

# Länsförsäkringar Alliance

## 2012 Annual Review in summary

A SUMMARY OF THE 2012 BANKING AND INSURANCE YEAR FOR 23 REGIONAL INSURANCE COMPANIES IN ALLIANCE.

### 2012 in brief

- Solvency capital strengthened SEK 3,088 M to SEK 35,797 M (32,709). The technical result from non-life insurance operations rose to SEK 1,453 M (856). The improvement was attributable to a lower claims frequency and premium increases. The combined ratio improved to 96% (100) and investment income amounted to 4.9% (neg: 2.1).
- Operating profit for Länsförsäkringar Bank strengthened to SEK 556 M (385). The improvement in earnings was attributable to strong net interest income due to higher business volumes. Return on equity strengthened to 6.3% (4.8).
- Profit for Länsförsäkringar Fondliv amounted to SEK 128 M (297). Earnings were slightly weaker due to increased non-recurring costs for the development of the pension offering. Insurance capital rose SEK 11 billion to SEK 63 billion.
- Länsförsäkringar Liv continued its work on safeguarding savers' money and the investment portfolio was redistributed. The total return in traditional insurance was 6.1%. The solvency ratio was stable during the year and amounted to 113%, up 2%.
- In October, Länsförsäkringar AB (publ) established a Swedish MTN programme with a loan framework of SEK 2.5 billion. The MTN programme gives Länsförsäkringar AB the option of issuing bonds in EUR and SEK with accruing and fixed interest in the capital market.

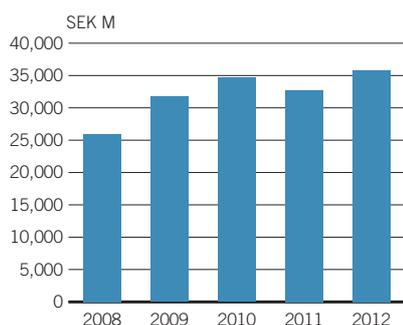
#### Sten Dunér, President of Länsförsäkringar AB, the Alliance's jointly owned company:

*The Länsförsäkringar Alliance posted a strong earnings performance in 2012, largely due to a more favourable trend in claims costs and healthy investment income. Gratifyingly, Länsförsäkringar retained its top ranking in the Swedish Quality Index's customer satisfaction survey in banking and insurance. Having satisfied customers can also be seen in the sharp increase in our business volumes in both unit-linked insurance and banking. Our market leading position in non-life insurance and a stable increase in premiums earned are further testimony to the strength of our brand.*

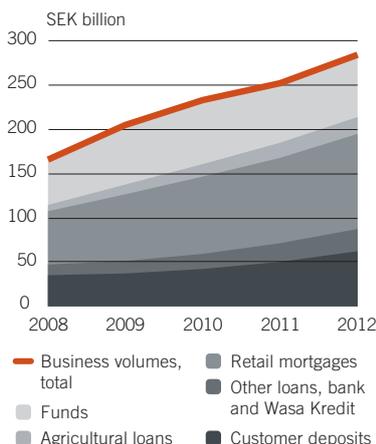
*Political and financial turmoil in Europe and the US dominated the financial markets and also our operations in 2012. Uncertainty surrounding the imbalances in the global economy and its impact on growth is continuing. Market interest rates will remain at an abnormally low level until we see lower unemployment and a stable upswing in the economy. The stock market rose in the third quarter and risk willingness returned. Overall, it was a positive year on the stock markets and investment income for the Länsförsäkringar Alliance was favourable.*

*Länsförsäkringar finds itself at an exciting development stage. Our broad offering in banking, insurance and real-estate brokerage services creates a sense of security for our customers. Efficiency and our business practices are conditions for an attractive customer offering. Total operating expenses will continue to decline and we will continue to develop broader banking services through which profitability will strengthen by more customers selecting a greater number of bank products. We are making extensive investments in a strong fund range and becoming companies' best occupational pension partner. In traditional life-assurance, we will create opportunities for better long-term returns based on a modified offering adapted to the economic climate and the regulations we currently follow.*

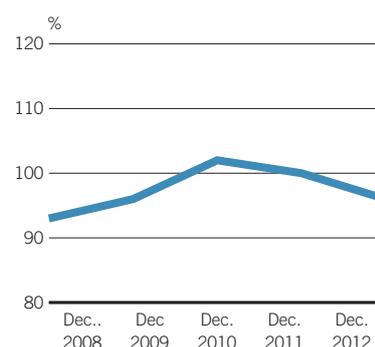
SOLVENCY CAPITAL



BUSINESS VOLUMES, BANK

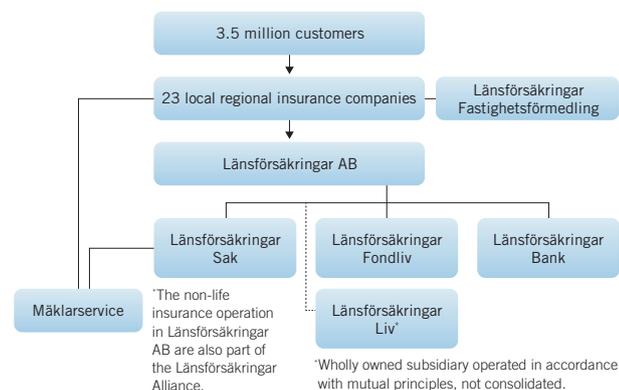


COMBINED RATIO, NON-LIFE INSURANCE



# Länsförsäkringar in brief

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. Customers are provided with a complete offering of banking, insurance and real-estate brokerage services through the regional insurance companies. Animal and crop insurance is offered through Agria Djurförsäkring and total solutions for reliable mortgage transactions are offered through Länsförsäkringar Fastighetsförmedling. The basis is local presence and decision-making. Experience has proven that local decision-making authority combined with joint strength creates substantial added value for customers. Long-term respect for customers' money is fundamental. There are no external shareholders and it is not Länsförsäkringar's money that is being managed, but its customers'. This approach characterises the entire business. The Länsförsäkringar Alliance has almost 3.5 million customers and approximately 5,800 employees.



## CREDIT RATING

Company	Agency	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A2/Negative	P-1
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA/Stable	A-1+
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa/Stable	-
Länsförsäkringar AB	Standard & Poor's	A-/Stable	-
Länsförsäkringar AB	Moody's	A3/Negative	-
Länsförsäkringar Sak	Standard & Poor's	A/Stable	-
Länsförsäkringar Sak	Moody's	A2/Negative	-
Agria Djurförsäkring	Standard & Poor's	A-/pi <sup>2)</sup>	-

<sup>1)</sup> Pertains to the company's covered bonds.

<sup>2)</sup> Pi ratings are ratings that do not involve forecasts but that are based on public information, such as annual reports.

