examined by an external ethics consulting firm.

Furthermore, as a preventive measure, Länsförsäkringar AB is in dialogue with companies on the subject of sustainability. An area for preventive action in 2016 was the risk of child labour in the cocoa industry, while another was water risks in several companies in emerging markets.

Active owner control

Owner control includes company dialogues on sustainability issues, active participation in the Nomination Committees of portfolio companies to influence board compositions and voting at general meetings. A long-term objective is to increase diversity in terms of gender, age and background, on the boards of the portfolio companies. During the annual general meeting season of 2016, the percentage of female board members increased to 41% in the companies in which Länsförsäkringar Fondförvaltning participated in the nomination committee. Länsförsäkringar AB votes at general meetings of the companies in which it has a substantial holding or where it is important to vote for other reasons. This mainly applies to companies that are part of Länsförsäkringar AB's own fund portfolio.

Partnerships with other investors

Länsförsäkringar AB is an active member of "Sustainable Value Creation," a collaborative project comprising 17 of Sweden's largest

institutional investors and Nasdaq Stockholm, with the aim of highlighting the importance of working with sustainability issues in a structured manner.

Länsförsäkringar AB is an active member of Swesif, a trade association for sustainable investments. Swesif further developed Sustainability Profile in 2016, an industry standard containing information on how funds apply sustainability criteria in their management, which makes it easier for fund investors to compare funds.

During the year, Länsförsäkringar AB participated in Insurance Sweden's and the Swedish Investment Fund Association's working groups on producing industry-wide standards for measuring the carbon footprint of investments, and a couple of collaboration projects on climate issues via CDP and PRI. CDP is an organisation that collects environmental data on negative environmental impact from companies based on the needs and requirements of the financial community and investors.

Climate risks in investments

Decisions are made in the management of customers' pension capital that affect and are affected by climate change and its consequences. Fossil energy in general and coal power in particular generate high carbon emissions. Major financial risks are assessed by Länsförsäkringar AB when investing in companies that base their operations on fossil fuels since fossil assets risk becoming "stranded assets." To reduce its carbon footprint, Länsförsäkringar decided in 2016 to divest mining companies and energy companies, that derive more than 50% of sales from thermal coal, from all its own equity funds and direct investments.

Länsförsäkringar AB has measured and publicly disclosed the carbon footprint of its investment portfolios under the interna-

Sustainability initiatives and partnerships in which Länsförsäkringar AB participates



tional Montreal Pledge initiative since 2015 and in accordance with the recommendations of the Swedish Investment Fund Association and Insurance Sweden.

Loan origination that safeguards sustainability

All Länsförsäkringar Bank's loans are granted only in Sweden with a well-diversified geographic distribution and in SEK, and are mainly directed to retail mortgages and low-risk small family-owned agricultural operations. The credit policy is the foundation of loan origination, establishes the criteria for acceptable risk and identifies high-risk areas in sustainability that require special consideration. These risks primarily refer to the environment, human rights, labour rights corruption and other criminal activities, and require special consideration. It imposes strict requirements on customers' repayment capacity and the quality of collateral. Credit scoring, combined with local customer and market knowledge of the advisors, provides favourable conditions for a loan portfolio with high credit quality.

Anti-money laundering and financing terrorism

Länsförsäkringar AB makes extensive efforts to minimise the risk of the operations being used or exposed to financial crime. Transactions are monitored actively to detect, for example, money laundering and financing terrorist activities. Other attempts at fraud, for example, card fraud, are monitored, and a shared system for deviation reporting is in place at the Länsförsäkringar Alliance.

Insurance for a sustainable society

Länsförsäkringar has several offerings that provide financial security for customers' various life situations. The "Bo Kvar" insurance policy provides cover in the event of death, illness or unemployment and is offered to Länsförsäkringar Hypotek's mortgage customers. The "Senior" insurance policy provides customised health care insurance for private individuals who need health insurance after they have reached the maximum age for health care insurance.

The "Safe Farm" quality assurance policy for agricultural customers was made clearer during the year to continue to provide secure insurance cover to these customers. This service for agricultural customers is offered in cooperation with the Keep Sweden Tidy Foundation and local entrepreneurs to reduce scrap and environmentally harmful waste in the Swedish countryside.

Sustainability of repairs

Länsförsäkringar produces claims prevention and methods and standards for damage repairs. For example, a LUPIN certification programme for car workshops was produced in collaboration with Autoteknik. Most regional insurance companies have joined this programme, which ensures that the workshops used for damage repairs meet environmental requirements. Swedish Motor Insurers' 2016 quality survey indicated that two out of five workshops have general quality shortfalls, for example, in paintwork and rust protection. The survey showed that LUPIN-certified workshops had 45% fewer shortfalls. Work on tightening the requirements for managing environmental and societal risks began during the year.

High quality demands are imposed on repairs to properties and homes. Methods and systems are further developed to clarify requirements for companies that repair damage to buildings. Companies are also engaged in dialogue regarding construction methods, recycling and materials that reduce adverse environmental impacts.

International partnerships

At the end of 2016, Länsförsäkringar AB became the first Swedish insurance company to sign the Principles for Sustainable Insurance (PSI), the largest international initiative between the UN and the insurance industry on sustainable insurance. By becoming a signatory, Länsförsäkringar AB wants to show its standpoint on enhanced transparency on sustainable insurance and social responsibility, influencing and cooperating to reduce environmental impact. Länsförsäkringar AB has already signed the Kyoto Statement of the Geneva Association, which encourages the world's insurance companies to work together with customers, policy-makers and industry colleagues to help reduce environmental impact. The Geneva Association, which has existed for 40 years, has a global partnership on economic, political and social issues in the insurance industry.

Uncertain insurance cases and suspected fraud

Länsförsäkringar's aim is that the customer collective is treated correctly and that the distributed premiums paid are awarded as the right compensation to the right person. Insurance fraud is a problem for the entire insurance industry and it is thus essential to combat it. For this reason, Länsförsäkringar AB examines uncertain insurance cases and suspected fraud in insurance claims. An

important part of this work is training claims processors, cooperation and targeted activities. A nationwide campaign on prearranged road-traffic accidents was held during the year. An ongoing project is under way related to motor third-party life annuities that all 23 regional insurance companies are actively involved in. The investigation organisation denied several compensation claims and, in several cases, reclaimed large sums of erroneously paid compensation.

Governance and direction

Policies and international initiatives

Core values, requirements and expertise are essential in order for Länsförsäkringar to achieve its goal of a higher level of sustainability in its operations. Governance in guidelines, policies and targets, supports this work. Improvements are continuously made to work methods and procedures to enhance sustainability.

Länsförsäkringar AB has signed the UN Global Compact's ten principles covering the areas of human rights, labour rights, the environment and anticorruption. This represents a clear standpoint in following and safeguarding these principles. Länsförsäkringar AB is a member of organisations including the Association of Mutual Insurers and Insurance Cooperatives in Europe (AMICE), where members exchange information and experiences in sustainability.

Reduced resource use

Environmental activities are carried out in a structured and sustainable manner. The main strategies for reducing the climate impact of Länsförsäkringar's own operations are energy efficiency, a move to renewable sources, use of green electricity, reduced travel and increased use of digital technology. Climate compensation is applied for the carbon emissions generated by the business.

Transparency

Länsförsäkringar safeguards the transparency of risks and social commitment in order to allow customers and stakeholders to make sound assessments of how they can influence and are affected by Länsförsäkringar's operations. A positive impact on the environment and society is especially evident in Länsförsäkringar's social commitment and claims-prevention activities, which comprise long-term environmental efforts. Länsförsäkringar works continuously on enhancing the transparency of these issues and the results of own efforts, and positive and negative impacts.



Employees

One of Sweden's most attractive employers

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

Länsförsäkringar won the title of “The Insurance Industry’s Most Attractive Employer” for the ninth consecutive year in the Career Barometer survey of young university graduates, and was the only insurance company in the top 100 most attractive employers. Länsförsäkringar won the same award in the Corporate Barometer survey of business students for the 14th consecutive year. These surveys are carried out by Universum.

Internal labour market and excellent career opportunities

The Länsförsäkringar Alliance has a broad range of professional expertise in banking, insurance and real-estate brokerage services, and specialist roles in a number of different areas. 23 independent regional insurance companies and the jointly owned Länsförsäkringar AB offer a large internal

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

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

These courses focus on giving employees the skills needed in a business context to offer customers products and solutions that meet their requirements. A total of 8,752 training sessions, both in class and online, were held during the year for employees of the Länsförsäkringar Alliance.

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

Work environment and health

Characteristic of Länsförsäkringar is a highly positive work environment and collaboration and cooperation are key words

for creating a strong solidarity and companionship. An open and tolerant working climate free from all forms of discrimination is the very foundation of relationships between colleagues and with customers. Promoting equality and diversity is a natural element of the corporate culture.

Länsförsäkringar is one of the Sweden’s leading companies in health care insurance and takes out such insurance for the employees. This insurance includes medical consultations, personal counselling and preventive health services encompassing a health profile and online health programmes. The insurance also includes work-oriented rehabilitation. Länsförsäkringar’s aim is that its employees will enjoy a good work-life balance at all times.

Local and joint

Attracting, recruiting and retaining employees, termination of employment and benefits are issues that are mainly managed individually by each company in the Länsförsäkringar Alliance. Development and coordination in certain issues take place jointly between the regional insurance companies and Länsförsäkringar AB. A shared ambition is to advance Länsförsäkringar’s positions as an attractive employer.

Satisfied customers are the basis of profitable growth

Non-life insurance Strong earnings, healthy volume growth and once again the most satisfied retail customers according to the Swedish Quality Index were the highlights of 2016. Premiums earned increased to SEK 24.1 billion (22.7) and the market share remained stable at 30.2% (29.8).

Premiums earned: SEK 24,073 M

+6%

Operating profit: SEK 4,626 M

+6%

Combined ratio:

95%

Most of Länsförsäkringar's non-life insurance business is underwritten by the regional insurance companies. Some non-life insurance business, including animal and health insurance, is underwritten by the jointly owned Länsförsäkringar AB's subsidiaries. Of the Länsförsäkringar Alliance's total premiums earned in non-life insurance of SEK 24.1 billion, SEK 18.7 billion is underwritten in the 23 regional insurance companies and the remainder in the Länsförsäkringar AB Group.

The non-life insurance market

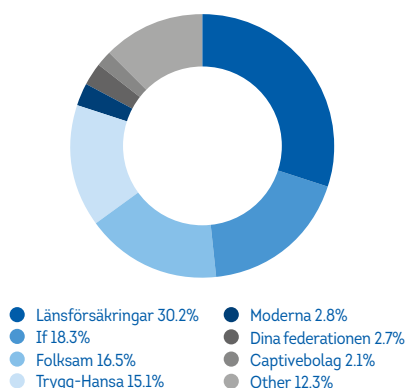
Premium income for the non-life insurance market in Sweden is growing steadily and paid-in premiums reached SEK 77 billion in 2016. Premium income has risen SEK 21 billion over the past 10 years, up 36%. This increase is high but unevenly distributed;

premium income for accident and health insurance has almost doubled over ten years, while commercial lines have risen approximately 10%. The number of insured households and single-family homes increased slightly year-on-year, whereas the number of vacation homes remained fairly unchanged. The number of passenger-car insurance policies is continuing to increase since sales of new cars in 2016 were the highest in the 2000s to date. Customer consumption patterns and requirements are also changing in line with rapid technological advances. Digitisation is, as expected, continuing to rise and non-life insurance customers are demanding more and better digital services and greater availability. Flexible customer meeting points are becoming an increasingly important requirement as customers to a greater extent want to manage their insurance themselves in a way that suits them. Changes in consumer patterns create a need to change and adapt the existing insurance offering as well as launch brand new products. Service is increasingly in demand from customers. For example, customers are no longer as interested in owning their car, but instead prefer to lease their car. This trend affects Länsförsäkringar's customer offering. The sharing economy

Market shares

Non-life insurance

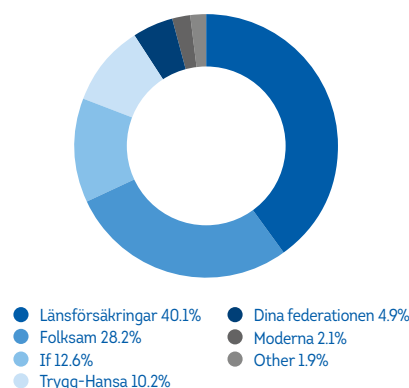
Percentage of premiums paid
Source: Insurance Sweden



Länsförsäkringar maintains its leading position in non-life insurance, with a market share of 30.2%.

Homeowner insurance

Percentage of number of policies
Source: Insurance Sweden



Länsförsäkringar remains a market leader in homeowner insurance, with a market share of 40.1%.

is growing as better and better conditions are created by digitisation, which thus entails changed risks, for example, short-term leases of homes to unknown parties. Motor insurance is likely the area facing the greatest change. Alternatives ways of having access to a car are increasingly available. Car pools are becoming more popular and private leasing of passenger-cars, where insurance is part of the arrangements, reached record levels of about 25% of new car sales in 2016. The range and sale of electric cars is steadily rising and is likely to accelerate as the km range expands and prices decline. This trend could pick up even more speed when cities like Paris, Mexico City and even Stockholm are considering banning high-polluting cars and only allowing electric cars to be used in certain areas. From an insurance point of view, experience of claims costs for electric cars is relatively low and thus needs to be followed up. Increasingly advanced safety systems in motor vehicles will lead to a reduction in accidents and thus reduced claims costs for personal injuries and damage to cars. This will impact premiums in the long term. Motor insurance's share of total premium income will most likely fall, while accident and health insurance will continue to rise.

Market position

Länsförsäkringar maintains its market leader position in a growing non-life insurance market. Länsförsäkringar is market leader in commercial, homeowner, motor and pet insurance, commanding a market share of 30.2% (29.8) measured in premium income.

Länsförsäkringar's market share of commercial lines strengthened to 41.0% (36.3), measured in premium income.

The market share for homeowner and household insurance measured in the number of insurance policies was essentially unchanged compared with competitors, despite an increase in the total number of insured objects. In 2016, Länsförsäkringar's portfolio increased by 6,100 homeowner insurance policies and 26,300 household insurance policies.

The motor insurance business is continuing to capture market shares. Motor third-party liability increased to 38.7% and in motor insurance to 26.8%, measured in premium income. Länsförsäkringar reported the highest increase in the number of insured vehicles among all insurance companies.

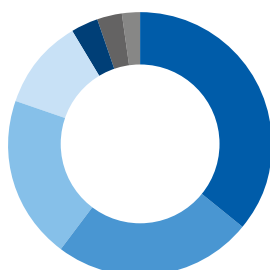
Brokered business

Länsförsäkringar Mäklarservice is Länsförsäkringar's link to customers who choose to be represented by insurance brokers. The Länsförsäkringar Alliance's brokered non-life insurance premiums increased 7% to SEK 1,787 M (1,669). The brokered non-life insurance business accounted for 25% of the Alliance's total non-life insurance portfolio for commercial insurance. The strategy of clearly prioritising larger brokerage companies, to increase the effect on medium-sized companies, has proven to be successful.

The Länsförsäkringar Alliance's brokered group and health businesses amounted to SEK 255 M (240). There was a high level of activity on the market during the year, resulting in many attractive quotation requests. Länsförsäkringar's growth during the year was generated by new business in existing group life assurance. The number of insured parties in existing business, outside brokers' plans, reduced. In addition to sales efforts, Länsförsäkringar continued to develop automated services in brokered business, to aid insurance brokers' daily contact with Länsförsäkringar.

Passenger-car insurance

Percentage of number of policies
Source: Insurance Sweden

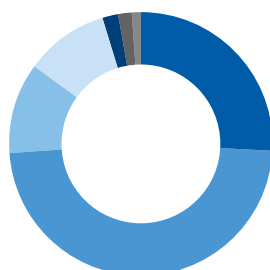


● Länsförsäkringar 36.1%
 ● If 24.3%
 ● Folksam 20.0%
 ● Trygg-Hansa 11.2%
 ● Dina federationen 3.3%
 ● Moderna 3.1%
 ● Other 2.0%

The market share of passenger-car insurance rose to 36.1%. Both Länsförsäkringar's premium and number of policies increased.

Household insurance

Percentage of number of policies
Source: Insurance Sweden

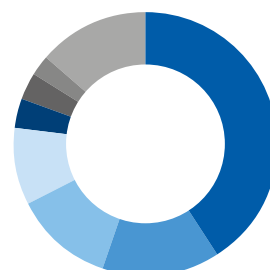


● Länsförsäkringar 26.0%
 ● Folksam 47.9%
 ● If 11.1%
 ● Trygg-Hansa 10.3%
 ● Moderna 2.1%
 ● Dina federationen 1.5%
 ● Other 1.1%

The market share of household insurance increased to 26%.

Commercial lines

Percentage of premiums paid
Source: Insurance Sweden



● Länsförsäkringar 41.0%
 ● If 14.3%
 ● Trygg-Hansa 12.3%
 ● Captivebolag 9.5%
 ● Moderna 3.6%
 ● Dina federationen 3.2%
 ● Folksam 2.7%
 ● Other 13.4%

Länsförsäkringar maintains a strong position in commercial lines with a market share of 41.0%.



Motor

Growth in Länsförsäkringar's motor business has been strong in recent years and remained favourable in 2016. The total motor market, measured in premium income, rose SEK 1.1 billion, up just under 4%. Länsförsäkringar captured SEK 440 M of this increase, and its market share measured in premium income rose to 30.3% (29.9). Measured in number of insured vehicles, Länsförsäkringar grew in pace with the market, retaining its share of 41.2% of the total motor market.

The motor insurance market grew the most, increasing 4.8%. Länsförsäkringar strengthened its market share by growing by slightly more than 7%. In motor third-party liability insurance, Länsförsäkringar increased its premium volumes by 3% in a market that rose less than 2% as a whole. Länsförsäkringar's passenger-car insurance business is also continuing to grow. Industry statistics show that the total number of insured passenger cars in Sweden increased by 142,000 in 12 months, with Länsförsäkringar's portfolio growing by 57,500 during the period. Accordingly, the market share measured in number of passenger cars increased slightly to 36.1% (36.0), in a market characterised by intensified competition and record-breaking numbers of new car registrations for the past two years. While the motor business is growing, profitability is generally stable, although claims costs are continuing to rise in several areas.