## LÄNSFÖRSÄKRINGAR ALLIANCE

	2012	2011	2010	2009	2008
Total capital	36,639	33,215	35,038	32,077	36,242
Return on equity, %	8	-5	8	18	-23
<b>Non-life insurance</b>					
Solvency capital, SEK M	35,797	32,709	34,724	31,747	25,916
Solvency margin, %	182	171	190	174	146
Premiums earned after ceded reinsurance, SEK M	19,359	18,756	18,184	17,828	17,406
Technical result, SEK M	1,453	856	529	1,688	2,453
Operating profit/loss, SEK M	3,036	-2,273	2,552	5,449	-7,511
Combined ratio	96	100	102	96	93

## LÄNSFÖRSÄKRINGAR AB, GROUP<sup>1)</sup>

	2012	2011	2010	2009	2008
Operating profit/loss, SEK M	822	284	536	693	-3,392
Solvency capital, SEK M	15,589	15,564	10,613	8,709	7,907
Total assets, SEK M	290,994	253,988	173,835	157,005	130,554
Return on equity, %	5	2	6 <sup>2)</sup>	7	-29

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

<sup>2)</sup> Excludes rights issue.

## LÄNSFÖRSÄKRINGAR SAK, GROUP

	2012	2011	2010	2009	2008
Premiums earned after ceded reinsurance, SEK M	4,024	4,003	3,769	3,524	3,020
Technical result, SEK M	305	159	193	460	256
Operating profit/loss, SEK M	486	88	313	635	-3,108

## LÄNSFÖRSÄKRINGAR BANK, GROUP

	2012	2011	2010	2009	2008
Deposits from the public, SEK M	62,396	49,610	41,590	37,365	35,090
Loans to the public, SEK M	149,942	134,011	117,910	99,582	78,564
Operating profit, SEK M	556	385	345	258	245
Return on equity, %	6	5	5	4	4
Tier 1 ratio, %	14	12	12	12	15

## LÄNSFÖRSÄKRINGAR FOND LIV

	2012	2011	2010	2009	2008
Premium income, SEK M <sup>2)</sup>	8,714	6,518	6,345	5,794	5,009
Net profit/loss for the year, SEK M	128	297	132	20	-77
Managed assets, SEK M	62,384	52,165	54,032	45,951	31,676
Solvency ratio	2.6	2.7	2.0	1.3	1.7

## LÄNSFÖRSÄKRINGAR LIV, GROUP

	2012	2011	2010	2009	2008
Premium income, SEK M <sup>2)</sup>	4,319	13,048	12,893	11,879	10,722
Net profit/loss for the year, SEK M	4,977	-13,063	3,716	18,106	-30,126
Collective consolidation, %	111	109	107	107	105
Solvency ratio, %	113	111	141	137	114

<sup>2)</sup> In accordance with Insurance Sweden's definition, measured as rolling 12-month figures. Premium income for 2008-2011 pertains to the life-assurance business, including Länsförsäkringar Fondliv. Länsförsäkringar AB acquired the unit-linked life assurance operations from Länsförsäkringar Liv in October 2011.

# Non-life insurance

- Länsförsäkringar is a clear market leader in a slowly growing non-life insurance market. In the third quarter of 2012, the market share strengthened to 29.4% (28.9).
- The technical result from non-life insurance operations strengthened to SEK 1,453 M (856). A lower claims frequency with few large claims, and premium increases in agricultural and home insurance, account for most of the earnings improvement.
- In 2012, the financial market was dominated by major fluctuations with falling long-term interest rates and volatile but rising share prices. OMX indexes rose more than 12%, while loans and mortgage bonds generated high returns during the year. Investment income strengthened to SEK 3,271 M (loss: 1,373).

## Non-life insurance, Länsförsäkringar Alliance

KEY FIGURES, SEK M	2012	2011
Premiums earned	19,359	18,756
Technical result	1,453	856
Operating profit/loss	3,036	-2,273
Investment income	3,271	-1,373
Solvency capital	35,797	32,709
Solvency margin, %	182	171
Claims ratio	75	79
Expense ratio	21	21
Combined ratio	96	100

## Earnings

The technical result for the non-life insurance operations improved to SEK 1,453 M (856). The reason for the improvement is both a lower claims ratio compared with the preceding year due to a lower claims frequency and the positive effect of premium increases during the year.

Despite a decline in claims costs during 2012, costs of particularly fire and water damage in home and agricultural insurance were high.

The combined ratio improved 4 percentage points to 96% (100), of which the

claims ratio comprised 75% (79) and the expense ratio 21% (21). Investment income amounted to SEK 3,271 M (loss: 1,373), largely a result of rising share prices and favourable returns on credit and mortgage bonds. Operating profit amounted to SEK 3,036 M (loss: 2,273).

## Market

Länsförsäkringar is a clear market leader in a slowly growing non-life insurance market. The market share strengthened to 29.4% (28.9) measured in premiums paid. All information on market shares relates to the third quarter of 2012. Both premiums earned and the number of policies rose during the year. The strength lies in local presence and proximity to customers and being able to offer both pension solutions and banking services. The “banking and insurance” trend continues and increasing numbers of banks and insurance companies are entering into partnerships. The strong distribution power of banks, which increases the number of potential customer meetings, is driving this trend. Another strong trend is solutions

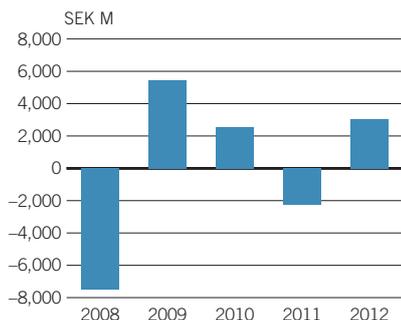
independent from a certain channel to meet changes in customer behaviour and demands. To an increasing degree, customers must be able to manage their own insurance transactions in their own time and in the manner they prefer – through personal contact, the Internet or by telephone. The establishment of new market players is driving down prices in certain areas. Companies are forced to compete with other values in order to attract customers, such as fast, simple and effective claims adjustment, various types of financial and claims-prevention advisory services and packages based on individual customer requirements.

Länsförsäkringar remains a market leader in homeowner insurance, 39.1% (38.9), and passenger-car insurance, 31.1% (30.8), measured in the number of insurance policies. Länsförsäkringar retains a very strong position in commercial insurance, with a market share of 35.9% (35.5). Market growth is favourable in animal insurance and several companies are promoting animal insurance as part of their full-service offering. Länsförsäkringar retained its leading position through Agria Djurförsäkring, with a market share of 57.0% (56.7). In 2012, the market for accident and health insurance increased about 7% and the market for health care insurance, where Länsförsäkringar is a market leader, continues to grow. Many companies, particularly smaller companies, want to reduce long periods of sick leave and ensure that their employees can return to work as fast as possible after illness or injury.

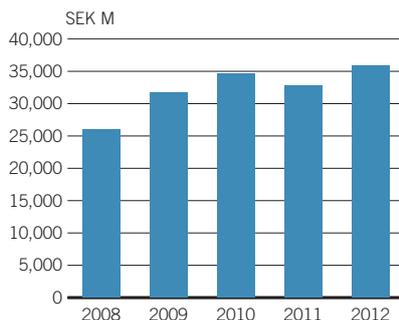
Another area where public and private sectors have moved in a private-sector direction is social insurance, where loss of income due to work-related injuries, sick leave or unemployment is increasingly secured with supplemental insurance solutions.

Earnings from non-life insurance in the Länsförsäkringar Alliance consist of the total earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding the Unit-linked Life Assurance and the Bank Group. The value and changes in value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. The Länsförsäkringar Alliance is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 23 independent regional insurance companies that jointly own Länsförsäkringar AB.

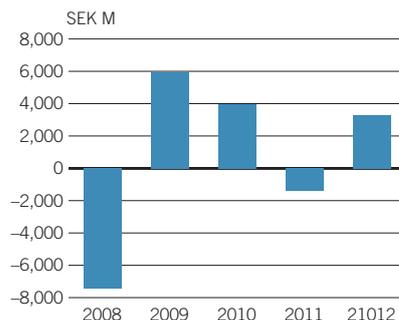
### OPERATING PROFIT/LOSS



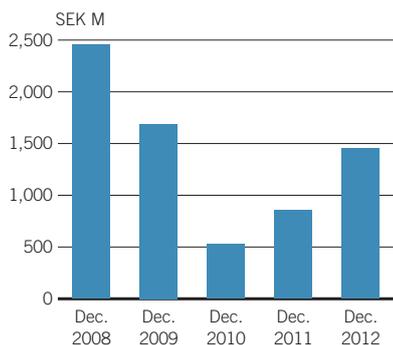
### SOLVENCY CAPITAL



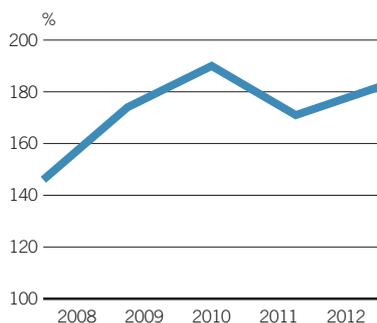
### TOTAL INVESTMENT INCOME



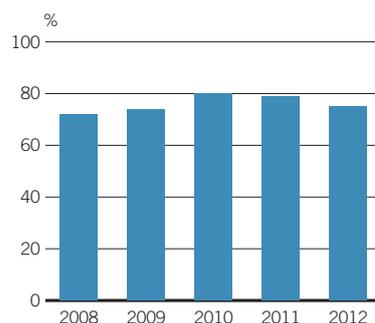
### TECHNICAL RESULT



### SOLVENCY MARGIN



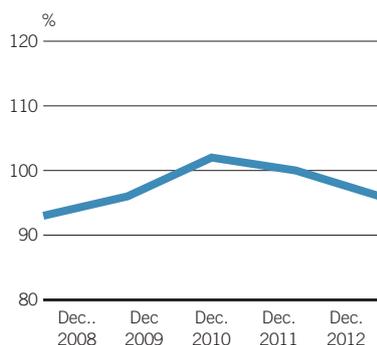
### CLAIMS RATIO



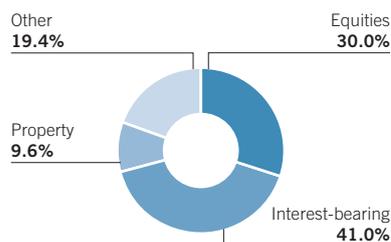
### Business volumes

Both premiums earned and the number of insurance policies increased during the period. Premiums earned rose 3% to SEK 19,359 M (18,756). Growth in the private market is primarily taking place in motor hull and home insurance, but also in accident and health insurance and health care insurance. Agria, with Swedish and international operations, showed healthy growth primarily in dog, cat and pet insurance in Sweden, Norway and Denmark. On April 1, 2012, a new dog and cat insurance was launched which, in combination with a media strategy focusing on TV advertisements, contributed to the robust growth. However, in Agria's UK operations, the phasing out of external underwriting had a negative impact on business volumes. In the intensely competitive market for property and casualty insurance, Länsförsäkringar continues to grow and retain its leading position. The commercial insurance market is sensitive to the economic slowdown with premiums that, in many cases, are based on a company's sales and are therefore relatively low. The new model for premium setting, where pricing factors are more reflective of the risks, which was previously introduced for Combined Com-

### COMBINED RATIO



### ALLOCATION OF INVESTMENT ASSETS



Total investment assets amounted to SEK 68,8 billion on December 31, 2012.

mercial insurance, is now being gradually adapted for other products. Competition remains intense in agricultural insurance, but Länsförsäkringar has retained its leading position and the premium volume increased.

### Claims trend

Claims costs declined to SEK 14,543 M (14,711), corresponding to a claims ratio of 75% (79). The claims frequency in home and motor hull insurance was significantly lower than in the preceding year and claims costs in home insurance declined 5%. Costs associated primarily with water damage, which remain the largest expense item in home insurance, declined in 2012 while costs associated with fire damage rose.

Claims-related earnings in agricultural insurance continued to improve compared with preceding years, when winter-related damage had a severe impact on the agricultural sector. Despite the improvement, earnings are not satisfactory and costs for primarily fire and water damage are high. Both the internally ceded reinsurance and internationally assumed reinsurance had a low level of claims and few large claims. Large claims with a negative impact on earnings included Hurricane Sandy in October, the drought that devastated maize and soya crops in the US and fires at the Port of Halmstad and Steglinge Gård.

To counteract a negative claims trend, claims-prevention activities remained a key focus. Fire and water damage claims

and motor third-party liability claims were key focus areas for which concepts were produced to support claims-prevention measures throughout the Länsförsäkringar Alliance. Customers receive advice and guidelines as a preventive measure and after damage has occurred. Environmental impact is a key component of all focus areas. For example, a decrease in the number of fires contributes to a reduction in carbon emissions. Länsförsäkringar also imposes demands on the quality and environmental work of its claims contractors. It is important that claims are dealt with as effectively as possible to avoid new claims occurring.

### Capital and investments

The local regional insurance companies and the jointly owned non-life insurance companies in Länsförsäkringar AB strive to retain a strong solvency margin to maintain uniform pricing over time. Länsförsäkringar endeavours to achieve a balance between risk and available surplus capital and prioritises the safeguarding of key figures. In line with the investment strategies, a percentage of assets is invested in low-risk interest-bearing securities to ensure the commitments of the non-life insurance operations. At the same time, the strong solvency margin provides the

Most of the non-life insurance operations within the Länsförsäkringar Alliance is underwritten in the 23 local and customer-owned regional insurance companies with local non-life insurance concessions. The business conducted by Länsförsäkringar AB's jointly owned non-life insurance company comprises health insurance, animal insurance, ceded and assumed reinsurance as well as cargo insurance and some liability, property and motor-hull insurance.