Motor insurance continued to focus on improving digital services to customers during the year. For example, new products were added to the online purchasing service to further enhance Länsförsäkringar's competitiveness in the area.

Motor	2016	2015
Premiums earned, gross, SEK M	8,636	8,195
Passenger cars, no. of policies	1,699,700	1,642,200
Market share, no. of passenger cars, %	36.1	36.0
Other vehicles, no. of policies	1,401,900	1,365,300
Market share, no. of other vehicles, %	49.5	49.5



Home

The total market for home insurance measured in premium income grew SEK 359 M or 2.3% in 2016. During the same period, Länsförsäkringar increased its premium income in home insurance by SEK 200 M or 4.6%. Länsförsäkringar remained the market leader with SEK 4.6 billion or 29.3% of the entire home-insurance market, measured in premium income.

Länsförsäkringar is the largest company in homeowner insurance, with a market share of 40.1%, measured in number of policies. Länsförsäkringar is also the market leader in vacation-home insurance, with a market share of 40.9% measured in number



of policies. The market share for household insurance was 26.0% measured in number of policies.

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

Home	2016	2015
Premiums earned, gross, SEK M	4,643	4,440
Household, no. of policies	830,000	803,700
Market share, no. of households, %	26.0	25.6
Homeowner + home content, no. of policies	693,400	687,300
Market share, no. of homeowner + home content, %	40.1	40.5
Vacation homes, no. of policies	236,500	236,000
Market share, no. of vacation homes, %	40.9	41.0

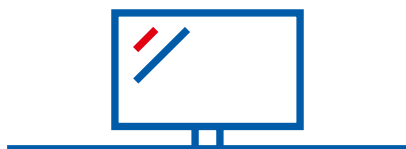


Yacht

Länsförsäkringar reports another strong year for yacht insurance in 2016. Länsförsäkringar retained its strong position despite competition and low boat sales. The market share measured in number of policies rose to 32.4% (29.6), with the closest competitor Moderna Försäkringar/Atlantica holding a share of 18.6%. Three foreign-owned players decided not to report their portfolio statistics to Insurance Sweden, hence Länsförsäkringar's increased market shares do not fully reflect the actual situation. In addition, Länsförsäkringar transferred its portfolio of small boats from household insurance to a separate product, which increased the yacht portfolio. Theft of primarily newer types of outboard engines continued to rise.



Yacht	2016	2015
Premiums earned, gross, SEK M	164	161
Yachts, no. of policies	90,900	80,200
Market share, no. of yachts, %	32.4	29.6



Commercial

The commercial lines market has many players and generally intense price pressure. Portfolio procurements from larger insurance brokers are more and more common. For small companies, the trend is shifting towards industry-specific insurance and digital distribution. Premium income in commercial lines amounted to SEK 5.7 billion, corresponding to a 41.0% market share, despite Länsförsäkringar not being a strong player in portfolio procurement or industry solutions.

Länsförsäkringar Sak supplements the regional insurance companies' offering to corporate customers with specialised liability, cargo, motor, property and credit insurance. Länsförsäkringar Sak retained premium volumes in motor insurance, cargo and liability insurance despite intense competition in the market. Competition remains intense in cargo insurance and the previously falling premium levels have abated slightly. New players, and a change in strategy by insurance companies that previously only targeted large companies, contributed to tougher competition in liability insurance. All players in the market now see an interest in the segment of medium-sized companies. Portfolio and group procurement is increasingly common for business from insurance brokers, which in Länsförsäkringar Sak's case is evident in the cargo, motor insurance and liability businesses. The interests of the Länsförsäkringar's Swedish corporate customers are increasingly international and demand for insurance solutions is rising. Through the International Network of Insurance (INI), Länsförsäkringar is one of the few companies in the Swedish market that can offer customised and local insurance solutions in more than 100 countries at competitive prices.

Commercial	2016	2015
Premiums earned, gross, SEK M	5,691	5,701
Number of policies	234,600	231,900
Market share, commercial lines, %	41.0	36.3



Agriculture



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

The segmentation among agricultural customers has improved opportunities for risk adjusting premiums in the insurance solutions that were introduced a few years ago. Efforts were undertaken in 2016 to combine the tariffs for garden centres, equine and agricultural operations into a joint tariff. The option of supplementing customer cover in the agricultural area with commercial solutions on the same insurance policy means that Länsförsäkringar is well-equipped for the continued rapid development in agriculture towards larger, more complex and diversified companies.

Agriculture	2016	2015
Premiums earned, gross, SEK M	1,826	1,750
Agricultural insurance, no. of policies	189,900	189,500
Tractor insurance, no. of policies	272,300	270,600



Agria Djurförsäkring

Premiums earned amounted to SEK 2,891 M (2,721). The Agria brand is strong and is the market leader in the Nordic region. Swedish horse, farm animal and pet owners are continuing to choose Agria as their insurance company – and with high customer satisfaction. In the Swedish operations, the pet insurance business reported robust growth in cat and pet insurance posting stable earnings. The trend in equestrian sports was positive, with higher breeding figures, which resulted in a large inflow of customers and improved earnings. The businesses in Norway and Denmark reported satisfactory financial earnings, in particular the Danish market which continued to grow rapidly. Agria started its operations in Finland on 1 June and the performance for the first six months was very positive. For the UK, the year was characterised by improved brand awareness and significant portfolio growth.



Agria Djurförsäkring	2016	2015
Premiums earned after ceded reinsurance, SEK M	2,891	2,721



Health

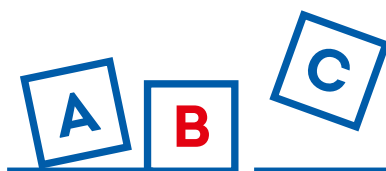
The Swedish accident and health insurance market increased to SEK 9,896 M (8,867), up 12% in 2016. Länsförsäkringar increased both premium volumes and the number of policies in personal-risk insurance. The market share for Länsförsäkringar in accident and health insurance amounted to 20.0% (19.9). The health care insurance market also increased, and Länsförsäkringar remains a market leader. The main increase was in health insurance, with policies only encompass preventive and rehabilitation measures.

Claims costs for health care insurance improved due to extensive quality enhancements in claims adjustment and earnings are now balanced. Claims costs in group life assurance also performed positively.

Sales of the Bo Kvar insurance policy, distributed in cooperation with Länsförsäkringar Bank, displayed a strong performance during the year. This policy provides financial protection for the bank's mortgage customers in the event of death, illness or unemployment and is an important component in providing financial security to mortgage customers.

Digital handling of all health related insurance policies was developed during the year. All regional insurance companies can now digitally underwrite new policies, and make changes to and terminate most of the policies. These policies also have a digital health declaration, which improve the efficiency of handling times and provide better and faster service to customers.

Health	2016	2015
Premiums earned, gross, SEK M	1,978	1,766
Market share, accident and health insurance, premiums paid, %	20.0	19.9
Health care insurance, no. of insured parties	121,600	123,400



Children's insurance

In 2015, Länsförsäkringar launched a new children's insurance and has been hailed by the Swedish Consumers Insurance Bureau as one of the best in the market. In 2015 and 2016, Länsförsäkringar has launched large-scale campaigns, boosting the sales increase by more than 30% measured in number of policies since the new product was launched.



Children's insurance	2016	2015
Premiums earned, gross, SEK M	525	473
Number of insured parties	295,000	284,900



Reinsurance

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

The Länsförsäkringar Alliance's internal reinsurance noted few large claims during the year. Assumed international reinsurance reported a relatively high frequency of medium-sized claims, but with no large disaster claims in 2016. Länsförsäkringar underwrites assumed international reinsurance for both the risk and catastrophe business, specialising in property business. The long established strategy is to underwrite business from mutual companies with broad geographic risk diversification.





Claims adjustment

Each individual regional insurance company offers a wide range of non-life insurance products for private, agricultural and commercial customers and has its own claims-adjustment specialists who provide claims services in close proximity to customers. The combination of local strength and the ability to jointly utilise resources and expertise results in high-quality customer service for all types of claim incidents. The local concept ensures swift processing by skilled employees located close to customers. 900 people in the Länsförsäkringar Alliance work in the area of claims adjustment and an international network of partners guarantees service outside of Sweden.

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

Natural catastrophes

Costs for natural catastrophes can vary greatly across the country and from year to year. Compared with the past three years, 2016 was a benign claims year with total



costs of about SEK 155 M, compared with an average cost of about SEK 540 M per year between 2013 and 2015. Mainly Skåne suffered from torrential rain and thunder on several occasions at the beginning of the summer in 2016. The other most notable weather events during the year were the prolonged drought in south-eastern Sweden, which led to very low groundwater levels, and the early extensive snowfall in November, which resulted in record-breaking volumes in locations such as Stockholm and Visby.

Claims prevention

Claims prevention is a key element of the regional insurance companies' sustainability efforts. Avoiding claims is always a win for the environment. Two issues dominated the year: firstly, Länsförsäkringar Alliance's new focus area of natural catastrophes, and secondly the coordination and standardisa-

tion of the four focus areas (fire, water, motor third-party liability and natural catastrophes) for joint claims-prevention work methods. Business plans were established containing activities to achieve clearly defined targets. These include Länsförsäkringar being the industry leader in claims prevention by 2020.

Sealing layers were tested in 2016 and the results were presented with well-received widespread media and industry coverage. Länsförsäkringar has intensified its focus on unprotected road-users and the behaviour of commercial drivers. Natural catastrophe coordinators from the regional insurance companies have been trained in natural catastrophes and are now ready to start working locally, based on established action plans. Länsförsäkringar has produced six different films containing tips and advice on how to protect yourself and your home from natural catastrophes.

Major claims

Major claims require special resources. Länsförsäkringar has prepared an contingency plan for managing large claims, and the regional insurance companies also continuously monitor the risks in their local areas. The primary purpose of the contingency plan is to establish a state of preparedness within the individual regional insurance companies, and also to coordinate available resources. Consequently, the regional insurance companies are well-equipped and prepared for any major claim that may occur.

Claims	Number	Claims costs, SEK M ¹⁾
Commercial	39,700	2,281
Agriculture	27,300	850
Home	287,700	2,719
Accident and health	52,700	323
Yacht	2,900	75
Private automotive	373,300	2,812
Commercial automotive	124,100	1,392
Total	907,700	10,452

¹⁾ Compensation paid for claims that occurred in 2016.

Service outside of Sweden

Customer needs must also to be met outside of Sweden and the claims-adjustment service has been expanded to provide rapid assistance abroad. For emergency claims, special resources are required. The Länsförsäkringar Alliance is one of the largest shareholders of SOS International, with a 12% shareholding. SOS International assists customers through both travel and vehicle insurance. For example, SOS helps with breakdown services, referrals to car repair garages, baggage delays and medical assistance when customers suddenly fall seriously ill or are involved in an accident. SOS International processes slightly more than 13,000 international cases for the regional insurance companies every year.

Comments on financial results, Non-life Insurance

Earnings and profitability

Operating profit for the Länsförsäkringar Alliance's non-life insurance operations strengthened to SEK 4,626 M (4,365). The stronger earnings were mainly due to strong investment income that increased 32% to SEK 5,009 M (3,794). Operating profit was adversely impacted by SEK 240 M in changed methods in the annuities operations in 2016. Based on these healthy profits, the regional insurance companies will pay back a total of SEK 933 M in bonuses to their owners – their customers. Despite an improving technical result in the fourth quarter, the technical result for the full-year 2016 declined to SEK 1,813 M (2,700). The main reason was higher claims costs in the first and third quarter, primarily from fire-damage claims. This resulted in a combined ratio of 95% (91) and a claims ratio of 75% (72) for 2016.

Solvency capital strengthened SEK 6,328 M during the year to SEK 57,956 M. The solvency margin increased to 236% (222). The regional insurance companies are very well-capitalised with an average capital ratio of 212% on 31 December 2016, according to the Solvency II standard formula.

Business volumes

Länsförsäkringar Alliance retained its strong position as the market leader in non-life insurance in 2016, commanding a market share of 30.2%. Premiums earned rose 6% to SEK 24,073 M (22,705), attributable to both portfolio increases and premium increases. Private insurance increased 7.4%, with healthy growth in household and homeowner insurance and accident insurance. Agria and health care insurance also continued to contribute a healthy volume trend. The commercial segment grew 4.5%, with favourable growth continuing in commercial property and commercial insurance. The motor insurance segment continued to report a high volume increase of 4.7% driven by the portfolio increase. The agriculture segment grew 4.0%.

Claims trend

The claims ratio for the full-year 2016 amounted to 75 (72), despite an improved claims ratio of 69 in the fourth quarter. Claims payments after ceded reinsurance increased to SEK 17,942 M (16,192), primarily due to higher expenses related to fire-damage claims with several claims exceeding the retention limit (maximum claims cost

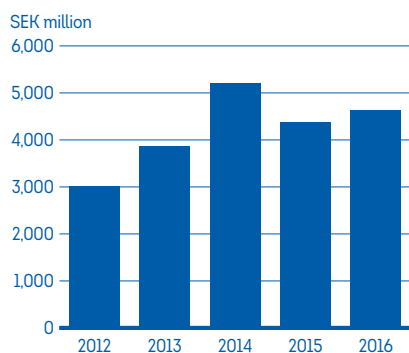
level for own account) and were thus covered by reinsurance. Motor insurance claims also increased in 2016. In addition, changes to methods used in the annuities operations in 2016 contributed to the weaker claims ratio.

Investment income

The performance of the financial markets was surprisingly positive in the wake of both Brexit and the US presidential election. Global long-term interest rates rose in the autumn and the majority of the world's equities markets reported positive returns for the year. Housing prices in Sweden continued to rise but the rate gradually declined over the course of the year. These trends were also reflected in the Länsförsäkringar Alliance's investment income, which increased 32% to SEK 5,009 M (3,794), with high returns from mainly equities and properties. Fixed income investments also made a positive contribution to the total return.

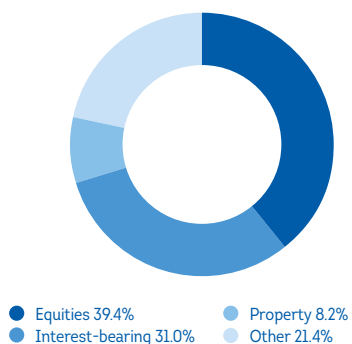
Non-life insurance	2016	2015	2014	2013	2012
Premiums earned after ceded reinsurance, SEK M	24,073	22,705	21,550	20,067	19,363
Technical result before bonuses, SEK M	1,813	2,700	2,266	1,247	1,439
Operating profit, SEK M	4,626	4,365	5,209	3,863	3,013
Expense ratio	20	19	19	19	21
Claims ratio	75	72	74	79	76
Combined ratio	95	91	93	98	97
Technical result as a percentage of premiums earned after ceded reinsurance	8	12	11	6	7
Solvency capital, SEK M	57,956	51,628	46,493	40,458	35,737
Solvency margin, %	236	222	209	206	182
Return on equity, %	8	8	11	10	8

Operating profit



The improvement in operating profit in 2016 was primarily due to higher investment income.

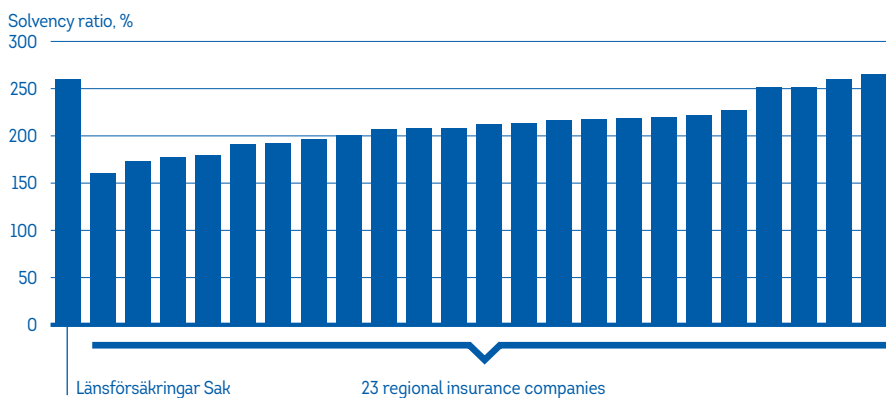
Allocation of investment assets



Total investment assets amounted to SEK 94.0 billion on 31 December 2016.

Solvency II capital ratio

On 31 December 2016



The regional insurance companies and Länförsäkringar Sak are very well-capitalised.

A customer-owned bank with a strong local presence

Bank Länsförsäkringar Bank is the fifth largest retail bank in Sweden. With an excellent local presence and close dialogue with customers through local meetings and via market-leading digital services, Länsförsäkringar Bank is one of the leading players in the Swedish bank market.

Business volume: SEK 455 billion

+13%

Operating profit: SEK 1,467 M

+25%

Number of primary bank customers: 419,000

+11%

Primary bank customers who are also insurance customers:

92%

Economic environment and market

2016 was an eventful year of political uncertainty, but it also started with economic unease and a sharp decline in the oil price. Fears about the global economy, particularly regarding growth prospects for China, impacted the financial markets in the form of both stock-market downturns and falls in interest rates. Despite initial market concern, global growth for 2016 appears to be only slightly lower than initially expected at the start of the year. This slightly weaker trend was primarily the result of lower growth than anticipated in the US, although this was offset by, for example, China's more positive performance. This allowed the Federal Reserve to cautiously continue to normalise its monetary policy and raise its key interest rate at the end of the year, only the second increase since 2006. Europe continued to recover during the year, partly due to the ECB's highly expansive measures, such as commencing its corporate sector purchase program. The political situation was also a key focal point of the year. The UK voted to leave the European Union and the Republican candidate Donald Trump won the US presidential election. It is more difficult to predict the long-term implications, even though market reactions following the EU referendum in the UK were short-lived and reactions after the US presidential election limited. Trump's victory at the polls impacted market expectations of growth and inflation in the US for the next few years. Greater fiscal stimulus packages are expected to strengthen growth in an economic climate that is already booming, which thus increases the risk of higher inflation and interest rates.