Länsförsäkringar Alliance with a substantial buffer of capital, allowing a certain portion to be invested in assets with higher anticipated returns, such as equities.

### Events after year-end

At the Extraordinary General Meeting of Länsförsäkringar AB held on January 23, 2013, the owners resolved to implement a new share issue of SEK 500 M, meaning that the owners, that is to say the regional insurance companies and local insurance companies, will contribute capital. The reason for the new share issue is to strengthen Länsförsäkringar AB's financial basis for continued investments in banking and insurance. The issue will also strengthen Länsförsäkringar Bank's capital base for the purpose of meeting the new capital adequacy requirements that are being imposed on leading Swedish banks.

# Bank

- Operating profit rose 44% to SEK 556 M (385). The improved results are attributable to strong net interest income due to higher business volumes in both deposits and loans. Net interest income increased 20% to SEK 2,071 M (1,728) and the return on equity was 6.3% (4.8).
- Loan losses remain low and amounted to SEK 91 M (48), net, corresponding to loan losses of 0.06% (0.04).
- Länsförsäkringar has Sweden's most satisfied retail bank customers for the eighth time in nine years, according to the Swedish Quality Index's customer satisfaction survey.
- Business volumes rose 13% to SEK 283 billion (251). Deposits increased 26% to SEK 62 billion (50). The number of customers increased 7% to 954,000 (889,000) and the number of bank cards rose 13% to 346,000 (306,000).

## Länsförsäkringar Bank, Group

KEY FIGURES, SEK M	2012	2011
Deposits from the public	62,396	49,610
Loans to the public	149,942	134,011
Net interest income	2,071	1,728
Operating profit	556	385
Return on equity, %	6.3	4.8
Cost/income ratio before loan losses	0.66	0.71

## Earnings and profitability

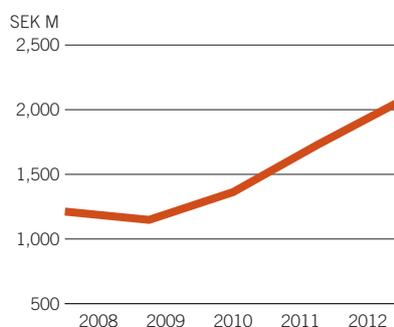
Profit before loan losses increased 49% to SEK 647 M (434) and operating profit rose 44% to SEK 556 M (385), primarily attributable to higher net interest income. Return on equity strengthened to 6.3% (4.8).

## Income

Operating income increased a total of 24% to SEK 1,882 M (1,520), as a result of higher net interest income. Net interest income increased 20% to SEK 2,071 M (1,728), attributable to higher lending and deposit volumes and improved lending margins. The investment margin strengthened to 1.11% (1.07). Net interest income was charged with SEK 65 M (56) for fees to the stability fund. Net result from financial items increased to SEK 5 M (10). Commission income increased 4% to SEK 984 M (948), primarily attributable to

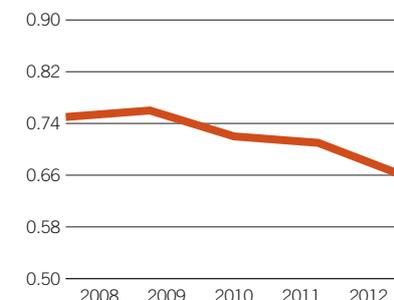
higher income from bank cards. Commission expense amounted to SEK 1,369 M (1,364).

## NET INTEREST INCOME



## Expenses

### COST/INCOME RATIO



Operating expenses rose 14% to SEK 1,235 M (1,086), attributable to higher costs for investments in IT administration

and increased volume-dependent costs. The cost/income ratio strengthened to 0.66 (0.71) before loan losses and to 0.70 (0.75) after loan losses.

## Loan losses

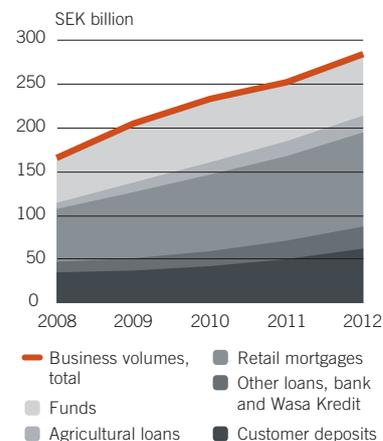
Loan losses remain low and amounted to SEK 91 M (48), net, corresponding to loan losses of 0.06% (0.04). Reserves totalled SEK 325 M (284), corresponding to an unchanged provision ratio of 0.21%. Impaired loans amounted to SEK 298 M (233) and the percentage of impaired loans was 0.19% (0.17).

## Business volumes

Business volumes increased 13% to SEK 283 billion (251).

Deposits from small businesses totalled SEK 7.5 billion and loans to small businesses amounted to SEK 1.6 billion on December 31, 2012.

## BUSINESS VOLUMES



## Market

Leading global economies were in different economic phases in 2012.

At the start of the year, the European Central Bank (ECB) injected another large sum of liquidity into the European banking system, which had a hugely positive effect on risk willingness among investors.

The European economy subsequently weakened and the status of government finances in mainly Spain and Italy declined. During the summer, the ECB lowered its

key interest rate from 1% to 0.75% and later, a bailout package was launched to enable the ECB to make conditional purchases of government bonds issued by European states with financial problems, which mainly resulted in lower interest rates in Spain and Italy. The Federal Reserve, Bank of England and Bank of Japan subsequently followed the ECB's example by also launching new stimulus packages. The latter part of the year was dominated by a focus on the US and the outcome of the US presidential election. Attention was then directed to a solution to the fiscal cliff. A positive trend was that the US housing market showed clear indications of a start to recovery. China showed signs of avoiding a hard landing, while the economic outlook weakened for the previously resistant Germany. Trends in the Swedish economy during the year were relatively positive due to stable household consumption, continued low inflation and rising income. A stronger SEK together with the increasingly weak European economic climate led to a decline in Swedish export and the Swedish economy was also impacted by the economic slowdown in Europe. The slowdown, combined with very low pressure on inflation, resulted in the Riksbank, Sweden's central bank, lowering its repo rate on three occasions during the year from 1.75% to 1.00%. Employment weakened slightly during the second half of 2012, totalling 7.8% at year-end. During the fourth quarter, the situation in the financial markets was relatively stable. Interest rates in the US, Germany and Sweden generally fell during the quarter. Credit spreads for both unsecured and secured funding narrowed slightly. The housing price trend in Sweden remained stable.

### Growth and customer trend

Business volumes increased 13% to SEK 283 billion (251). The number of customers rose 7% to 954,000 (889,000).

The number of customers with Länsförsäkringar as their primary bank increased 14% to 290,000 (255,000) and the number of products per customer rose to 4.8 (4.7). Some 93% of those customers who have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards rose 13% to 346,000 (306,000).