Global long-term interest rates rose in the autumn from historically low, and in certain cases negative, levels, an upswing

that accelerated after the US presidential election. Interest rates for covered bonds fell during the year and investor demand was high. The majority of the world's equities markets reported positive returns for the year and the stock-market trend in the US and emerging markets was particularly favourable measured in SEK.

The Swedish economy continued to perform at a healthy rate and was largely in line with expectations. However, inflation presented a negative surprise, and means that we are now in the unusual situation of having a more expansive monetary policy despite Sweden experiencing an economic boom. Housing prices continued to rise but the rate gradually declined over the course of the year.

Regulatory development

Regulatory changes are expected to continue to have a major impact on banks and in several areas there are uncertainties regarding the final requirements and the effects of them. The European Commission and Basel Committee continued their work on reviewing current capital adequacy frameworks. At the end of 2016, the European Commission published its proposed reviews of the existing capital-adequacy requirements – both the regulation and the directive. The Basel Committee published a number of consultations during the year, for example, the standardised measurement approach for operational risk, restrictions on the application of internal models for credit risk, a review of Pillar III requirements, the leverage ratio and management of accounting reserves in capital adequacy. The review of capital adequacy rules is expected to result in significant changes for banks.

New EU rules on bank recovery and resolution were introduced in Sweden during the year. A central principle of the rules is that the bank's owners and lenders are to incur any losses in the event of a financial crisis, rather than the state.

The new accounting standard IFRS 9 applies from 1 January 2018 and the bank's process of implementation is proceeding according to plan. The new rules include changes to the recognition of loan losses. A number of operations rules, such as PSD2, will also take effect. Länsförsäkringar Bank is highly prepared and well capitalised for future changes, even if it is slightly unclear at this stage what the effects will be.

Strategy and goals

Länsförsäkringar Bank was founded in 1996 and is the fifth largest retail bank in Sweden with a business volume of SEK 455 billion. The banking operations are conducted only in Sweden and business volumes continue to grow in all areas.

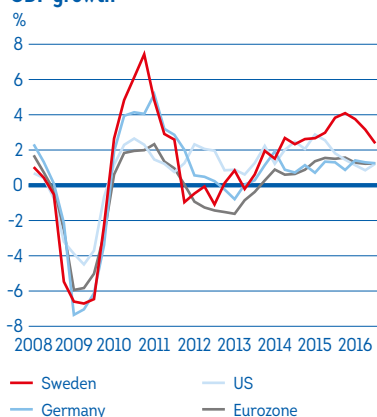
The strategy is to offer banking services to the Länsförsäkringar Alliance's customers and leverage Länsförsäkringar's strong brand and local presence. The banking operations have a large potential customer base with the Länsförsäkringar Alliance's 3.7 million customers. The main target groups are the 3.0 million retail customers, of whom 2.2 million are home-insurance customers. Other target groups are agricultural customers and small businesses.

The goal is, at a low risk, to maintain healthy growth in volumes and profitability, have the most satisfied customers and more customers who have both banking and insurance with Länsförsäkringar.

According to the 2016 Swedish Quality Index, Länsförsäkringar Bank once again has Sweden's most satisfied retail customers, an accolade that Länsförsäkringar Bank has received in ten of the past 13 years and is confirmation of the clear customer focus and high quality of the banking operations. With a comprehensive banking and insurance offering from Länsförsäkringar, customers receive a secure, complete solution for their private finances.

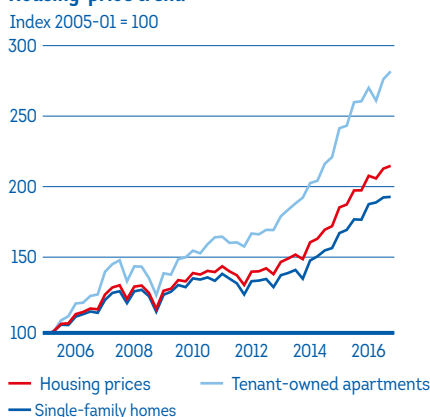
Market facts

GDP growth



The Swedish economy performed well during the year.

Housing-price trend



Swedish housing prices continued to rise in 2016, due to high demand combined with a limited supply of residential properties and low interest rates.

Offering

Savings

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

Deposits

Deposits from the public rose 9% to SEK 91 billion and growth has been stable in recent years. The market share for household deposits was 4.8% and the number of deposit accounts increased 8%. The Investment Savings Account (ISK) displayed healthy growth during the year.

Fund and securities

Sweden's fund market continued to grow in 2016. Länsförsäkringar Fondförvaltning commands a market share measured in fund assets of 3.5%. The fund offering includes 39 mutual funds under Länsförsäkringar's own brand with various investment orientations and a fund market place with

external funds. Four new funds were launched during the year and the management of two funds was transferred from external management to Länsförsäkringar Fondförvaltning. The average return of the funds for the year was 10.2%.

The fund volume increased 15% to SEK 138 billion during the year. Our award-winning mobile app allows customers to manage fund savings, change, purchase and sell funds and shares, thus consolidating the bank's strong position in digital services. Trading in equities and other securities is growing steadily among customers and the number of deposits rose during the year. Structured products are also offered, such as equity-linked bonds.

Loans

The bank's lending is continuing to grow stably and at low risk. Lending increased 12% to SEK 227 billion. The market share for household lending amounted to 5.8%. The percentage of bank customers having both banking and insurance with Länsförsäkringar amounted to 92% at year-end. The largest product is retail mortgages, which comprises 74% of the loan portfolio. Retail mortgages are mostly granted by Länsförsäkringar Hypotek, which offers mortgages up to 75% of the market value, and any surplus mortgage portions are offered

by Länsförsäkringar Bank. The bank also has loans to tenant-owners' associations and to multi-family housing.

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

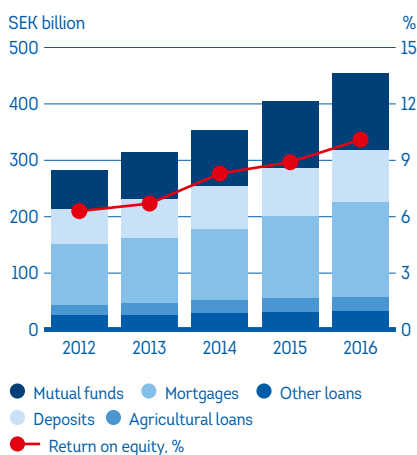
Länsförsäkringar is the third largest provider of agricultural loans in Sweden. The bank's agricultural loans are primarily targeted to family-owned agricultural operations that are insurance customers with Länsförsäkringar. The average agricultural loan commitment is small and the percentage of first-lien mortgages is 93%. Agricultural lending grew at a lower rate than other loans during the year and its share of total loans is falling.

Wasa Kredit offers leasing, hire purchase and unsecured loans and the growth in lending for the year was favourable.

Payments and bank cards

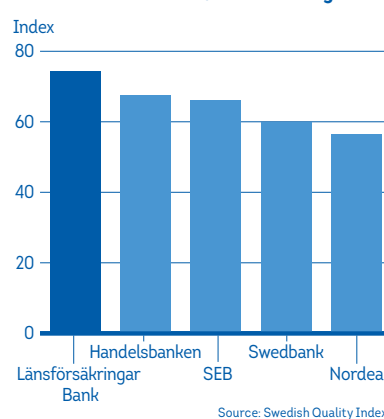
Bank cards are continuously developed to offer customers security and a high level of service in their payment services. The number of bank cards increased 11% to 517,000 and the number of card-payment transactions rose 14% to 135 million. The Swish

Business volumes and net interest income



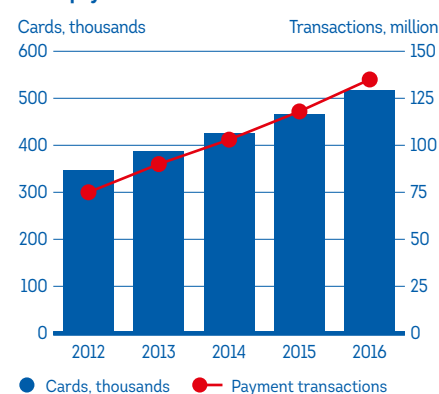
Länsförsäkringar Bank reported healthy growth in both volumes and profitability.

Customer satisfaction, retail banking



Länsförsäkringar Bank has the most satisfied retail customers according to the Swedish Quality Index (SQI 2016).

Card-payment transactions



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

service, which allows private individuals to send payments directly to the recipient's account using a mobile telephone number, performed well during the year. Länsförsäkringar Bank, which is one of the drivers of the Swish partnership, owns 10% of the company that manages and develops the service.

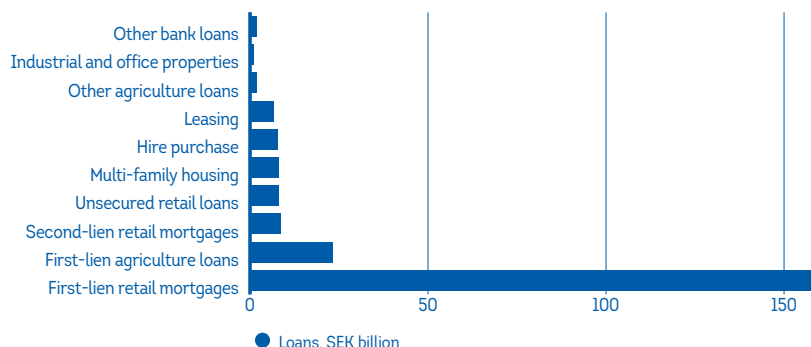
Business segment

Deposits in the business segment continued to grow. The largest increase was noted in deposits in trading and investment accounts. Deposits from small businesses totalled SEK 11 billion for the year and loans to small businesses to SEK 1.5 billion.

Offering to young people

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

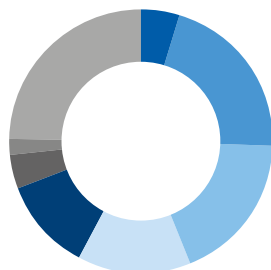
Loans, by product



Market shares

Retail deposits

Source: Statistics Sweden

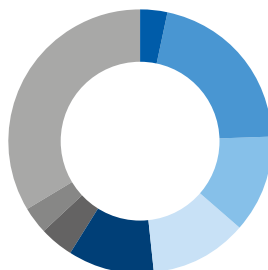


● Länsförsäkringar 4.8%
 ● Swedbank 20.9%
 ● Handelsbanken 18.2%
 ● Nordea 14.0%
 ● SEB 11.5%
 ● SBAB 4.1%
 ● Danske Bank 2.0%
 ● Other 24.5%

The market position in retail deposits strengthened to 4.8%.

Fund volumes

Source: Moneymate

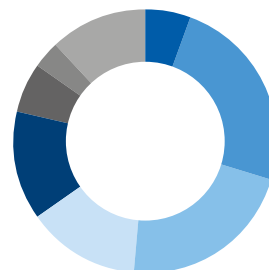


● Länsförsäkringar 3.5%
 ● Robur 21.1%
 ● SEB 11.9%
 ● Nordea 11.9%
 ● Handelsbanken 10.7%
 ● SPP Fonder 4.1%
 ● AMF Fonder 3.4%
 ● Other 33.4%

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

Household and retail mortgages

Source: Statistics Sweden



● Länsförsäkringar 5.8%
 ● Swedbank 24.0%
 ● Handelsbanken 21.8%
 ● Nordea 13.7%
 ● SEB 13.4%
 ● SBAB 6.2%
 ● Danske Bank 3.3%
 ● Other 11.8%

The market position in household and retail mortgages rose to 5.8%.

Loans and credit quality

Credit process

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loan origination is primarily directed towards retail mortgages for private individuals and small-scale family-owned agricultural operations with a low risk level and finance-company products in Wasa Kredit. Loans are based on standardised, centrally established credit regulations and most credit decisions are made locally. In the business model between Länsförsäkringar Bank and the regional insurance companies, there is a strong incentive to maintain excellent credit quality.

The high credit quality of the loan portfolio is the result of the low risk appetite, credit regulations combined with credit scoring and advisors' local customer and market knowledge. The credit regulations impose strict requirements on customers' repayment capacity and the quality of collateral. In connection with credit scoring, the repayment capacity of borrowers is tested using "left to live on" calculations. These calculations apply a significantly higher interest rate than the actual rate. Both the loan portfolio and value of the collateral are continuously monitored and quality assured.

Mortgages for private individuals

Politicians, authorities and banks focused intently on rising housing prices and household indebtedness during the year. It is essential to maintain high credit quality. Mortgage repayments are a key tool in ensuring that households have stable and secure finances. The bank has further tightened the requirements of its "left to live on" calculations and the mortgage repayment requirement rules came into force on 1 June 2016.

Loans to the public amounted to SEK 227 billion. Retail mortgages for private individuals' housing comprises 74% of the loan portfolio. First-lien mortgages, meaning

loans of up to 75% of the market value, account for 95% of retail mortgages. A total of 72% of the collateral for retail mortgages comprises single-family homes, 23% tenant-owned apartments and 5% multi-family housing. The average loan commitment is low at SEK 1.2 M per borrower. 62% of borrowers have a commitment of less than SEK 2 M. The geographic spread of lending is diverse, thus reducing Länsförsäkringar Bank's concentration risk in the event of price declines in the market.

The weighted average loan-to-value ratio (LTV) for mortgage lending declined to 61%. Market-value analyses of the collateral in retail mortgages are performed continuously and a market-value update is performed at least once per year for all single-family homes and tenant-owned apartments.

First-lien mortgages for agricultural operations

A total of 93% of agricultural loans, representing 11% of the loan portfolio, comprises first-lien mortgages. The remaining lending comprises second-lien mortgages and operating credits. Family-owned agricultural operations account for 97% of agricultural loans. The average commitment is low at SEK 2.3 M per borrower. Agricultural lending grew at a lower rate than other loans during the year.

Leasing, hire purchase and unsecured loans

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

Loans to small businesses

Loans to small businesses totalled SEK 1.5 billion at year-end, of which SEK 0.9 billion comprised first-lien mortgages for indus-

trial and office properties and SEK 0.6 billion operating credits to small businesses. The business is continuing to be developed while maintaining low risk.

Impairment and impaired loans

The high credit quality of the loan portfolio is a result of loan origination being based on a low risk tolerance. Länsförsäkringar has a conservative model for impairment and impairment remains at a low level.

A settlement model has been applied since 1 January 2014 regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated. The model entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the settlement model means that the Bank Group's credit reserves attributable to the regional insurance companies' business on the date of introduction will be gradually reversed by SEK 158 million. SEK 23 M was reversed during the year. SEK 0 M remains to be reversed.

Loan losses amounted to SEK 38 M (6), corresponding to a loan loss level of 0.02% (0.00). Loan losses before the above reserve dissolution remain low and amounted to SEK 61 M (66), net, corresponding to a loan loss level of 0.03% (0.03). Reserves totalled SEK 250 M (281), corresponding to a reserve ratio in relation to loans of 0.11% (0.14). In addition, SEK 130 M (107) of the remuneration to the regional insurance companies is withheld, in accordance with the settlement model described above. The reserve ratio in relation to loans, including withheld remuneration to the regional insurance companies, was 0.17% (0.19).

Funding and liquidity

Targets

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

Financing sources

The composition of financing is a result of the bank being a retail bank with large mortgage lending operations. Accordingly, the main financing sources are deposits in Länsförsäkringar Bank and funding based on Länsförsäkringar Hypotek's covered bonds. These covered bonds have the highest credit ratings, Aaa from Moody's and AAA/Stable from Standard & Poor's. Long-term senior funding and short-term funding takes place in Länsförsäkringar Bank. The Group endeavours to maintain a sound balance of covered and senior funding and all capital-market funding is conducted under a number of funding programmes. The single most important source of financing is the Swedish covered bond market, where Länsförsäkringar Hypotek has a number of outstanding liquid benchmark bonds. At year-end, Länsförsäkringar Hypotek had six outstanding benchmark loans with maturities until 2022. The Swedish covered bond market is one of Europe's largest and most liquid, which secures good access to long-term financing.

Diversification

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

Refinancing and liquidity risk management

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

Deposits

The share of deposits in the Group's total financing amounted to 35% on 31 December 2016. Deposits were up 9% during the year, strengthened as a result of the bank's robust growth in volume and customers.

Funding operations

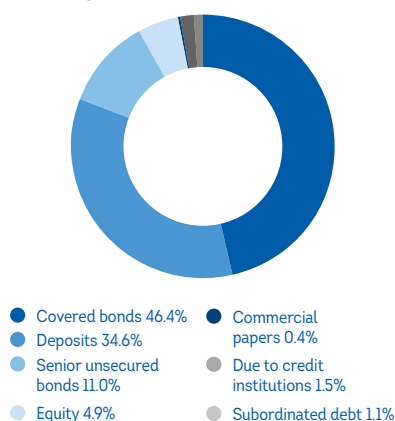
A relatively large portion of the funding took place during the first six months of

2016 when there was high demand in the market. In April, Länsförsäkringar Hypotek issued a seven-year Euro benchmark-covered bond for a nominal EUR 500 M. Länsförsäkringar Bank also issued a subordinated loan (LT2) in SEK for a nominal SEK 1.5 billion in April and this transaction was well received by the market and experienced high demand. The average remaining term for outstanding senior unsecured bonds and covered bonds was 2.2 years and 3.6 years, respectively.