### Savings

Deposits from the public rose 26% to SEK 62 billion (50). The market share strengthened to 4.3% (3.8) in 2012 and the share of market growth was slightly more than 10%, according to data from Statistics Sweden. The volume of managed funds rose 5% to SEK 70 billion (67), primarily attributable to a positive growth trend. Monthly savings in funds performed well, as did fund transfers, the IPS offering (Individual Pension Savings) and the number of securities depositories.

### Loans

Loans to the public rose 12% to SEK 150 billion (134). Retail mortgages in Länsförsäkringar Hypotek increased 14% to SEK 101 billion (89). All loans are granted in Sweden and in SEK. The market share for household deposits and retail mortgages strengthened to 4.9% (4.6) in 2012. The loan portfolio, totalling SEK 150 billion (134), has a favourable geographic distribution and maintains high credit quality. A total of 88% (81) of the portfolio comprises household credits. Most of the total portfolio, 71% (72), pertained to retail mortgages, of which 80% (80) comprised collateral in single-family homes and 20% (20) tenant-owned apartments. First-lien mortgages for agricultural properties rose 22% to SEK 16.7 billion (13.7) and agricultural lending increased 15% to a total of SEK 19.3 billion (16.7). First-lien mortgages, mainly to family-owned agricultural operations, accounted for 86% (82) of agricultural lending, and the average agricultural commitment was low at SEK 1.7 M (1.6).

### LOAN PORTFOLIO, LENDING SEGMENT

%	Dec. 31, 2013	Dec. 31, 2012
Retail mortgages	71	72
Agricultural loans	13	12
Unsecured loans	4	4
Leasing	4	4
Hire purchase	4	4
Multi-family homes	3	2
Other	1	2
<b>Total</b>	<b>100</b>	<b>100</b>

### Funding

Debt securities in issue rose 13% to SEK 114 billion (101), of which covered bonds increased to SEK 91 billion (85). The Bank Group has a low refinancing risk and long-term financing in the capital market primarily takes place through Länsförsäkringar Hypotek's covered bonds. Issued covered bonds totalled a nominal amount of SEK 28.5 billion (26.8) and repurchased covered bonds a nominal amount of SEK 16.0 billion (12.3). Covered bonds that matured during the year amounted to a nominal amount of SEK 6.6 billion (7.9). Financing is also conducted through Länsförsäkringar Bank's funding programmes. During the year, a nominal amount of SEK 11.4 billion (7.2) under the MTN programme was issued. The maturity structure of the Bank Group's funding is highly diversified.

### Liquidity

The liquidity reserve totalled a nominal amount of SEK 37.5 billion (30.5) at December 31, 2012. All liquidity is invested in Swedish securities with high credit quality. A total of 77% of the liquidity reserve comprises Swedish covered bonds, 18% Swedish government bonds, 4% other

### Funding programmes, Länsförsäkringar Bank Group

Programme SEK billion, Nominal	Limit, Nominal	Issued in 2012	Issued in 2011	Outstanding, Dec. 31, 2012	Outstanding, Dec. 31, 2011	Remaining average term, Dec. 31, 2012, years
Swedish covered benchmark (Hypotek)	Unlimited	22.7	11.7	58.8	53.9	2.4
Medium Term Covered Note (Hypotek)	SEK 30 billion	3.3	4.8	8.7	10.1	1.5
Euro Medium Term Covered Note (Hypotek)	EUR 4 billion	2.5	10.3	23.8	21.5	2.3
<b>Total Covered Notes</b>		<b>28.5</b>	<b>26.8</b>	<b>91.3</b>	<b>85.5</b>	<b>2.3</b>
Medium Term Note (Bank)	SEK 20 billion	11.4	7.2	18.2	11.2	1.5
Euro Medium Term Note (Bank)	EUR 2 billion	-	-	-	-	-
<b>Total Unsecured Note</b>		<b>11.4</b>	<b>7.2</b>	<b>18.2</b>	<b>11.2</b>	<b>1.5</b>
Domestic Commercial Paper (Bank)	SEK 15 billion	E/T	E/T	3.1	4.7	0.4
Euro Commercial Paper (Bank)	EUR 1.5 billion	E/T	E/T	1.9	0	0.1
<b>Total Commercial Papers</b>		<b>E/T</b>	<b>E/T</b>	<b>5.0</b>	<b>4.7</b>	<b>0.4</b>
<b>Group total</b>		<b>39.9</b>	<b>34.0</b>	<b>114.5</b>	<b>101.4</b>	<b>2.1</b>

Swedish bonds and 1% German treasury bills. The liquidity of the investments is high and all securities included in the liquidity reserve are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contracted undertakings for about 18 months can be met without needing to secure new funding in the capital market. The Bank Group's Liquidity Coverage Ratio (LCR) amounted to an average of 248% during the fourth quarter of 2012.

## Rating

Rating	Company	Long-term rating	Short-term rating
Länsförsäkringar Bank	Standard & Poor's	A/Stable	A-1(K-1)
Länsförsäkringar Bank	Moody's	A2/Negative	P-1
Länsförsäkringar Hypotek <sup>1)</sup>	Standard & Poor's	AAA/Stable	A-1+
Länsförsäkringar Hypotek <sup>1)</sup>	Moody's	Aaa/Stable	-

<sup>1)</sup> Pertains to the company's covered bonds.

The credit rating is A/stable from Standard & Poor's, which was confirmed in July, and A2/negative from Moody's. Länsförsäkringar Hypotek's covered bonds have the highest credit ratings, Aaa/stable from Moody's and AAA/stable from Standard & Poor's.

## Capital adequacy

The Bank Group applies the Internal Ratings-based Approach (IRB Approach). The advanced IRB Approach is applied

to all retail exposure and to counterparty exposures to corporates and the agricultural sector up to SEK 5 M. The foundation IRB Approach is used for counterparty exposures to corporates and the agricultural sector in excess of SEK 5 M. The Standardised Approach continues to be applied to exposures to central governments, local governments, county councils, institutions and off-balance sheet items. On December 31, 2012, 88% of the loan portfolio comprised retail credits in accordance with the advanced IRB Approach. The Core Tier 1 ratio according to Basel II strengthened to 13.0% (11.5). The capital base strengthened to SEK 7,546 M (6,686) and the capital adequacy ratio according to Basel II was 15.6% (14.0). Tier 1 capital amounted to SEK 6,612 M (5,747) net, and the Tier 1 ratio according to Basel II strengthened to 13.7% (12.1). The capital target is permitted to vary +/- 0.5 percentage points.

## Interest-rate risk

On December 31, 2012, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 70 M (33).

## Risks and uncertainties

The Group and the Parent Company are exposed to a number of risks, primarily comprising credit risks, liquidity risks and

market risks. The macroeconomic situation in Sweden is critical for credit risks since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks, which are restricted through narrow limits. The operations are characterised by a low risk profile. Loan losses remain low and the refinancing of business activities was highly satisfactory during the year. No significant changes in the allocation of risk have taken place compared with the description provided in the 2011 Annual Report.