Liquidity

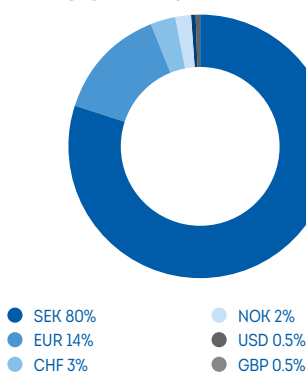
Effective long-term planning and low risk tolerance are the hallmarks of the bank's liquidity and funding management. A satisfactory liquidity reserve is in place to ensure that sufficient liquidity is always available. The management and investment of the liquidity reserve are conservative. According to the Swedish Bankers' Association's definition, the liquidity reserve amounted to SEK 42 billion at 31 December 2016. The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where applicable, with the ECB. A total of 61% of the liquidity reserve comprises Swedish covered bonds, 8% other Swedish bonds with an AAA/Aaa credit rating, 18% Swedish government bonds, 7% bonds issued or guaranteed by European governments and multinational development banks, 4% Nordic AAA/Aaa-rated covered bonds, and 2% deposits with the Swedish National Debt Office. By utilising the liquidity reserve, contractual undertakings for more than two years can be met

Financing sources



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

Funding by currency



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

without needing to secure new funding in the capital market. The Group's Liquidity Coverage Ratio (LCR), according to the Swedish Financial Supervisory Authority's definition, amounted to 169% at 31 December 2016. The Net Stable Funding Ratio (NSFR) for the consolidated situation amounted to 113%¹⁾ on 31 December 2016.

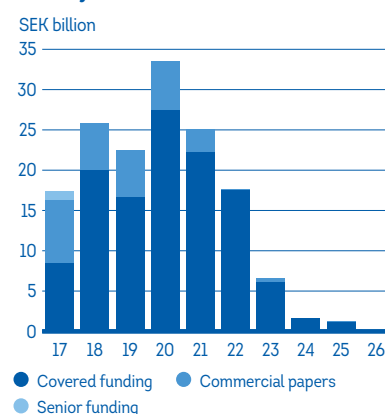
¹⁾ The calculation is based on Länsförsäkringar Bank's interpretation of the Basel Committee's most recent Net Stable Funding Ratio proposal.

Rating

Länsförsäkringar Bank's long-term credit rating is A1/Stable from Moody's and A/Stable from S&P Global Ratings. The short-term credit ratings are A-1 from S&P Global Ratings and P-1 from Moody's.

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

Maturity structure



Comments on financial results, Länsförsäkringar Bank

Earnings and profitability

Operating profit increased 25% to SEK 1,467 M (1,175), attributable to higher net interest income. The investment margin strengthened to 1.28% (1.22). Profit before loan losses rose 27% to SEK 1,505 M (1,181). Return on equity strengthened to 10.1% (8.9).

Income

Operating income increased 12% to SEK 3,073 M (2,747), primarily due to higher net interest income. Net interest income rose 15% to SEK 3,455 M (2,994), due to higher

volumes and lower refinancing costs. Net gains from financial items amounted to SEK 68.4 M (96.6). Commission income was SEK 1,523 M (1,522). Net commission amounted to SEK -567.5 M (-440.9), as a result of increased remuneration to the regional insurance companies due to the healthy volume trend and the strengthened profitability of the business.

Expenses

Operating expenses remained largely unchanged at SEK 1,568 M (1,566). The

cost/income ratio was 0.51 (0.57) before loan losses and 0.52 (0.57) after loan losses.

Loan losses

Loan losses amounted to SEK 37.6 M (6.1), net, corresponding to a loan loss level of 0.02% (0.00). Impaired loans, gross, amounted to SEK 240.2 M (241.1), corresponding to a percentage of impaired loans, gross, of 0.11% (0.12).

Länsförsäkringar Bank, Group

Income statement		
SEK M	2016	2015
Net interest income	3,455	2,994
Net commission	-568	-441
Other operating income	185	194
Total operating income	3,073	2,747
Staff costs	-470	-462
Other administration expenses	-1,022	-980
Depreciation/amortisation and impairment of property and equipment and intangible assets	-76	-124
Total operating expenses	-1,568	-1,566
Profit before loan losses	1,505	1,181
Loan losses, net	-38	-6
Operating profit	1,467	1,175
Tax	-331	-264
NET PROFIT FOR THE YEAR	1,137	911

Balance sheet		
SEK M	31 Dec 2016	31 Dec 2015
ASSETS		
Treasury bills and other eligible bills	7,794	8,824
Loans to credit institutions	280	503
Loans to the public	226,705	201,964
Bonds and other interest-bearing securities	32,422	31,991
Intangible assets	488	306
Property and equipment	8	10
Other assets		7,482
TOTAL ASSETS	275,951	251,080
EQUITY AND LIABILITIES		
Due to credit institutions	3,873	2,954
Deposits and funding from the public	91,207	83,925
Debt securities in issue	156,000	139,882
Subordinated liabilities	2,595	2,300
Other liabilities		9,962
Equity	13,182	12,057
TOTAL EQUITY AND LIABILITIES	275,951	251,080

A close and understandable pension partner liked by customers

Life assurance and pension insurance 2016 was a year when several milestones were reached - Länsförsäkringar has the most satisfied retail customers in pension insurance according to the Swedish Quality Index and also ended the year as the market leader in its main market of individual occupational pensions. This provides a strong foundation to face a market undergoing extensive change.

Länsförsäkringar Fondliv offers customers fund management, Guarantee Management and personal-risk insurance. Länsförsäkringar primarily targets small and medium-sized businesses. 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.

There are two areas, in addition to the overall political, economic and demographic developments, that affect the life-assurance and pension market to a great extent. The first area is the opportunities of technological advances. These are driving up customer expectations and offerings needs, and present clear opportunities to improve efficiency in both administration and distribution. The second area is new regulations, which is driving changes in, for example, distribution and customer transparency. These factors combined are resulting in new competitive situations with greater price pressure, new roles and new business

models. Länsförsäkringar has a favourable prerequisites for meeting these new market conditions, continuing to deliver a strong offering and achieving healthy growth.

Continuous development

During the year, Länsförsäkringar continued its development activities in order to face a market undergoing extensive change, and updated its long-term plan for the life-assurance and pension business.

This plan includes developments enabling an even more differentiated offering whereby customers can select price and service level. The plan also contains clearly described elements of standardisation, automation and robotisation.

A range of digital services were launched in 2016 to simplify processes for customers. As part of the digital transfer, paper forms for medical examinations were replaced with digital medical examinations for occupational pension customers, which provides a better service experience and raises quality. The process is available on all platforms and can be safely and securely signed by customers using their BankID.

The risk offering was improved during the year by simplifying processes for customers. Work has commenced on improving the efficiency of certain administrative processes by automating using robotisation.

Work also continued on developing and improving the investment offering during the year. The starting point is a simpler offering for customers looking for this type of offer, but also offering a greater choice through a larger fund range for customers seeking more investment options. In September, fees for nine of Länsförsäkringar's own, actively managed equity funds were

lowered, which thereby creates a simpler price list and improved value for customers.

According to the 2016 Swedish Quality Index, Länsförsäkringar again has Sweden's most satisfied customers in private pension insurance. Such appreciation is due to the broad offering combined with Länsförsäkringar's unique closeness with its customers. For customer-owned operations, it is particularly important that customers clearly show their positivity in this way.

Länsförsäkringar is also highly ambitious in terms of its sustainable offering. The unit-linked insurance offering was highly rated by both Söderberg & Partners and Max Matthiessen. Länsförsäkringar was the number one pension company in the Nordic Brand Academy's (NBA) 2016 Sustainability Barometer, being ranked the most sustainable pension company of the year.

Market

The total value of new sales in the Swedish life-assurance market was SEK 218 billion (235) in 2016, down 7% year-on-year. Premium income also declined by 7% to SEK 215 billion (231).

The savings sub-market, primarily comprising endowment insurance, accounted for the largest decrease, measured in terms of both new policies and premiums. The sales value amounted to SEK 21 billion (29). This sharp decline was due to a higher number of endowment insurance policies being taken out in the first part of 2015 due to a favourable stock-market climate, and also the phase-out of the tax deduction for private savings in 2016. However, Länsförsäkringar Fondliv's market share rose to 7.4% (3.5).

New sales in Länsförsäkringar's priority market segment, individual occupational

Länsförsäkringar Fondliv
managed assets:

SEK 114 billion

Länsförsäkringar Liv
managed assets:

SEK 116 billion

pensions unit-linked insurance, amounted to SEK 46 billion (41) in 2016. Länsförsäkringar's sales value totalled SEK 9 billion (8), making it a market leader measured in both new sales and premium income. Länsförsäkringar's market share amounted to 20.4% (18.7) for new sales and 19.9% (19.4) for premium income. SEB is in second place in the market with market shares of 16.4% (18.8) and 17.4% (18.9), respectively.

Länsförsäkringar is the fourth largest company in the total unit-linked insurance market, with a market share of 10.8% (10.1) measured in premium income. The total unit-linked insurance market amounted to SEK 75 billion (80), down 6% in 2016. Measured in new sales, the unit-linked insurance market declined 4% to SEK 88 billion (92) at year-end. Länsförsäkringar is the third largest company measured in new sales holding a market share of 13.2% (10.0).

In the total life-assurance market, Länsförsäkringar is the sixth largest company measured in new sales, and the tenth largest measured in premium income. Most of Länsförsäkringar's new policies and premium income derive from the occupational pension market. The occupational pension market including collective agreement pensions is the largest of all the sub-markets with the value of new policies at SEK 156 billion (153), corresponding to 72% of the total market.

Statistics show that movements in the transfer market declined during the year, with internal and external transfers of capital among companies falling from SEK 27 billion to SEK 23 billion. Banks and niche players are the most successful in net flows to date. Länsförsäkringar reported a negative net flow of SEK 285 M. The transfer market is important and Länsförsäkringar is continuing to work on strengthening its offer to ensure that customers actively choose to stay with the company, and that they have their pension capital and commitments with Länsförsäkringar.

Fund management

Some 88% of the 88 funds in the recommended fund range performed positively during the year and 12% negatively. Almost half of the funds increased by more than 10%, while three funds fell by more than 5%. Sustainability requirements are imposed in procurement processes of new funds and fund managers' work on responsible investment is followed up every year. At the end of 2016, 98% of all of Länsförsäkringar Fondliv's recommended funds had signed the United Nations-supported Principles for Responsible Investment (PRI). The new sustainability fund, Länsförsäkringar Global Hållbar, was launched in October 2016.

The funds with the highest returns in 2016 were East Capital Rysslandsfonden,

Alfred Berg Ryssland and BlackRock World Mining. The situation for several commodity-dependent countries, for example, Russia, is improving, driven by rising prices of commodities, which led to a strong performance for this type of funds.

Funds with very high risk often experience larger fluctuations and the total return can vary considerably from year to year. Examples of funds that performed weakly in 2016 are Macquarie Asia New Stars, JP Morgan Global Healthcare and SEB Europafond Småbolag. The lower rate of growth and weaker stock market in China had a negative impact on Chinese funds and Asian funds, with a large holding in China.

Länsförsäkringar Fondliv reduced its fund fees for equity funds in September to create even better value for customers.

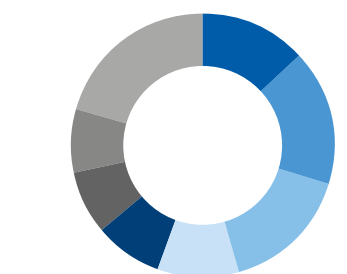
Guarantee Management

Guarantee Management in unit-linked life-assurance is Länsförsäkringar's option for customers seeking a guarantee element to their savings and wishing to know the lowest level of their future payments. The guarantee principle is that the customer recoups premiums paid in to savings, but with the possibility of additional returns. Full guarantee, meaning "at least your premium back" applies for a minimum ten-year savings period. A sliding scale is applied to shorter savings periods, with the guarantee

Market shares Unit-linked insurance

Market shares of new sales

Source: Insurance Sweden

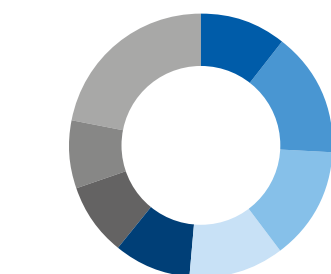


● Länsförsäkringar 13.2%
● SEB 16.8%
● Folksam 15.7%
● SPP 9.9%
● Skandia 8.3%
● Swedbank 7.9%
● Movestic 7.7%
● Other 20.5%

Länsförsäkringar's total market share in unit-linked insurance, measured in new sales, increased to 13.2% (10.0).

Market shares of premium income

Source: Insurance Sweden

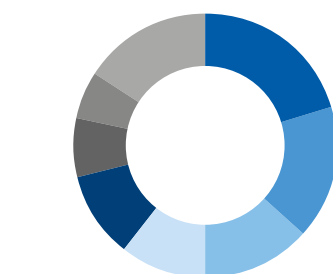


● Länsförsäkringar 10.8%
● SEB 15.3%
● Folksam 13.8%
● Swedbank 11.6%
● Handelsbanken 9.5%
● Nordea 8.9%
● Skandia 8.3%
● Other 21.8%

Länsförsäkringar's total market share in unit-linked insurance, measured in premium income, increased to 10.8% (10.1).

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

Source: Insurance Sweden



● Länsförsäkringar 20.4%
● SEB 16.4%
● Movestic 13.2%
● Skandia 10.7%
● SPP 10.6%
● Handelsbanken 7.2%
● Swedbank 5.9%
● Other 15.6%

Länsförsäkringar is the market leader in the occupational pension sub-market, excluding collective agreement pensions, measured in new sales.

at 80% of paid-in premiums for periods of five to ten years until retirement, and a minimum of 70% of paid-in premiums with less than five years until retirement.

Premium income for guarantee management amounted to SEK 349 M (425), due to lower capital transferred in. Managed assets amounted to SEK 2.7 billion (2.3). The return rose to 5.3% (-0.2), with the increase due to both fixed-income and equities holdings.

The assets of Guarantee Management are divided between equity and fixed-income investments, with fixed-income investments always representing at least 40% of total assets and equity investments that may be as low as zero. Both equities and the fixed-income portfolio performed positively during the year. About 65% of the portfolio at year-end was invested in fixed-income investments and about 35% in equities. The equities portion largely comprises US, Swedish and European shares, while the fixed-income portion was invested in Swedish government securities and properties and in foreign credits. At the start of the year, some 58% of the portfolio was invested in fixed-income investments and 42% in equities.

New Trad

New Trad is a management form that customers with existing traditional insurance can choose. Changing insurance conditions

to New Trad means lower fees and a reduction in the guaranteed bonus compared with Old Trad. The reduced guarantee allows capital to be invested in other types of assets that have higher expected returns. New Trad is expected to generate higher bonuses over time.

Managed assets in New Trad amounted to SEK 18.0 billion (15.0). Some 52% of investments were in interest-bearing assets, 34% equities, 3% properties and 11% alternative investments. The total risk in the portfolio was reduced in 2016 with a reduced proportion of equities and an increased proportion of interest-bearing investments. The proportion of equities fell 6 percentage points. The total return was 4.3% (1.4). This positive return was largely attributable to interest-bearing investments, which performed favourably due to falling interest rates. Equities made a positive contribution to total return in the second half of the year.

The bonus rate on 31 December 2016 was 4% (10). The bonus rate was lowered from 6% on 1 August 2016. The average bonus rate in 2016 was 5.5%. The average bonus rate has been 7.0% since the start in 2013.

Old Trad

In Old Trad, Länsförsäkringar Liv manages capital of SEK 84.7 M (86.6) on behalf of its customers. The primary aim of risk-taking in the Old Trad investment portfolio is to

ensure that the guaranteed bonus can be realised also in the event of a negative market trend. Accordingly, a large portion of the capital is comprised of long-term interest-bearing investments.

Investments were relatively unchanged in 2016 and allocated as follows: 86% interest-bearing securities, 8% alternative investments and the remainder was equities and property. The total return was 5.9% (0.5), mainly driven by falling interest rates.

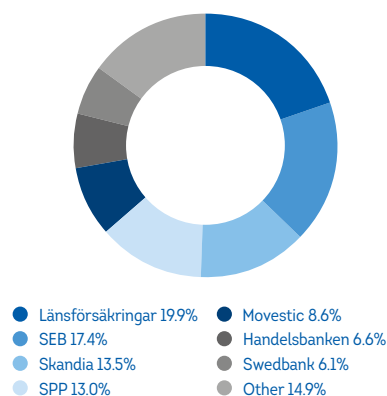
The bonus rate for 2016 was unchanged at 2%.

New World

With the New World management form, customers are guaranteed to recoup at least the premiums paid, subject to deductions for expenses and yield tax. The percentage of equities for New World is normally 70% and the remaining 30% comprises interest-bearing investments. However, the investment mix can vary within defined intervals, with the percentage of equities comprising 60–80%. The total return was 5.1% (0.3). Managed assets amounted to SEK 11.3 billion (11.7).

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

Source: Insurance Sweden



Länsförsäkringar is a market leader in the occupational pension sub-market, excluding collective agreement pension, measured in premium income.

Comments on financial results, Länsförsäkringar Fondliv

Earnings and profitability

Net profit for Länsförsäkringar Fondliv amounted to SEK 516 M (519). The main reason for profit remaining at the same level as 2015 is that the increased income from higher managed assets was offset by increased costs, which were mainly due to IT investments in digital advances. Focus areas are the development of digital services, by expanding the range of self-service functions and creating simplified and improved customer information. As part of the digital shift, paper forms for medical examination were replaced by digital medical examinations for occupational pension customers in 2016, which will improve service, quality and efficiency. Länsförsä-

kringar Fondliv will also launch a fully digital purchase service for occupational pensions at the start of 2017.

Total managed assets increased SEK 11 billion to SEK 114 billion (103) in 2016, due to both positive net inflows and a positive return. Total premium income was in line with the preceding year at SEK 8,637 M (8,645). External and internal capital transferred to Länsförsäkringar totalled SEK 1,321 M (1,375), while capital transferred from the company amounted to a SEK 1,607 M (1,373), resulting in a net loss of SEK 285 M (profit: 2). This was lower than last year, mainly due to fewer internal transfers. Premium income for insurance risk after ceded reinsurance amounted to SEK 173 M (140).

Commission income was SEK 1,412 M (1,384) due to higher managed assets. Operating expenses rose to SEK 973 M (910), primarily as a result of higher IT expenses due to increased investments in digital development.

The solvency ratio for Länsförsäkringar Fondliv according to Solvency II strengthened from an opening balance of 141% on 1 January 2016 to 150% on 31 December 2016. Own funds were strengthened during the year due to healthy earnings, while own funds at year-end were impacted by planned dividends for 2016 to the Parent Company totalling SEK 750 M, which combined led to a minor increase.

Länsförsäkringar Fondliv

Income statement		
SEK M	2016	2015
Premium income after ceded reinsurance	173	140
Fees from financial agreements	659	649
Investment income, net	8,049	5,355
Claims payments	-104	-98
Change in technical provisions	-7,947	-5,120
Operating expenses	-973	-910
Other technical revenue and expenses	743	741
Technical result for insurance operations	600	757
Non-technical revenue/expenses	15	-11
Profit before tax	615	746
Tax	-99	-227
NET PROFIT FOR THE YEAR	516	519

Balance sheet		
SEK M	31 Dec 2016	31 Dec 2015
ASSETS		
Assets	195	128
Investments in associated companies	29	29
Other financial investment assets	3,477	2,697
Investment assets for which the policyholder bears the investment risk	112,050	100,823
Reinsurers' portion of technical provisions	17	16
Receivables	677	407
Other assets	429	453
Prepaid expenses and accrued income	1,080	1,083
TOTAL ASSETS	117,954	105,816
EQUITY, PROVISIONS AND LIABILITIES		
Equity	2,748	2,231
Technical provisions	2,471	1,938
Insurance commitments for which the policyholder bears the risk	112,225	101,002
Provisions	5	71
Deposits from reinsurers	17	16
Liabilities	463	535
Accrued expenses and deferred income	26	23
TOTAL EQUITY, PROVISIONS AND LIABILITIES	117,954	105,816

Comments on financial results, Länsförsäkringar Liv

Earnings and profitability

Net profit for Länsförsäkringar Liv amounted to SEK 2,682 M (5,089). This result was due to positive investment income, continued transitions from Old Trad to New Trad, which reduced technical provisions, and a positive operating profit. The year-on-year decline was mainly the result of lower volumes of transitions from Old Trad to New Trad and earnings in 2015 benefiting from rising interest rates. In 2016, the company introduced a new discount curve and new operating-cost assumptions adapted to the Solvency II rules, and changed its payout-period assumption in accordance with company experience. However, the combined effect

of these actuarial assumptions on profit was marginal. Long-term interest rates fell sharply in the first half of 2016, leading to a negative effect on earnings, but market interest rates rose again in the autumn, positively impacting profit.

Liabilities to policyholders declined a total of SEK 1.2 billion (9.5) in 2016, primarily due to negative cash flows from payments and external transfers exceeding premium payments. Conversely, liabilities were impacted by falling interest rates, thus driving them up. Länsförsäkringar Liv could largely compensate for the increase in liabilities caused by interest rate falls with investment income, given the matching between assets and liabilities. Investment

income was positive for all management portfolios and contributed SEK 6.0 billion (0.4) in earnings. Transitions from Old Trad to New Trad made a positive contribution of SEK 0.5 billion to earnings, since guaranteed commitments declined. Operating expenses totalled SEK 447 M (442).

The solvency ratio for Länsförsäkringar Liv according to Solvency II strengthened from an opening balance of 182% on 1 January 2016 to 195% on 31 December 2016. The increase was due to positive earnings that strengthened own funds and the solvency ratio.

Collective consolidation was 114% (114) for New Trad and 125% (120) for Old Trad.

Länsförsäkringar Liv, Group

Income statement		
SEK M	2016	2015
Premium income after ceded reinsurance	1,720	1,919
Investment income, net	6,027	373
Claims payments	-5,683	-5,959
Change in technical provisions	1,221	9,497
Operating expenses	-447	-442
Technical result for insurance operations	2,838	5,388
Non-technical revenue/expenses	-110	-284
Profit before tax	2,728	5,104
Tax	-46	-15
NET PROFIT FOR THE YEAR	2,682	5,089

Balance sheet		
SEK M	31 Dec 2016	31 Dec 2015
ASSETS		
Investment assets	116,408	115,356
Reinsurers' portion of technical provisions	477	481
Receivables	1,909	1,378
Other assets	4,763	3,945
Prepaid expenses and accrued income	755	957
TOTAL ASSETS	124,312	122,117
EQUITY, PROVISIONS AND LIABILITIES		
Equity	23,050	21,402
Technical provisions	92,217	93,498
Provisions for other risks and expenses	239	137
Deposits from reinsurers	477	481
Liabilities	8,116	6,407
Accrued expenses and deferred income	212	192
TOTAL EQUITY, PROVISIONS AND LIABILITIES	124,312	122,117

Yet another successful year for real-estate brokerage

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.

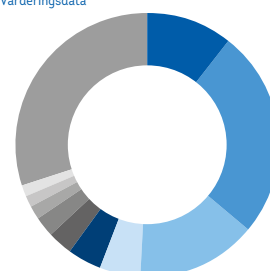
Länsförsäkringar Fastighetsförmedling has 160 branches throughout Sweden. Strong growth has advanced Länsförsäkringar Fastighetsförmedling to the position of third largest brokerage in Sweden. The real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering. 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 also means that Länsförsäkringar Fastighetsförmedling differs from national estate-

agent chains by always being locally based. According to the Swedish Quality Index's 2016 customer satisfaction survey, Länsförsäkringar Fastighetsförmedling has Sweden's most satisfied customers.

A total of 7,990 (8,420) single-family homes, 10,977 (10,340) tenant-owned apartments and 438 (470) agricultural properties were brokered in 2016. The value of the sales amounted to SEK 41.9 billion (37.4). During the period, sales of single-family homes resulted in SEK 3.2 billion (3.0) in first-lien mortgages in Länsförsäkringar's mortgage institution, divided between 1,560 (1,662) transactions.

Market share

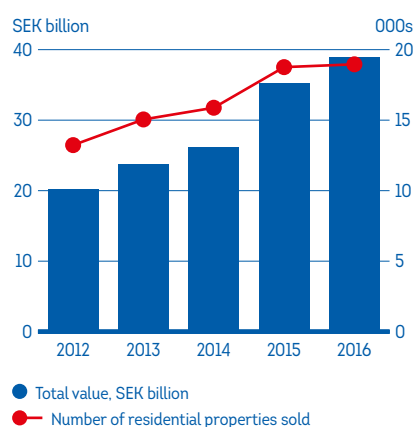
Source: Värderingsdata



- Länsförsäkringar Fastighetsförmedling 10.7%
- Fastighetsbyrån 25.5%
- Svensk Fastighetsförmedling 14.8%
- Mäklarhuset 5.0%
- Skandiamäklarna 4.1%
- Husman & Hagberg 3.0%
- Bjurfors 2.7%
- Mäklarringen 1.6%
- Hemverket 1.4%
- ERA 1.3%
- Other brokers and private 29.9%

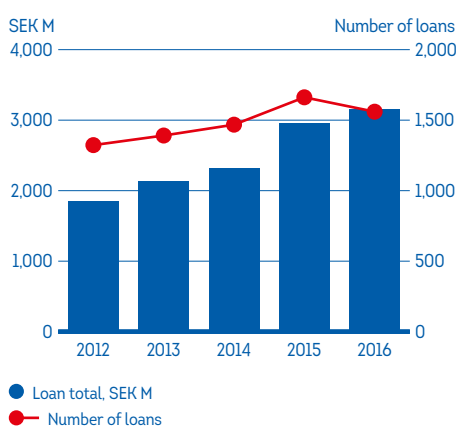
Länsförsäkringar Fastighetsförmedling is the third largest brokerage group, measured in number of single-family homes sold. Tenant-owned apartments are not included in the industry statistics.

Number of single-family homes and tenant-owned apartments sold by Länsförsäkringar Fastighetsförmedling



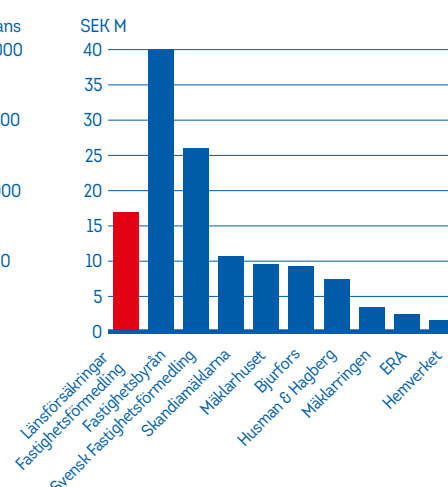
The number of residential properties sold increased 1% (18).

Single-family homes sold by Länsförsäkringar Fastighetsförmedling where loans were invested in Länsförsäkringar Hypotek



Sales of single-family homes resulted in SEK 3.2 billion (3.0) in first-lien mortgages in Länsförsäkringar Hypotek.

Value of sales of single-family homes 2016



The sales value of single-family homes for Länsförsäkringar Fastighetsförmedling amounted to SEK 17.4 billion (15.7). Tenant-owned apartments are not included in the diagram, including them, the value of sales was SEK 38.9 billion (35.3).

Länsförsäkringar Alliance in figures

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



Contents

40	Länsförsäkringar Alliance, non-life insurance
42	Länsförsäkringar Norrbotten
42	Länsförsäkringar Västerbotten
42	Länsförsäkringar Jämtland
43	Länsförsäkringar Västernorrland
43	Länsförsäkringar Gävleborg
43	Dalarnas Försäkringsbolag
44	Länsförsäkringar Värmland
44	Länsförsäkringar Uppsala
44	Länsförsäkringar Bergslagen
45	Länsförsäkringar Stockholm
45	Länsförsäkringar Södermanland
45	Länsförsäkringar Göteborg och Bohuslän
46	Länsförsäkringar Skaraborg
46	Länsförsäkringar Östgöta
46	Länsförsäkringar Älvsborg
47	Länsförsäkringar Gotland
47	Länsförsäkringar Jönköping
47	Länsförsäkringar Halland
48	Länsförsäkring Kronoberg
48	Länsförsäkringar Kalmar län
48	Länsförsäkringar Blekinge
49	Länsförsäkringar Göinge-Kristianstad
49	Länsförsäkringar Skåne

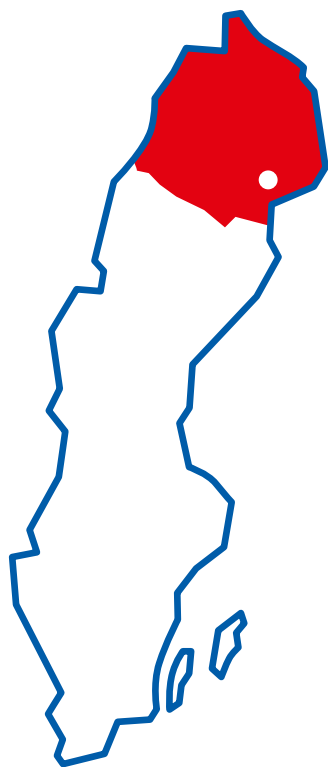
Länsförsäkringar Alliance 2016

	Norrbotten	Västerbotten	Jämtland	Västernorrland	Gävleborg	Dalarna	Värmland	Uppsala	Bergslagen	Stockholm	Södermanland
NON-LIFE INSURANCE, SEK M											
Result after ceded reinsurance 2016											
Premiums earned	346	751	418	440	468	1,161	582	722	1,143	1,766	565
Investment income transferred from financial operations	29	36	28	28	27	40	8	23	25	11	17
Claims payments	-273	-599	-355	-360	-382	-902	-419	-660	-984	-1,280	-484
Operating expenses	-77	-142	-77	-97	-103	-163	-103	-132	-198	-371	-97
Other income/expenses	-2	-7	-3	-4	-3	-10	-4	-6	-8	-9	-4
Technical result from non-life insurance operations before bonuses and discounts	22	39	10	7	7	126	64	-53	-22	115	-3
Bonuses and discounts	-13	-61	2	-	-	-221	-	-	-	-	-
Technical result for non-life insurance operations	9	-22	12	7	7	-95	64	-53	-22	115	-3
Total investment income	119	268	151	105	116	541	128	250	504	296	274
Investment income transferred to insurance operations	-29	-36	-28	-28	-27	-40	-8	-23	-25	-11	-17
Other income/expenses	1	-4	-9	-16	0	12	-3	14	5	41	-2
Operating profit	100	206	127	67	96	419	182	188	462	441	252
Balance sheet, 31 Dec 2016											
ASSETS											
Investment assets											
Shares in Länsförsäkringar AB	296	794	537	617	698	1,434	468	1,000	1,167	1,906	765
Other shares and participations	424	1,554	869	348	439	2,661	513	1,008	2,713	981	1,645
Bonds and other interest-bearing securities	240	1,275	728	722	639	1,655	566	1,086	1,086	2,109	773
Other investment assets	176	308	100	24	0	536	249	22	561	321	9
Total investment assets	1,137	3,931	2,234	1,711	1,776	6,286	1,797	3,116	5,528	5,317	3,193
Reinsurers' portion of technical provisions	184	260	266	162	485	401	308	335	296	265	224
Receivables and other assets	147	304	216	203	374	467	248	380	495	758	243
Cash and bank balances	281	123	95	29	86	226	669	63	194	45	45
Prepaid expenses and accrued income	10	39	27	15	25	114	23	46	18	34	34
Total assets	1,758	4,656	2,839	2,120	2,746	7,495	3,045	3,940	6,531	6,418	3,739
EQUITY AND LIABILITIES											
Equity	656	2,301	1,268	812	911	3,592	1,200	1,534	2,992	1,116	1,828
Untaxed reserves	-	-	-	-	-	-	-	-	-	1,634	-
Technical provisions (before ceded reinsurance)	859	1,768	1,232	1,079	1,514	3,097	1,423	1,902	2,565	2,868	1,425
Other provisions and liabilities	188	474	275	206	311	673	321	410	809	544	470
Accrued expenses and deferred income	55	113	64	23	10	132	101	93	165	258	15
Total equity and liabilities	1,758	4,656	2,839	2,120	2,746	7,495	3,045	3,940	6,531	6,418	3,739
Solvency capital / Total capital	789	2,669	1,499	916	1,114	4,128	1,468	1,852	3,582	3,103	2,169
Solvency margin	228	345	355	205	235	349	245	250	304	173	376

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

Earnings from the Länsförsäkringar Alliance's non-life insurance operations consist of the total earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding Länsförsäkringar Fondliv and the Länsförsäkringar Bank Group. The holdings and change in value in the Länsförsäkringar AB share and transactions between the regional insurance companies and the Länsförsäkringar AB Group have been eliminated. The 23 regional insurance companies and the Länsförsäkringar AB Group apply the approved International Financial Reporting Standards (IFRS).

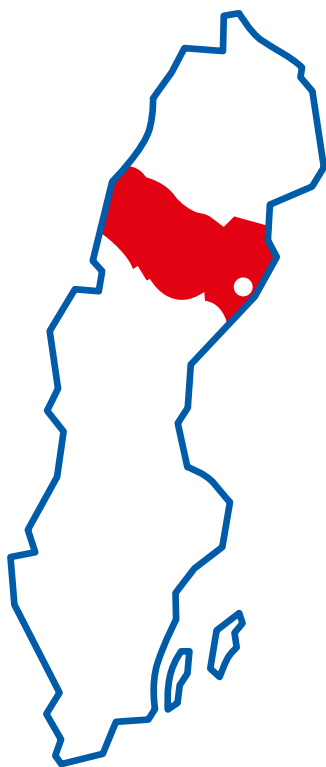
Göteborg och Bohuslän	Skaraborg	Östgöta	Älvsborg	Gotland	Jönköping	Halland	Kronoberg	Kalmar	Blekinge	Göinge-Kristianstad	Skåne	Länsförsäkringar-AB Group excl. Bank & Fondliv	Länsförsäkringar-Alliance Non-life insurance operations	Länsförsäkringar-Alliance
1,342	671	1,327	1,151	207	990	677	453	720	310	461	2,060	5,342	24,073	24,073
164	33	28	61	5	23	42	9	15	10	16	63	15	453	453
-946	-530	-964	-770	-160	-723	-453	-341	-541	-252	-368	-1,704	-3,793	-17,942	-17,942
-290	-118	-281	-223	-40	-156	-155	-89	-121	-74	-81	-330	-1,127	-4,644	-4,644
1	-4	-11	-9	-2	-7	-5	-4	-5	-2	-4	-13	-2	-127	-127
272	52	99	210	11	128	106	28	68	-8	24	75	435	1,813	1,813
-210	-	-226	-127	-50	-97	-96	-	-61	-50	9	-	-	-1,202	-1,202
62	52	-127	84	-39	31	10	28	7	-58	33	75	435	611	611
616	150	621	626	81	378	285	154	247	142	239	698	198	5,009	5,009
-164	-33	-28	-61	-5	-23	-42	-9	-15	-10	-16	-63	-15	-756	-756
0	0	-2	-40	2	-46	-26	-5	-10	-5	1	1	-150	-239	1,579
513	170	464	609	39	341	227	168	229	68	257	711	467	4,626	6,444
1,391	637	1,561	1,368	185	1,118	776	481	721	288	747	2,055	-	-	-
3,517	850	2,795	3,676	475	1,709	1,493	669	1,479	601	1,074	4,497	994	36,985	38,015
1,307	922	1,870	1,380	349	1,465	903	403	785	422	674	1,554	6,176	29,091	64,286
813	151	1,080	248	44	739	338	377	416	278	250	420	16,534	27,908	19,822
7,028	2,560	7,306	6,672	1,053	5,029	3,510	1,930	3,401	1,589	2,745	8,525	23,704	93,984	122,123
257	238	528	340	106	348	285	176	253	168	177	694	10,396	10,396	10,413
390	278	676	394	91	425	244	167	273	159	185	846	3,292	11,254	363,330
225	61	149	211	206	216	57	317	116	30	194	463	581	4,681	5,271
153	17	43	40	36	26	102	13	28	7	32	149	367	1,398	3,986
8,052	3,154	8,702	7,657	1,493	6,045	4,198	2,602	4,071	1,953	3,334	10,678	38,340	121,714	505,124
3,793	627	4,151	4,109	747	2,715	1,877	1,200	1,975	834	1,658	4,496	17,095	48,033	53,467
-	467	-	-	-	-	-	-	-	-	-	-	-	-	-
3,233	1,722	3,388	2,692	592	2,432	1,781	1,072	1,613	889	1,262	4,727	16,286	54,664	57,135
950	215	1,098	799	147	865	515	317	471	217	398	1,385	3,482	16,003	388,251
75	123	64	57	6	33	24	14	12	13	16	69	1,478	3,014	6,270
8,052	3,154	8,702	7,657	1,493	6,045	4,198	2,602	4,071	1,953	3,334	10,678	38,340	121,714	505,124
4,482	1,258	4,987	4,668	846	3,185	2,203	1,422	2,321	1,004	1,942	5,446	17,999	57,956	63,390
328	184	371	396	400	312	320	306	315	314	410	257	332	236	-