## Events after year-end

To further strengthen the capital base, the Parent Company, Länsförsäkringar AB, intends to provide a shareholders' contribution of SEK 335 M not later than March 31, 2013. The contribution would, pro-forma as of December 31, 2012, have increased the Bank Group's Core Tier 1 ratio by 0.7 percentage points.

The current assessment of the Board of Directors of Länsförsäkringar Bank is that the Bank Group's Core Tier 1 ratio should be at approximately 13% and the total capital ratio at approximately 16%. In light of this new assessment, the current capital target, a Tier 1 ratio target of 12% with a tolerance level of +/- 0.5 percentage points, has been withdrawn. The Board intends to announce a new capital target once the final structure of the new capital adequacy regulations has been determined.

# Life-assurance and pension insurance

## Background

The very core of the pension systems has changed in the past 20 years. The responsibility for pension has successively been transferred from the state and the employer to the individual. The amount of a future pension depends on how successful an individual is at managing pension savings. More and more people perceive saving to be a complete task that is difficult to fully understand. Solutions based on promises about the amount of pension have, in many areas, instead been replaced by solutions that are based on saving a certain premium each year. Meanwhile, pension savings have become more important than ever before since the gap between salary and national pension has successively increased over time and will be too large for a rising number of Swedes. Pension savings are particularly important to small businesses that do not have collective agreement pensions that employees at workplaces with such agreements receive through their employment.

Länsförsäkringar is carrying out an extensive campaign in the occupational pension market. The basis of the focus is that there is a highly elevated need to improve pensions in different ways. It is essential to start saving in good time and

at a sufficiently large amount. It is also important to manage pension savings optimally to generate as high a pension as possible for every penny saved. Länsförsäkringar will assist customers by providing customised advisory services throughout the process, for better savings.

## Market

The pension market is continuing to grow, albeit at a lower rate of growth than previously. However, the individual-based collective-agreement pension market is growing rapidly. There is also a greater general need for private supplements alongside a national pension and an occupational pension.

In addition to the large-scale procurements of collective-agreement occupational pensions, the number of procured agreements through independent insurance brokers is also increasing. The driving forces behind this trend are the desire to tackle the competition from collective-agreement solutions and a competitive tool between brokers. Those succeeding in best pressurising the supplier secure the customer relationship.

Procurement processes are putting pressure on prices and conditions, which in turn is leading to lower margins per

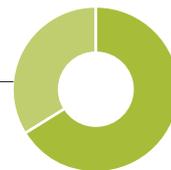
product. Income from a collective-agreement insurance policy in the ITP area, for example, has fallen by two thirds compared with the situation prior to the most recent procurement round. Five insurance companies will be selected in each category of unit-linked insurance and traditional pension insurance for the forthcoming procurement round in the spring of 2013. Demands are also being made in this procurement process for lower fees and greater clarity on the fees charged to savings, and how this affects savings trends.

Länsförsäkringar focuses on life-assurance and pension insurance in occupational pensions including the multiple-choice market for collective agreement pensions and the retail market, and offers a management form with a guarantee element and unit-linked insurance. Customers saving in traditional management up to October 2011 can continue to do so but this form of management is no longer sold.

## MANAGED ASSETS

Unit-linked insurance  
SEK 62 billion

Traditional management  
SEK 122 billion



# Unit-linked insurance

- Profit for the unit-linked life assurance company totalled SEK 128 M (297). The slightly weaker earnings were the result of the trend in the pension offering and a positive tax effect of SEK 101 M in 2011.
- Insurance capital rose SEK 10.7 billion to SEK 62.8 billion. The main reason for the improvement was higher premium and capital flows from new customers.
- Länsförsäkringar retained its position as the third largest unit-linked insurance company in the Swedish market.
- Most of the unit-linked life assurance company's funds posted a positive performance during the year. More than half of the funds rose more than 10%. Equity funds with investments in Sweden, Europe and in emerging markets had the best performance, whereas for fixed-income funds those focusing on loans and mortgage bonds performed the best.

## Länsförsäkringar Fondliv

KEY FIGURES, SEK M	2012	2011
Premium income	8,714	6,518
Net profit for the year	128	297
Managed assets	62,384	52,165
Solvency ratio	2.7	2.7
Total assets	65,505	54,090

## Earnings and profitability

Profit for Länsförsäkringar Fondliv totalled SEK 128 M (297). The slightly weaker earnings were primarily the result of higher costs for the development of the pension offering. In 2011, the company also recognised a non-recurring tax effect that had a positive impact of SEK 101 M on earnings.

## Market

New sales in the life-assurance market declined significantly during the year. The reason was the investment savings account (ISK) that was introduced at the start of the year as an alternative to endowment insurance, which affected many unit-linked insurance companies who were active in the capital-investment market. Länsförsäkringar, which focuses on occupational pensions, was only marginally affected by the major shift that has taken place from endowment insurance to ISK.

## Business volumes

Insurance capital amounted to SEK 62.8 billion on December 31, 2012, up slightly more than SEK 11 billion since the start of the year. This increase was mainly due to the rise in premiums paid and positive investment income.

Total premium income rose to SEK 8,714 M (6,518). The occupational pension product area accounted for 80% of premiums paid, collective agreement pensions represented 6% and endowment insurance 6%. Capital transferred strengthened premium income by SEK 2,342 M.

Sales in the sub-market of non-collectively agreed occupational pensions totalled SEK 7,252 M (7,488), slightly lower than in the preceding year. Länsförsäkringar sells proprietary unit-linked insurance solutions through its in-house sales force (including franchisees) and insurance brokers. The proprietary sales channels performed positively compared with the year-earlier period and increased 18%.

## Unit-linked insurance

Länsförsäkringar's fund offering comprises 30 funds under Länsförsäkringar's own brand and about 45 external funds. Funds under the own brand are found in Länsförsäkringar's own fund company and are administered by selected external

managers. Savers are offered a broad and in-depth range together with the external funds that have been selected because of their favourable performance compared with similar funds on the market. Unit-linked insurance is now Länsförsäkringar's first-choice option and, since new sales under traditional management were discontinued, the offering has been supplemented with funds with similar orientations and risk levels as traditional management. Three new funds were added in February that can be used as building blocks to create a corresponding management option. These funds are Standard Life GARS, Lynx Dynamic and Enter Return. The following funds were launched in April: GAM Star China, JP Morgan Brazil, JP Morgan US Small and Cap Growth Enter Sweden, and in November JP Morgan Africa was added. These five funds either fill the categories that Länsförsäkringar's fund range had been lacking or supplement the range to offer more choice in a category.