Länsförsäkringar Norrbotten

President: Kjell Lindfors
Board Chairman: Mats Fabricius

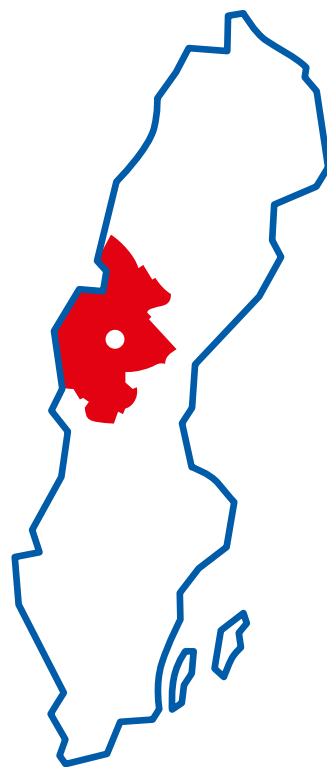
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	113	73
Total assets, SEK M	1,758	1,631
Solvency ratio, %	220	219 ¹⁾
Number of employees	74	74
Number of branches	3	3
Bank		
Deposits, SEK M	911	841
Loans, SEK M	285	291
Retail mortgages, SEK M	2,419	2,117
Fund volumes managed, SEK M	190	159
Number of customers	10,000	9,600
Life assurance		
Premium income, SEK M	76	90
Total insurance capital, SEK M	2,124	2,105
Number of customers	17,100	17,100
Non-life insurance		
Premiums earned, SEK M	346	323
Technical result for insurance operations, SEK M	22	59
Bonuses and discounts, SEK M	-13	-12
Combined ratio after ceded reinsurance, %	101	90
Total return on asset management, %	9	4
Number of customers	63,500	61,000



Länsförsäkringar Västerbotten

President: Göran Spetz
Board Chairman: Conny Sandström

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	267	237
Total assets, SEK M	4,656	4,409
Solvency ratio, %	222	225 ¹⁾
Number of employees	171	169
Number of branches	3	3
Bank		
Deposits, SEK M	3,773	3,467
Loans, SEK M	1,332	1,267
Retail mortgages, SEK M	6,232	5,253
Fund volumes managed, SEK M	1,356	1,125
Number of customers	29,700	28,100
Life assurance		
Premium income, SEK M	175	182
Total insurance capital, SEK M	4,346	4,253
Number of customers	30,800	30,400
Non-life insurance		
Premiums earned, SEK M	751	697
Technical result for insurance operations, SEK M	39	119
Bonuses and discounts, SEK M	-61	-56
Combined ratio after ceded reinsurance, %	99	86
Total return on asset management, %	6	4
Number of customers	120,200	116,900

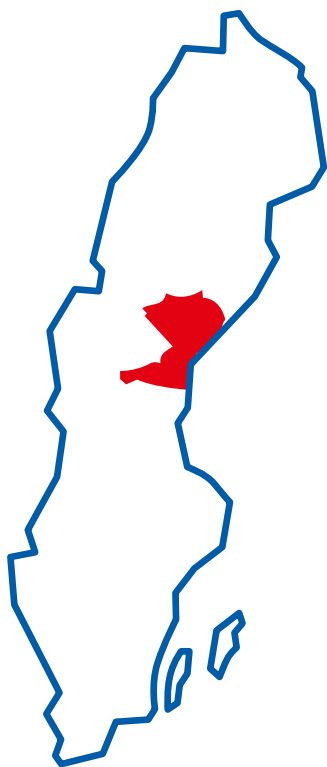


Länsförsäkringar Jämtland

President: Tomas Eriksson
Board Chairman: Eva Scherl

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	125	129
Total assets, SEK M	2,839	2,739
Solvency ratio, %	192	183 ¹⁾
Number of employees	100	99
Number of branches	3	4
Bank		
Deposits, SEK M	2,128	1,993
Loans, SEK M	951	922
Retail mortgages, SEK M	2,844	2,504
Fund volumes managed, SEK M	317	264
Number of customers	15,500	14,900
Life assurance		
Premium income, SEK M	92	96
Total insurance capital, SEK M	2,313	2,247
Number of customers	17,800	17,600
Non-life insurance		
Premiums earned, SEK M	418	402
Technical result for insurance operations, SEK M	10	5
Bonuses and discounts, SEK M	-	-40
Combined ratio after ceded reinsurance, %	103	101
Total return on asset management, %	7	7
Number of customers	57,500	56,400

¹⁾ Opening balance on 1 January 2016 under Solvency II.

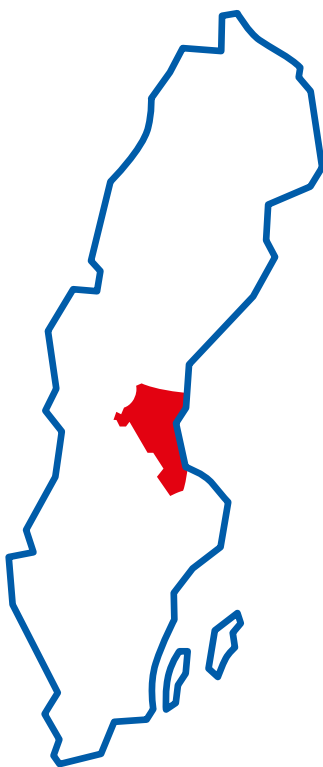


Länsförsäkringar Västernorrland

President: Mikael Bergström
Board Chairman: Stig Högberg

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	67	93
Total assets, SEK M	2,120	2,104
Solvency ratio, %	160	152 ¹⁾
Number of employees	116	118
Number of branches	5	5
Bank		
Deposits, SEK M	1,603	1,500
Loans, SEK M	512	498
Retail mortgages, SEK M	2,497	2,209
Fund volumes managed, SEK M	555	409
Number of customers	24,300	23,500
Life assurance		
Premium income, SEK M	116	128
Total insurance capital, SEK M	3,635	3,597
Number of customers	24,100	24,100
Non-life insurance		
Premiums earned, SEK M	440	429
Technical result for insurance operations, SEK M	7	40
Combined ratio after ceded reinsurance, %	104	93
Total return on asset management, %	7	6
Number of customers	73,200	72,500

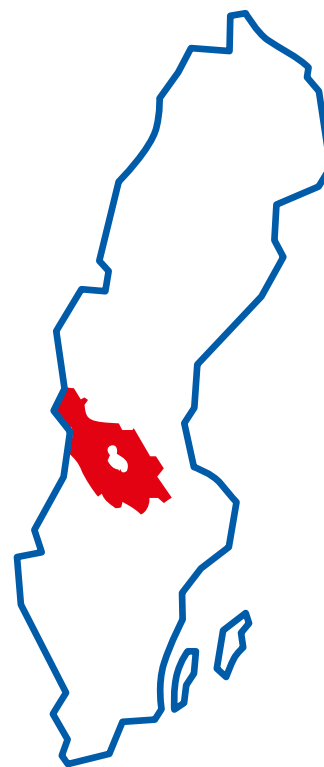
¹⁾ Opening balance on 1 January 2016 under Solvency II.



Länsförsäkringar Gävleborg

President: Per-Ove Bäckström
Board Chairman: Mats Åstrand

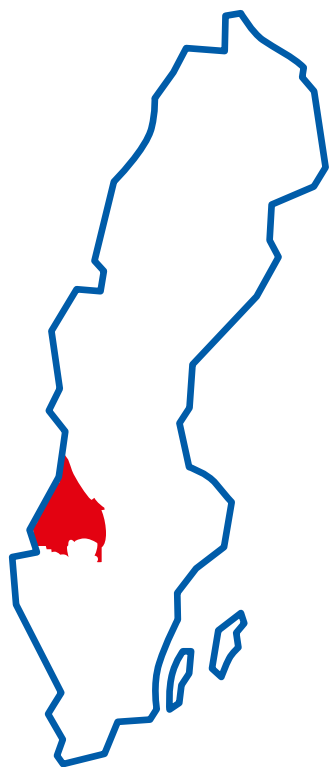
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	96	92
Total assets, SEK M	2,746	2,584
Solvency ratio, %	177	223 ¹⁾
Number of employees	146	148
Number of branches	6	6
Bank		
Deposits, SEK M	2,508	2,318
Loans, SEK M	792	874
Retail mortgages, SEK M	5,124	4,654
Fund volumes managed, SEK M	588	497
Number of customers	25,100	24,000
Life assurance		
Premium income, SEK M	113	124
Total insurance capital, SEK M	3,549	3,457
Number of customers	28,400	28,300
Non-life insurance		
Premiums earned, SEK M	468	452
Technical result for insurance operations, SEK M	7	72
Combined ratio after ceded reinsurance, %	104	86
Total return on asset management, %	7	3
Number of customers	84,500	83,700



Dalarnas Försäkringsbolag

President: Anders Grånäs
Board Chairman: Maria Engholm

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	640	505
Total assets, SEK M	7,495	7,198
Solvency ratio, %	213	219 ¹⁾
Number of employees	289	277
Number of branches	7	7
Bank		
Deposits, SEK M	4,847	4,471
Loans, SEK M	1,443	1,400
Retail mortgages, SEK M	7,747	7,146
Fund volumes managed, SEK M	1,507	1,240
Number of customers	44,700	42,800
Life assurance		
Premium income, SEK M	314	314
Total insurance capital, SEK M	7,135	6,806
Number of customers	45,600	45,100
Non-life insurance		
Premiums earned, SEK M	1,161	1,110
Technical result for insurance operations, SEK M	126	188
Bonuses and discounts, SEK M	-221	-246
Combined ratio after ceded reinsurance, %	92	84
Total return on asset management, %	9	6
Number of customers	151,800	148,800



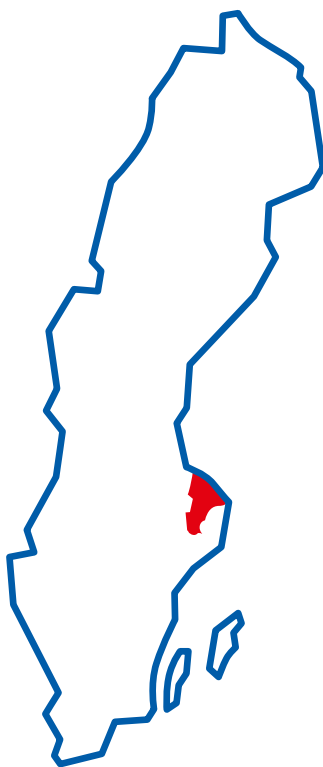
Länsförsäkringar Värmland

President: Ulf W Eriksson

Board Chairman: Patrik Sandin

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	182	70
Total assets, SEK M	3,045	2,812
Solvency ratio, %	260	272 ¹⁾
Number of employees	102	101
Number of branches	4	4
Bank		
Deposits, SEK M	1,343	1,237
Loans, SEK M	628	589
Retail mortgages, SEK M	2,670	2,275
Fund volumes managed, SEK M	311	252
Number of customers	13,200	12,500
Life assurance		
Premium income, SEK M	111	114
Total insurance capital, SEK M	3,059	3,020
Number of customers	23,300	23,300
Non-life insurance		
Premiums earned, SEK M	582	538
Technical result for insurance operations, SEK M	64	-5
Bonuses and discounts, SEK M	-32	-25
Combined ratio after ceded reinsurance, %	90	102
Total return on asset management, %	6	4
Number of customers	93,600	91,400

¹⁾ Opening balance on 1 January 2016 under Solvency II.

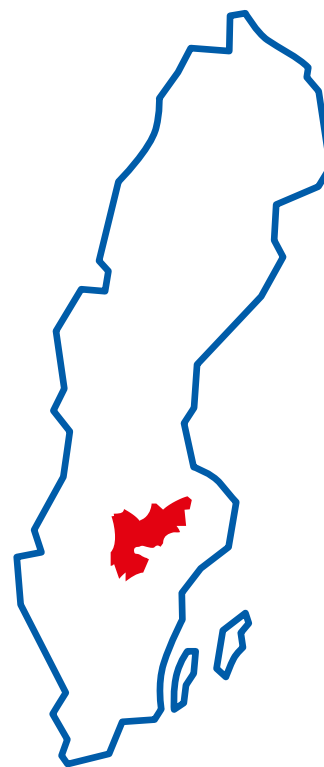


Länsförsäkringar Uppsala

President: Ulrica Hedman

Board Chairman: Bengt-Erik Jansson

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	188	212
Total assets, SEK M	3,940	3,711
Solvency ratio, %	196	206 ¹⁾
Number of employees	180	176
Number of branches	6	6
Bank		
Deposits, SEK M	3,874	3,624
Loans, SEK M	1,605	1,533
Retail mortgages, SEK M	8,778	7,824
Fund volumes managed, SEK M	918	756
Number of customers	32,000	30,800
Life assurance		
Premium income, SEK M	276	294
Total insurance capital, SEK M	7,023	6,767
Number of customers	46,500	46,200
Non-life insurance		
Premiums earned, SEK M	722	686
Technical result for insurance operations, SEK M	-53	19
Combined ratio after ceded reinsurance, %	110	99
Total return on asset management, %	9	8
Number of customers	120,400	118,100

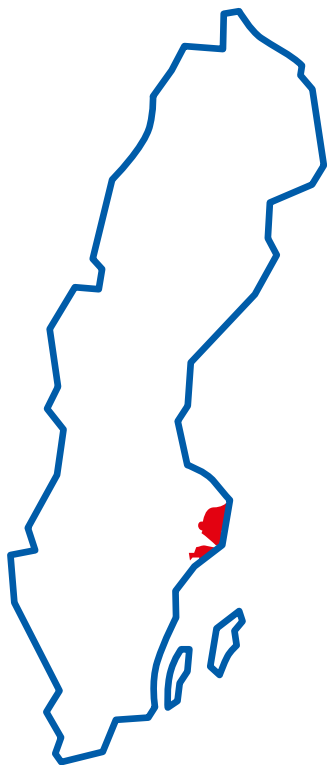


Länsförsäkringar Bergslagen

President: Mikael Sundquist

Board Chairman: Bengt-Erik Lindgren

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	462	323
Total assets, SEK M	6,531	6,009
Solvency ratio, %	201	212 ¹⁾
Number of employees	280	274
Number of branches	7	7
Bank		
Deposits, SEK M	6,173	5,601
Loans, SEK M	3,560	3,564
Retail mortgages, SEK M	11,880	10,209
Fund volumes managed, SEK M	1,390	1,085
Number of customers	52,700	49,100
Life assurance		
Premium income, SEK M	525	492
Total insurance capital, SEK M	9,433	8,943
Number of customers	58,100	56,800
Non-life insurance		
Premiums earned, SEK M	1,143	1,050
Technical result for insurance operations, SEK M	-22	17
Combined ratio after ceded reinsurance, %	103	98
Total return on asset management, %	10	7
Number of customers	190,300	184,400

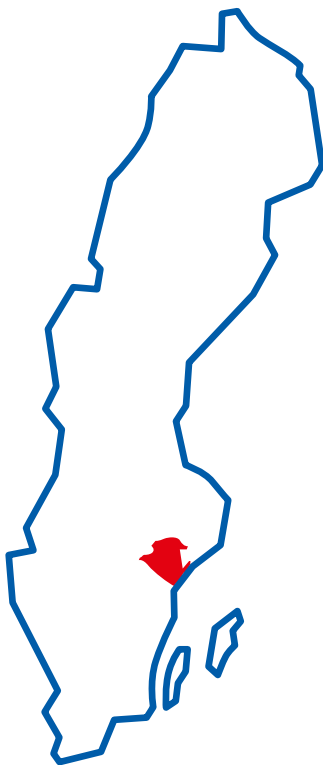


Länsförsäkringar Stockholm

President: Fredrik Bergström
Board Chairman: Christer Villard

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	441	487
Total assets, SEK M	6,418	5,900
Solvency ratio, %	208	211 ¹⁾
Number of employees	312	324
Number of branches	4	5
Bank		
Deposits, SEK M	7,430	7,161
Loans, SEK M	1,564	1,509
Retail mortgages, SEK M	25,724	21,443
Fund volumes managed, SEK M	1,840	1,627
Number of customers	88,200	85,400
Life assurance		
Premium income, SEK M	2,404	2,441
Total insurance capital, SEK M	54,735	52,444
Number of customers	220,100	216,000
Non-life insurance		
Premiums earned, SEK M	1,766	1,666
Technical result for insurance operations, SEK M	115	266
Combined ratio after ceded reinsurance, %	94	87
Total return on asset management, %	6	6
Number of customers	351,500	347,800

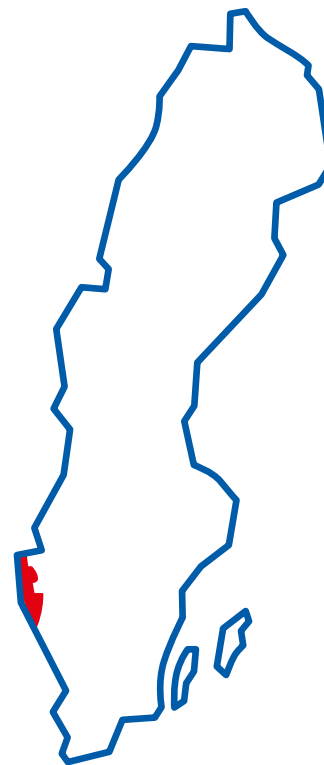
¹⁾ Opening balance on 1 January 2016 under Solvency II.