## Guarantee Management

Guarantee Management is our option for customers seeking a guarantee element to their savings and wishing to know the lowest level of their future payments. The guarantee means that customers receive their money back when payments begin if customers save for at least ten years. This means that the customer is guaranteed to recoup the payments made but with the possibility of additional returns. The assets of Guarantee Management are divided between equity and fixed-income investments, with the fixed-income element will always be at least 40% and the equities portion may be as low as zero. The Asset Management Unit at Länsförsäkringar AB manages this product.

## Risks and risk management

Länsförsäkringar Fondliv conducts unit-linked and life assurance activities and offers savings in unit-linked insurance and Guarantee Management. Unit-linked insurance involves customers choosing the investment orientations and risk level

themselves, and thus also assume the risk level associated with the investment themselves. One of Länsförsäkringar Fondliv's most important objectives is to ensure that the company offers funds that deliver as high returns as possible. Guarantee Management means that the customer has a guaranteed portion in their savings and that the company is responsible for the investment orientation, with the aim of generating reasonable returns at a controlled level of risk. The company is also responsible for other risks in the operations and risk management is an integrated part of the business governance.

# Traditional life assurance

- In 2012, Länsförsäkringar Liv continued its work on safeguarding savers' money and the investment portfolio was redistributed. The percentage of interest-bearing investments was gradually increased in line with divesting equities and properties.
- The solvency ratio was stable during the year and amounted to 113% on December 31, 2012, up 2%.
- Collective consolidation improved primarily due to positive investment income and totalled 111% on December 31, 2012. The bonus rate was 0% in 2012.
- The total return in traditional management amounted to 6.1% (6.5), mainly as a result of the favourable returns on corporate loans and mortgage bonds.

## Länsförsäkringar Liv

KEY FIGURES, SEK M	2012	2011
Premium income, net	4,319	6,178
Investment income, net	7,764	4,527
Profit/loss after tax	4,977	-13,063
Investment assets, traditional	109,490	108,649
Investment assets, New World	12,888	12,564
Total assets	135,036	129,003
Solvency ratio, %	113	111
Collective consolidation, %	111	109
Return, New World, %	12,2	-3,8
Total return, traditional life assurance, %	6.1	6.5

## Earnings and profitability

Profit for the Länsförsäkringar Liv Group for 2012 amounted to SEK 4,977 M (loss: 13,063). The favourable earnings in 2012 were largely attributable to positive investment income. Investment income in traditional management was 6.1% (6.5). Returns were positively impacted by a high percentage of fixed-income investments with long maturities. Interest-bearing investments in the form of corporate loans and mortgage bonds yielded healthy returns throughout the year and contributed to the total return. The return on alternative investments also made a contribution, despite comprising a low percentage of the portfolio.

The market interest rate that had an adverse effect on earnings in 2011 fell

slightly in 2012, although the impact on earnings was relatively minor. The trend in long-term market interest rates impacts the earnings of the life-assurance companies by discounting the liabilities to the policyholders by the market interest rate. Accordingly, falling interest rates mean that liabilities increase. In 2012, declining rates could be matched against positive investment income in Länsförsäkringar Liv. This was a deliberate strategy with the investment portfolio being matched at an early stage with liabilities in order to reduce risk when interest rates fell. This strategy has proven to be successful and generated the results expected based on the prevailing interest rates in 2012. The total premium income in Länsförsäkringar Liv (Group) amounted to SEK 4,319 M (6,178), down 30%. This decline was due to the discontinuation of new sales that was introduced in 2011. However, premiums continue to be paid for valid insurance policies.

## Financial situation

The turmoil in the financial markets continued in 2012 and the debt crisis in Europe was a centre of focus. Risk willingness declined during the spring and start of the summer, with investors seeking safer investments, such as Swedish government bonds and the Swedish long-term interest

rate fell to a historically low level.

The Swedish Financial Supervisory Authority announced at the start of June that it intended to introduce a floor for the discount rate of life-assurance companies. Following this decision, the long-term Swedish rate rose sharply from very low levels. The interest rate remained volatile during the summer and autumn, yet at low levels. In 2012, Länsförsäkringar Liv worked actively on strengthening its solvency and reducing the risk of a decline in solvency. For example, the investment portfolio was matched against liabilities to protect the company's solvency ratio from falling interest rates.

## Key figures for traditional life assurance

The solvency ratio shows the value of the company's total assets in relation to the guaranteed commitments to customers. Since solvency is one of the company's most important financial restrictions, at lower levels the solvency ratio becomes a measure of the long-term repayment capacity. The measure reflects a situation if the entire guaranteed capital were to be paid on a single day. The solvency ratio amounted to 113% (111) on December 31, 2012. The capital base, the solvency surplus, amounted to SEK 14 billion on December 31, 2012, an increase of 27% for the year. Meanwhile, the capital requirement totalled SEK 4,5 billion, giving a solvency rate of 3,1 (2.4). The strengthening of the capital base was due to the company's positive earnings in 2012 that were reduced by the surplus paid.

## Traditional management

Investments are normally made in interest-bearing securities, equities, properties and alternative investments. Länsförsäkringar Liv's percentage of equities, properties and alternative investments were gradually reduced in favour of long-term interest-bearing investments. On December 31, 2012, the portfolio allocation was: 2% invested in equities, 92% in interest-bearing securities, 2% in property and 4% in alternative investments. In 2012, the return for

the various asset classes was: equities 1,4% (neg: 7.6), interest-bearing securities 6,2% (11.2), properties 5,1% (5.7) and alternative investments 14,2% (0.5).

Insurance capital on traditional management is to grow, as a minimum, in line with guaranteed interest in the long term. In addition, customers will receive bonuses if the total return is favourable over time. There is a long-term connection between favourable total returns and the ability to offer customers a high bonus rate. The average bonus rate since Länsförsäkringar's traditional life-assurance operations were started in 1985 is 8,3%. The bonus rate in 2012 was 0%.

Collective consolidation amounted to 111% (109) on December 31, 2012. The measurement describes the market value of the company's assets in relation to the guaranteed commitments and the preliminary bonus allocation. The debt coverage ratio for private pensions amounted to 112% (107) and for occupational pensions to 112% (107).

### **New World management**

Under the New World management form, savers' money is managed by investing in equities and interest-bearing assets. Normally 70% of capital is invested in equities and the remainder in interest-bearing assets. Under New World, savers have the guarantee of recouping the money they invested, less deductions for fees and taxes, after five years or in the event of death. The return for New World amounted to 12.2% in 2012. The market value for New World amounted to SEK 13 billion.

### **Risks and risk management**

One of the key objectives for Länsförsäkringar Liv is to ensure that the company can meet its guaranteed commitments to customers by a satisfactory margin. Accordingly, risk management is an integrated part of the governance of the operations and aims at maintaining a satisfactory balance between the conditions for generating returns and the level of risk. During 2012, turmoil in financial markets re-

mained widespread and interest-rates in Sweden were historically low. Since Länsförsäkringar Liv introduced measures as early as 2011 to adapt the company's risk level to the new global situation, the company's solvency ratio was stable throughout 2012 despite variations in the interest rate. In 2012, Länsförsäkringar Liv completed the risk-reduction measures that were introduced during 2011 and risks in the investment portfolio were further reduced through longer durations in fixed-income investments and lower exposure to properties and equities.