Länsförsäkringar Södermanland

President: Anna-Greta Lundh
Board Chairman: Caesar Åfors

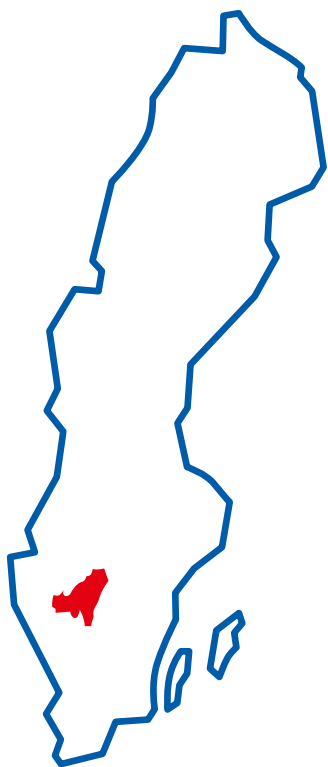
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	252	269
Total assets, SEK M	3,739	3,459
Solvency ratio, %	208	219 ¹⁾
Number of employees	130	129
Number of branches	4	4
Bank		
Deposits, SEK M	2,409	2,183
Loans, SEK M	905	857
Retail mortgages, SEK M	5,185	4,769
Fund volumes managed, SEK M	541	455
Number of customers	22,100	21,200
Life assurance		
Premium income, SEK M	159	216
Total insurance capital, SEK M	4,089	3,950
Number of customers	28,900	28,700
Non-life insurance		
Premiums earned, SEK M	565	523
Technical result for insurance operations, SEK M	-3	5
Combined ratio after ceded reinsurance, %	103	101
Total return on asset management, %	9	10
Number of customers	93,500	92,800



Länsförsäkringar Göteborg och Bohuslän

President: Ricard Robbstål
Board Chairman: Sune Nilsson

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	723	673
Total assets, SEK M	8,052	7,387
Solvency ratio, %	191	204 ¹⁾
Number of employees	326	310
Number of branches	10	10
Bank		
Deposits, SEK M	5,536	4,900
Loans, SEK M	1,277	1,188
Retail mortgages, SEK M	14,184	11,332
Fund volumes managed, SEK M	1,290	984
Number of customers	53,700	50,400
Life assurance		
Premium income, SEK M	1,015	1,008
Total insurance capital, SEK M	19,538	18,479
Number of customers	91,000	88,100
Non-life insurance		
Premiums earned, SEK M	1,342	1,284
Technical result for insurance operations, SEK M	272	196
Bonuses and discounts, SEK M	-210	-151
Combined ratio after ceded reinsurance, %	92	94
Total return on asset management, %	10	10
Number of customers	225,500	216,800



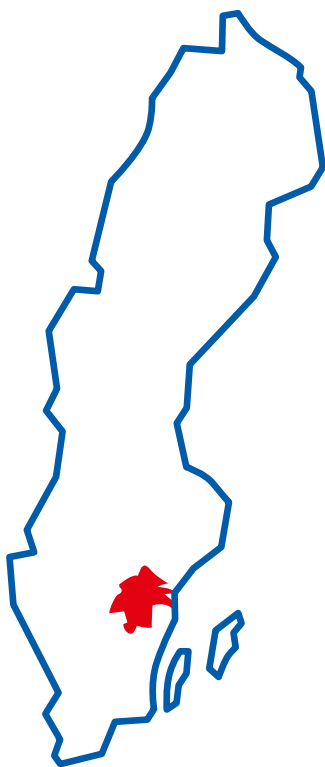
Länsförsäkringar Skaraborg

President: Jonas Rosman

Board Chairman: Eric Grimlund

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	170	159
Total assets, SEK M	3,154	2,914
Solvency ratio, %	173	145 ¹⁾
Number of employees	150	152
Number of branches	8	8
Bank		
Deposits, SEK M	3,759	3,382
Loans, SEK M	2,028	1,982
Retail mortgages, SEK M	5,183	4,519
Fund volumes managed, SEK M	1,089	908
Number of customers	38,100	36,200
Life assurance		
Premium income, SEK M	159	156
Total insurance capital, SEK M	4,560	4,406
Number of customers	31,600	31,500
Non-life insurance		
Premiums earned, SEK M	671	631
Technical result for insurance operations, SEK M	52	62
Combined ratio after ceded reinsurance, %	96	93
Total return on asset management, %	7	6
Number of customers	104,200	101,900

¹⁾ Opening balance on 1 January 2016 under Solvency II.

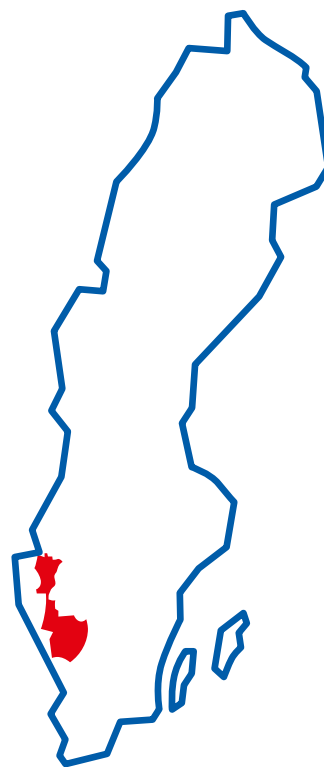


Länsförsäkringar Östgöta

President: Sven Eggefalk

Board Chairman: Peter Lindgren

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	690	523
Total assets, SEK M	8,702	8,025
Solvency ratio, %	251	269 ¹⁾
Number of employees	323	312
Number of branches	7	7
Bank		
Deposits, SEK M	7,337	6,807
Loans, SEK M	1,267	1,327
Retail mortgages, SEK M	14,824	13,158
Fund volumes managed, SEK M	2,211	1,789
Number of customers	60,300	57,400
Life assurance		
Premium income, SEK M	867	972
Total insurance capital, SEK M	13,068	12,218
Number of customers	66,000	65,100
Non-life insurance		
Premiums earned, SEK M	1,327	1,261
Technical result for insurance operations, SEK M	99	124
Bonuses and discounts, SEK M	-226	-207
Combined ratio after ceded reinsurance, %	94	91
Total return on asset management, %	9	7
Number of customers	194,200	190,400

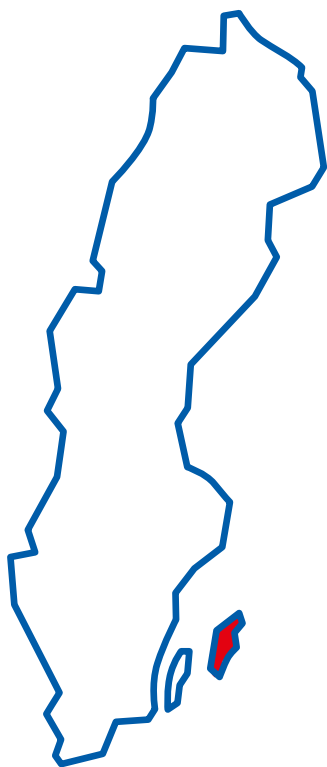


Länsförsäkringar Älvsborg

President: Sören Schelander

Board Chairman: Lars Hallkvist

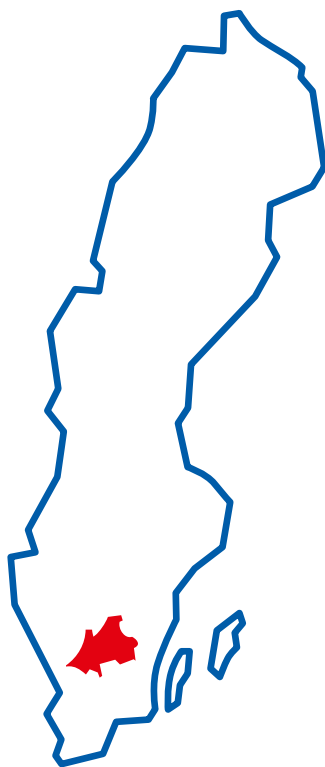
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	736	660
Total assets, SEK M	7,657	7,050
Solvency ratio, %	212	216 ¹⁾
Number of employees	262	261
Number of branches	9	10
Bank		
Deposits, SEK M	4,689	4,397
Loans, SEK M	1,776	1,844
Retail mortgages, SEK M	10,650	9,800
Fund volumes managed, SEK M	1,310	1,092
Number of customers	68,500	66,900
Life assurance		
Premium income, SEK M	293	302
Total insurance capital, SEK M	7,769	7,501
Number of customers	56,500	56,100
Non-life insurance		
Premiums earned, SEK M	1,151	1,085
Technical result for insurance operations, SEK M	210	190
Bonuses and discounts, SEK M	-127	-157
Combined ratio after ceded reinsurance, %	86	85
Total return on asset management, %	11	10
Number of customers	170,000	166,600



Länsförsäkringar Gotland

President: Mariette Nicander
Board Chairman: Eva Wetterdal

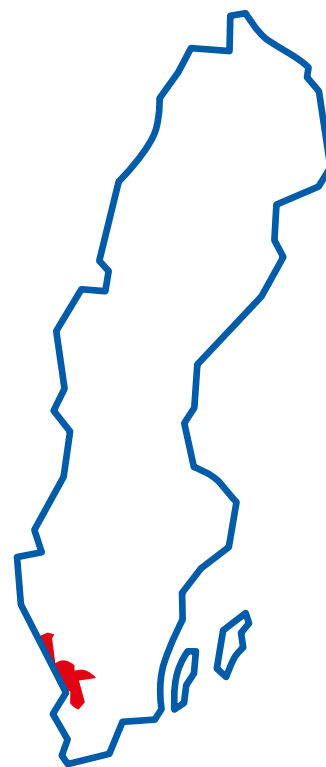
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	89	104
Total assets, SEK M	1,493	1,363
Solvency ratio, %	265	272 ¹⁾
Number of employees	67	71
Number of branches	2	2
Bank		
Deposits, SEK M	1,869	1,667
Loans, SEK M	1,711	1,698
Retail mortgages, SEK M	3,208	3,021
Fund volumes managed, SEK M	412	331
Number of customers	14,900	14,100
Life assurance		
Premium income, SEK M	68	72
Total insurance capital, SEK M	1,315	1,236
Number of customers	11,000	11,000
Non-life insurance		
Premiums earned, SEK M	207	193
Technical result for insurance operations, SEK M	11	42
Bonuses and discounts, SEK M	-50	-
Combined ratio after ceded reinsurance, %	97	80
Total return on asset management, %	7	6
Number of customers	30,900	30,200



Länsförsäkringar Jönköping

President: Örian Söderberg
Board Chairman: Göran Lindell

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	438	245
Total assets, SEK M	6,045	5,612
Solvency ratio, %	207	214 ¹⁾
Number of employees	197	192
Number of branches	6	6
Bank		
Deposits, SEK M	4,763	4,272
Loans, SEK M	2,234	2,060
Retail mortgages, SEK M	6,265	5,407
Fund volumes managed, SEK M	1,227	970
Number of customers	34,400	32,100
Life assurance		
Premium income, SEK M	285	299
Total insurance capital, SEK M	7,348	6,984
Number of customers	41,100	40,500
Non-life insurance		
Premiums earned, SEK M	990	938
Technical result for insurance operations, SEK M	128	51
Bonuses and discounts, SEK M	-100	-25
Combined ratio after ceded reinsurance, %	89	95
Total return on asset management, %	8	5
Number of customers	132,200	128,000

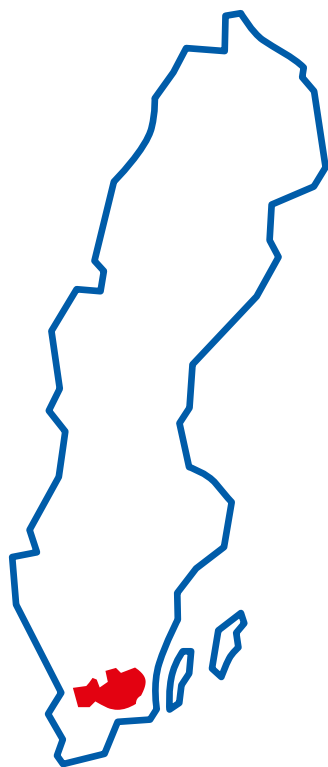


Länsförsäkringar Halland

President: Christian Bille
Board Chairman: Karin Starrin

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	323	235
Total assets, SEK M	4,198	3,876
Solvency ratio, %	227	225 ¹⁾
Number of employees	156	147
Number of branches	6	6
Bank		
Deposits, SEK M	3,847	3,535
Loans, SEK M	3,000	3,017
Retail mortgages, SEK M	7,349	6,596
Fund volumes managed, SEK M	1,013	851
Number of customers	37,100	35,700
Life assurance		
Premium income, SEK M	210	220
Total insurance capital, SEK M	5,585	5,394
Number of customers	41,200	40,600
Non-life insurance		
Premiums earned, SEK M	677	606
Technical result for insurance operations, SEK M	106	67
Bonuses and discounts, SEK M	-96	-60
Combined ratio after ceded reinsurance, %	89	93
Total return on asset management, %	9	7
Number of customers	98,600	96,100

¹⁾ Opening balance on 1 January 2016 under Solvency II.

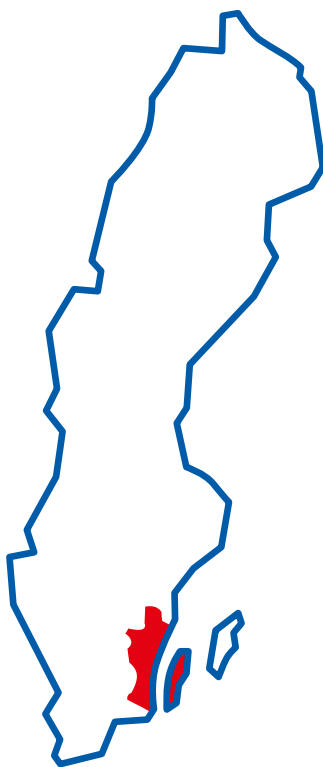


Länsförsäkring Kronoberg

President: Beatrice Kämpe Nikolausson
Board Chairman: Per-Åke Holgersson

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	168	212
Total assets, SEK M	2,602	2,470
Solvency ratio, %	179	178 ¹⁾
Number of employees	91	88
Number of branches	3	3
Bank		
Deposits, SEK M	2,375	2,301
Loans, SEK M	1,201	1,139
Retail mortgages, SEK M	2,880	2,583
Fund volumes managed, SEK M	622	485
Number of customers	25,700	26,600
Life assurance		
Premium income, SEK M	160	158
Total insurance capital, SEK M	3,830	3,703
Number of customers	21,600	21,300
Non-life insurance		
Premiums earned, SEK M	453	435
Technical result for insurance operations, SEK M	28	49
Bonuses and discounts, SEK M	-	-55
Combined ratio after ceded reinsurance, %	95	89
Total return on asset management, %	8	10
Number of customers	72,100	69,100

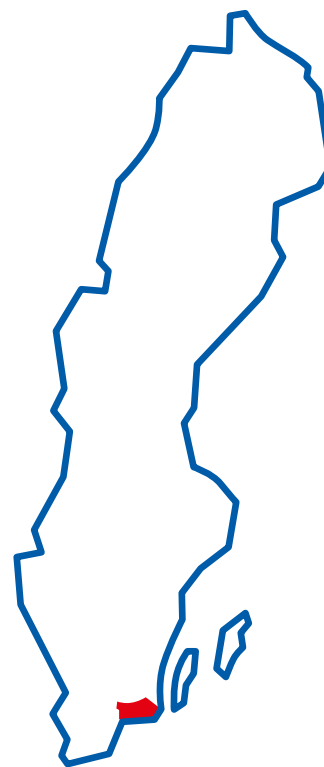
¹⁾ Opening balance on 1 January 2016 under Solvency II.



Länsförsäkringar Kalmar län

President: Anna Blom
Board Chairman: Jan-Olof Thorstensson

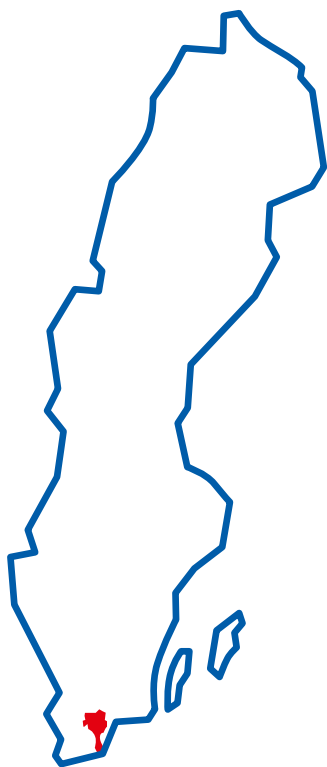
Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	291	211
Total assets, SEK M	4,071	3,840
Solvency ratio, %	217	242 ¹⁾
Number of employees	160	158
Number of branches	7	9
Bank		
Deposits, SEK M	2,866	2,570
Loans, SEK M	1,256	1,204
Retail mortgages, SEK M	3,904	3,361
Fund volumes managed, SEK M	826	647
Number of customers	22,100	20,700
Life assurance		
Premium income, SEK M	130	136
Total insurance capital, SEK M	4,135	4,047
Number of customers	27,500	27,200
Non-life insurance		
Premiums earned, SEK M	720	674
Technical result for insurance operations, SEK M	68	25
Bonuses and discounts, SEK M	-61	-49
Combined ratio after ceded reinsurance, %	95	100
Total return on asset management, %	8	8
Number of customers	110,900	108,000



Länsförsäkringar Blekinge

President: Jens Listerö
Board Chairman: Anders Larsson

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	118	107
Total assets, SEK M	1,953	1,820
Solvency ratio, %	219	236 ¹⁾
Number of employees	68	68
Number of branches	4	4
Bank		
Deposits, SEK M	1,593	1,403
Loans, SEK M	956	918
Retail mortgages, SEK M	2,766	2,447
Fund volumes managed, SEK M	504	406
Number of customers	14,100	13,100
Life assurance		
Premium income, SEK M	128	130
Total insurance capital, SEK M	2,678	2,588
Number of customers	17,300	17,100
Non-life insurance		
Premiums earned, SEK M	310	284
Technical result for insurance operations, SEK M	-8	28
Bonuses and discounts, SEK M	-50	-25
Combined ratio after ceded reinsurance, %	105	91
Total return on asset management, %	10	7
Number of customers	56,200	54,800

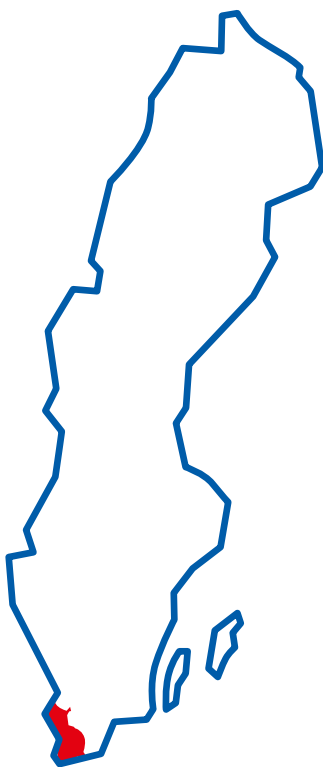


Länsförsäkringar Götaland-Kristianstad

President: Henrietta Hansson
Board Chairman: Göran Trobro

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	248	159
Total assets, SEK M	3,334	3,112
Solvency ratio, %	251	248 ¹⁾
Number of employees	100	102
Number of branches	3	3
Bank		
Deposits, SEK M	2,340	2,081
Loans, SEK M	1,874	1,762
Retail mortgages, SEK M	2,875	2,463
Fund volumes managed, SEK M	564	448
Number of customers	18,100	17,000
Life assurance		
Premium income, SEK M	130	132
Total insurance capital, SEK M	3,496	3,411
Number of customers	23,800	23,800
Non-life insurance		
Premiums earned, SEK M	461	450
Technical result for insurance operations, SEK M	24	47
Combined ratio after ceded reinsurance, %	97	90
Total return on asset management, %	9	5
Number of customers	77,600	74,700

¹⁾ Opening balance on 1 January 2016 under Solvency II.



Länsförsäkringar Skåne

President: Susanne Petersson
Board Chairman: Otto Ramel

Key figures	2016	2015
Operating profit before bonuses and discounts, SEK M	711	615
Total assets, SEK M	10,678	10,351
Solvency ratio, %	218	213 ¹⁾
Number of employees	474	470
Number of branches	8	6
Bank		
Deposits, SEK M	7,054	6,073
Loans, SEK M	4,143	4,040
Retail mortgages, SEK M	15,955	14,031
Fund volumes managed, SEK M	1,957	1,567
Number of customers	74,400	69,500
Life assurance		
Premium income, SEK M	986	998
Total insurance capital, SEK M	20,490	19,745
Number of customers	116,900	115,300
Non-life insurance		
Premiums earned, SEK M	2,060	1,912
Technical result for insurance operations, SEK M	75	225
Bonuses and discounts, SEK M	-	-180
Combined ratio after ceded reinsurance, %	99	91
Total return on asset management, %	9	6
Number of customers	361,000	351,000

Together we create security and opportunities

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

Länsförsäkringar AB is wholly owned by the 23 regional insurance companies, together with 16 local insurance companies. The regional insurance companies impose demands on effective capital use and a return on equity corresponding to 5% over the risk-free interest. The return on equity in 2016 was 10%. In addition to the Parent Company, Länsförsäkringar AB, the Group consists of Länsförsäkringar Sak, Länsförsäkringar Bank, Länsförsäkringar Fondliv, Länsförsäkringar Liv and the subsidiaries of these companies. Länsförsäkringar Liv and its subsidiaries are not consolidated in the consolidated financial statements since the company's earnings accrue in their entirety to the policyholders.

Mission

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

Economies of scale creating added value for customers

Cooperation in the Länsförsäkringar Alliance has gradually emerged. The local companies decided to cooperate together to achieve economies of scale and to concentrate on the most important issue: meetings

with customers and developing close customer relationships. Instead of developing these resources at local level, the regional insurance companies can share expenses in such areas as product and concept development, IT operations and management and brand communication. The separation of duties among the regional insurance companies and Länsförsäkringar AB creates a clear focus for each party. Länsförsäkringar AB is to create the conditions for the regional insurance companies to be more effective in their roles. Economic efficiency is a basic prerequisite for this to work. That is why certain non-life insurance operations are considered best suited to a joint concession. This interface does not affect customer relationships, which are managed by the respective regional insurance company in the same manner as a local bank or insurance company. This is the foundation of the Länsförsäkringar concept. For customers, Länsförsäkringar is always close at hand with local decision-making. The basis is local presence and decision-making powers – experience shows that local decision-making authority, combined with shared strengths, creates substantial added value for customers.

Non-life insurance

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

surance coverage and pool solutions is created through joint group insurance cover.

The pet insurance operations are conducted in the subsidiary Agria Djurförsäkring and the Länsförsäkringar Alliance's reinsurance solutions are managed jointly by Länsförsäkringar Sak, which is also where internationally assumed reinsurance is underwritten. Of the Länsförsäkringar Alliance's combined premiums earned of SEK 24 billion, premiums earned from the non-life insurance operations in Länsförsäkringar AB accounted for SEK 5 billion.

Bank

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales, advisory services and customer service are carried out through the branches of the regional insurance companies and via digital channels and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek. The subsidiary Länsförsäkringar Fondförvaltning offers mutual funds. The subsidiary Wasa Kredit offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. The number of customers with Länsförsäkringar as their primary bank rose 11% to 419,000. Business volumes in the banking operations increased 13% till SEK 455 billion.

Life assurance and pension insurance

Länsförsäkringar offers life-assurance and pension solutions to corporate customers and private individuals. Fund management, Guarantee Management and personal insurance are offered through Länsförsäkringar Fondliv. Länsförsäkringar's fund range comprises 39 of its own funds and about 49



external funds. The former are found in Länsförsäkringar's own mutual fund company, with three funds managed by internal managers and the remainder by external managers. The unit-linked life assurance company manages SEK 114 billion on behalf of its life-assurance and pension insurance customers. Länsförsäkringar Fondliv offers management of pension insurance carrying a guarantee element regarding paid-in premiums, while Länsförsäkringar Liv, which is closed for new business, conducts traditional life assurance that was taken out before it was closed in 2011. The work on inviting

customers to change the conditions of their insurance product to New Trad continued during 2016. The offer was positively received. Conditions have been changed for 41% of the capital for those customers who have received the offer to date.

Governance of risk-taking and capital use

Business activities are conducted to generate a profit so that the company can pay returns on equity at market levels. All capital that is not required for Länsförsäkringar AB's operations is returned over time to the owners in the form of dividends. The Group's

capital situation in relation to its combined risks forms the basis of decisions on potential dividend payments. Länsförsäkringar AB endeavours to maintain a balance between capital strength and risk-taking to justify a minimum credit rating of A.

More than 70 percentage of the Länsförsäkringar Alliance's capital, excluding the capital in Länsförsäkringar Liv, which belongs to its policyholders, is invested in the regional insurance companies. Accordingly, the Group's capital strength is assessed not only on its own situation but also includes the capital strength of the

regional insurance companies. Rating agencies and other stakeholders have that approach. The regional insurance companies are extremely well consolidated and thus are highly able to contribute capital to the Group.

The Group prioritises its work on governance of risk-taking and capital use. The Länsförsäkringar AB Group bases the risk governance of its insurance operations on a partial internal model for calculating Solvency II capital requirements, which was approved by the Swedish Financial Supervisory Authority in May 2016. Länsförsäkringar Bank has also already received approval from the Financial Supervisory Authority to use the Internal Ratings Based Approach for credit risk measurement for calculating the capital requirement in accordance with the Capital Requirements Regulation. In addition, the Länsförsäkringar AB Group is a financial conglomerate, which means that risk-taking in the separate business activities is governed based on how these operations affect the Group's capital use. The aim is to safeguard shareholders' capital and ensure effective use and earnings on the Group's capital.

Balance between local and shared

Together, the Länsförsäkringar Alliance has developed a balance between the small and the large-scale. Cooperation between the regional insurance companies through Läns-



försäkringar AB has emerged from a decentralised perspective, not the other way round. The local companies decided to cooperate together to achieve economies of scale and to concentrate on the most important issue: meetings with customers and developing close customer relationships. Certain elements of the Länsförsäkringar Alliance are conducted on a large-scale to generate economies of scale, for example, the development of products and IT systems. Other areas are better suited to being conducted on a smaller scale, such as

customer meetings. Success is found in balancing these elements. The basis for cooperation within the Länsförsäkringar Alliance is that as much of the operations as possible are conducted by the local companies and essentially all customer contact is to take place with them. For Länsförsäkringar, the core concept is to meet and know customers, and this is best achieved on a small scale. Economies of scale arise in the cooperation between the regional insurance companies that takes place through Länsförsäkringar AB and its subsidiaries.

Vision, values and targets

Länsförsäkringar AB's operations are guided by vision and value-based planning. The vision and values serve as guiding principles for all operations in the Group.

Vision:

Together we create security and opportunities

The vision is a description of how Länsförsäkringar AB wants things to be in the world in which it operates. With 6,200 employees, the Länsförsäkringar Alliance works to provide financial security for 3.7 million customers. Länsförsäkringar exists to create a sense of security for our customers no matter what needs they have – from buying a home, non-life insurance, pension banking services and mortgages to different types of savings.

Values:

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

The values describe how the Länsförsäkringar AB Group's employees are expected to interact in order to fulfil the vision and achieve the targets.

Targets:

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

Organisation and facts Länsförsäkringar AB

3.7 million customers

23 local regional insurance companies

Länsförsäkringar AB

Länsförsäkringar Bank AB

Länsförsäkringar Sak
Försäkrings AB

Länsförsäkringar
Fondliv Försäkrings AB

Länsförsäkringar Liv
Försäkrings AB*

* The company is operated according to mutual principles and is not consolidated in Länsförsäkringar AB.

Shareholdings in Länsförsäkringar AB on 31 December 2016

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

Share trend, Länsförsäkringar AB

SEK	2016	2015	2014	2013	2012
Equity per share	2,046	1,858	1,675	1,557	1,479

Definitions

After ceded reinsurance

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

Claims payments

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

Claims ratio, non-life insurance

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

Combined ratio, non-life insurance

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

Consolidation ratio, life assurance

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

Cost/income ratio, bank

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

Expense ratio, non-life insurance

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

Investment assets

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

Investment income, non-life insurance

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

Investment income transferred from financial operations

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

Investment margin, bank

Net interest income in relation to average total assets.

Loan losses net, bank

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

Loan losses in relation to loans, bank

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

Net interest income, bank

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

Operating expenses in the insurance operations

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

Premiums earned

The proportion of premium income attributable to the period.

Premium income

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

Reinsurance

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

Return on equity

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

Solvency capital

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

Solvency ratio

Own funds in relation to risk-based capital requirement, according to Solvency II Directive in Swedish law.

Solvency margin, non-life insurance

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

Technical provisions

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

Technical result for non-life insurance operations

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

Tier 1 capital, bank

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

Tier 1 capital ratio, bank

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

Total return ratio

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

Financial calendar 2017

First quarter:

Interim report, Länsförsäkringar AB	5 May
Interim report, Länsförsäkringar Bank	5 May
Interim report, Länsförsäkringar Hypotek	5 May
Interim review, Länsförsäkringar Alliance	5 May

Second quarter:

Interim report, Länsförsäkringar AB	10 August
Interim report, Länsförsäkringar Bank	10 August
Interim report, Länsförsäkringar Hypotek	10 August
Interim review, Länsförsäkringar Alliance	10 August

Third quarter:

Interim report, Länsförsäkringar AB	10 November
Interim report, Länsförsäkringar Bank	10 November
Interim report, Länsförsäkringar Hypotek	10 November
Interim review, Länsförsäkringar Alliance	10 November

Addresses

Länsförsäkringar Norrbotten

Box 937
SE-971 28 Luleå
Visit: Köpmantorget
Tel: +46 920-24 25 00
E-mail: info@LFnorrboten.se

Länsförsäkringar Västerbotten

Box 153
SE-901 04 Umeå
Visit: Nygatan 19
Tel: +46 90-10 90 00
E-mail: info@LFvasterbotten.se

Länsförsäkringar Jämtland

Box 367
SE-831 25 Östersund
Visit: Prästgatan 18
Tel: +46 63-19 33 00
E-mail: info@lfz.se

Länsförsäkringar Västernorrland

Box 164
SE-871 24 Härnösand
Visit: Köpmangatan 13
Tel: +46 611-36 53 00
E-mail: info@lfy.se

Länsförsäkringar Gävleborg

Box 206
SE-801 03 Gävle
Visit: Drottninggatan 35
Tel: +46 26-14 75 00
E-mail: info@lfgavleborg.se

Dalarnas Försäkringsbolag

Box 3
SE-791 21 Falun
Visit: Slaggatan 9
Tel: +46 23-930 00
E-mail: info@dalarnas.se

Länsförsäkringar Värmland

Box 367
SE-651 09 Karlstad
Visit: Köpmannagatan 2 A
Tel: +46 54-775 15 00
E-mail: info@LFvarmland.se

Länsförsäkringar Uppsala

Box 2147
SE-750 02 Uppsala
Visit: Fyrisborgsgatan 4
Tel: +46 18-68 55 00
E-mail: info.uppsala@lansforsakringar.se

Länsförsäkringar Bergslagen

Box 1046
SE-721 26 Västerås
Visit: Stora Gatan 41
Tel: +46 21-19 01 00
E-mail: info@lfbergslagen.se

Länsförsäkringar Stockholm

SE-169 97 Solna
Visit: Telegrafgatan 8A
Tel: +46 8-562 830 00
E-mail: info@sth.lansforsakringar.se

Länsförsäkringar Södermanland

Box 147
SE-611 24 Nyköping
Visit: Västra Storgatan 4
Tel: +46 155-48 40 00
E-mail: info@lfs.se

Länsförsäkringar Göteborg och Bohuslän

SE-404 84 Gothenburg
Visit: Lilla Bommen 8
Tel: +46 31-63 80 00
E-mail: info@gbg.lansforsakringar.se

Länsförsäkringar Skaraborg

Box 600
SE-541 29 Skövde
Visit: Rådhusgatan 8
Tel: +46 500-77 70 00
E-mail: info@LFskaraborg.se

Länsförsäkringar Östgöta

Box 400
SE-581 04 Linköping
Visit: Platensgatan 11
Tel: +46 13-29 00 00
E-mail: info@lfostgota.se

Länsförsäkringar Älvsborg

Box 1107
SE-462 28 Vänersborg
Visit: Vallgatan 21
Tel: +46 521-27 30 00
E-mail: info@alvsborg.lansforsakringar.se

Länsförsäkringar Gotland

Box 1224
SE-621 23 Visby
Visit: Österväg 17
Tel: +46 498-28 18 50
E-mail: info@lfgotland.se

Länsförsäkringar Jönköping

Box 623
SE-551 18 Jönköping
Visit: Barnarpsgatan 22
Tel: +46 36-19 90 00
E-mail: info@lfj.se

Länsförsäkringar Halland

Box 518
SE-301 80 Halmstad
Visit: Strandgatan 10
Tel: +46 35-15 10 00
E-mail: info@halland.lansforsakringar.se

Länsförsäkring Kronoberg

Box 1503
SE-351 15 Växjö
Visit: Kronobergsgatan 10
Tel: +46 470-72 00 00
E-mail: info@LFkronoberg.se

Länsförsäkringar Kalmar län

Box 748
SE-391 27 Kalmar
Visit: Norra Långgatan 17
Tel: +46 20-66 11 00
E-mail: info@LFkalmar.se

Länsförsäkringar Blekinge

Box 24
SE-374 21 Karlshamn
Visit: Kyrkogatan 21
Tel: +46 454-30 23 00
E-mail: info@lfblekinge.se

Länsförsäkringar Göinge-Kristianstad

Box 133
SE-291 22 Kristianstad
Visit: Tivoligatan 6
Tel: +46 44-19 62 00
E-mail: info.goinge-kristianstad@lansfor-sakringar.se

Länsförsäkringar Skåne

Box 742
SE-251 07 Helsingborg
Visit: Södergatan 15
Tel: +46 42-633 80 00
E-mail: info.skane@lansforsakringar.se

JOINT COMPANIES

Länsförsäkringar AB

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Liv

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Fondliv

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Sak

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Bank

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Hypotek

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Fondförvaltning

SE-106 50 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 400 00
E-mail: info@lansforsakringar.se

Wasa Kredit

Box 6740
SE-113 85 Stockholm
Visit: Tegeluddsvägen 11-13
Tel: +46 8-635 38 00
E-mail: info@wasakredit.se

Agria Djurförsäkring

Box 70306
SE-107 23 Stockholm, Sweden
Visit: Tegeluddsvägen 11-13
Tel: +46 8-588 421 00
E-mail: info@agria.se

Länsförsäkringar Fastighetsförmedling

Box 742
SE-251 07 Helsingborg
Visit: Södergatan 15
Tel: +46 42-633 98 10
E-mail: helsingborg@lansfast.se

Länsförsäkringar Mäklarservice

Box 27120
SE-102 52 Stockholm
Visit: Tegeluddsvägen 21
Tel: +46 8-588 490 00
E-mail: info.maklarservice@lansforsakringar.se

Humlegården Fastigheter

Box 5182
SE-102 34 Stockholm
Visit: Engelbrektsplan 1
Tel: +46 8-678 92 00
E-mail: info@humlegarden.se