# Real-estate brokerage

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

Länsförsäkringar Fastighetsförmedling has 150 branches throughout Sweden, of which 7 were opened in 2012. 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 always contribute more than just the

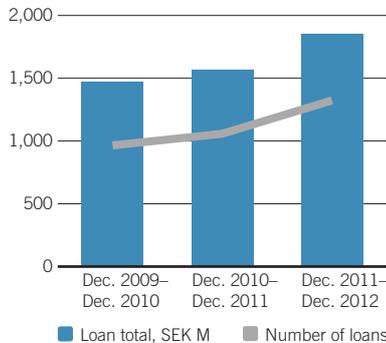
brokerage and sale of residential properties.

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.

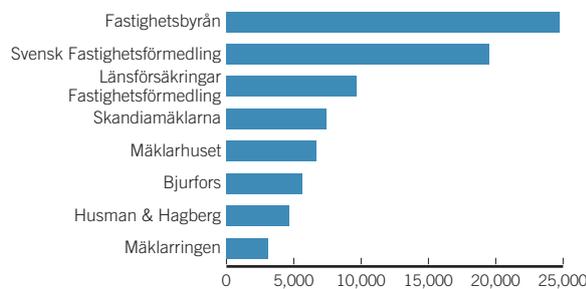
A total of 4,960 single-family homes, 7,490 tenant-owned apartments and 784

vacation homes were sold in the period December 2011-December 2012. The value of the sales amounted to SEK 20.2 billion. During the period, sales of single-family homes and vacation homes resulted in SEK 1.9 billion in first-lien mortgages in Länsförsäkringar's mortgage institution, distributed between 1,323 transactions. The market share amounted to 8.7%.

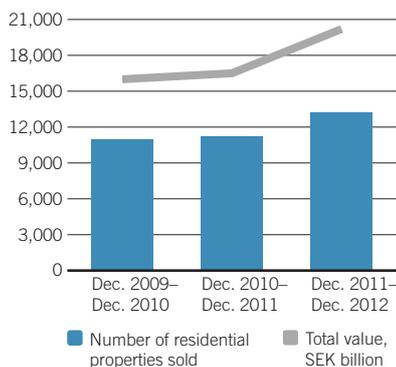
**SINGLE-FAMILY HOMES AND VACATION HOMES, SOLD BY LÄNSFÖRSÄKRINGAR FASTIGHETSFÖR-MEDLING, WHERE LOANS WERE INVESTED IN LÄNSFÖRSÄKRINGAR HYPOTEK, SEK M**



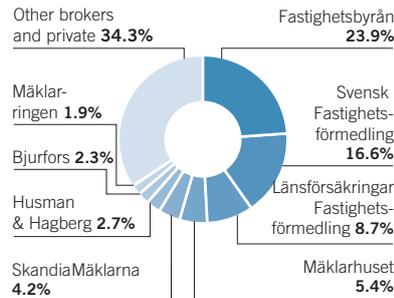
**VALUE OF SALES OF SINGLE-FAMILY HOMES AND VACATION HOMES 2012, SEK M**



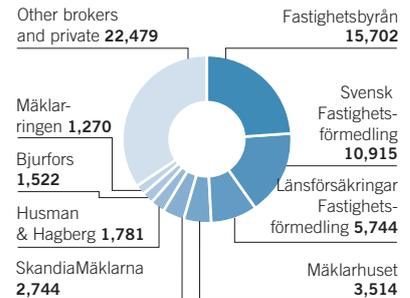
**NUMBER OF SINGLE-FAMILY HOMES, VACATION HOMES AND TENANT-OWNED APARTMENTS SOLD**



**MARKET SHARES**



**NUMBER OF SINGLE-FAMILY HOMES AND LEISURE HOMES 2012**



## Income statements and balance sheets

### NON-LIFE INSURANCE, LÄNSFÖRSÄKRINGAR ALLIANCE<sup>1)</sup>

Income statement, SEK M	2012	2011
Premiums earned after ceded reinsurance	19,359	18,756
Investment income transferred from financial operations	655	801
Claims payments after ceded reinsurance	-14,543	-14,711
Operating expenses	-4,020	-4,088
Other technical revenue/expenses	2	98
<b>Technical result from non-life insurance operations before partner discounts</b>	<b>1,453</b>	<b>856</b>
Bonuses and discounts	-468	-449
<b>Technical result from non-life insurance operations after partner discounts</b>	<b>984</b>	<b>407</b>
Total investment income	3,271	-1,373
Investment income transferred to insurance operations	-690	-909
Other non-technical expenses	-530	-399
<b>PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX</b>	<b>3,036</b>	<b>-2,273</b>

Balance sheet, SEK M	Dec 31, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Shares and participations	33,609	31,537
Bonds and other interest-bearing securities	27,202	27,105
Other investment assets	6,915	6,790
<b>Total investment assets</b>	<b>68,785</b>	<b>65,432</b>
Reinsurers' portion of technical provisions	6,728	6,380
Receivables and other assets	4,578	5,599
Cash and bank balances	5,947	6,314
Prepaid expenses and accrued income	949	770
<b>TOTAL ASSETS</b>	<b>87,718</b>	<b>84,494</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Equity	28,970	26,011
Technical provisions (before ceded reinsurance)	44,745	44,784
Other provisions and liabilities	11,653	11,423
Accrued expenses and deferred income	2,349	2,277
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>87,718</b>	<b>84,494</b>

<sup>1)</sup> The Länsförsäkringar Alliance's earnings from non-life insurance consist of the total of the earnings of the 23 regional insurance companies and the Länsförsäkringar AB Group, excluding the Life Assurance Group and the Bank Group. Transactions between the regional insurance companies and Länsförsäkringar AB have been eliminated. The value and changes in value of the regional insurance companies' holding of shares in Länsförsäkringar AB and subordinated loans have been eliminated. The Länsförsäkringar Alliance is neither a legal entity nor, in the legal sense of the term, a Group; it is an alliance between 23 independent regional insurance companies that jointly own Länsförsäkringar AB.

The 23 regional insurance companies and the Länsförsäkringar AB Group apply the approved international financial reporting standards (IFRS).

The regional insurance companies' positive earnings effect related to the banking and unit-linked life assurance operations are excluded in this operating profit since the entire value change of the Länsförsäkringar AB share was eliminated in the Group accounts.

### LÄNSFÖRSÄKRINGAR AB, GROUP

Income statement, SEK M	2012	2011
Premiums earned after ceded reinsurance	4,043	4,006
Net interest income	2,151	1,782
Investment income, net	59	-37
Other operating income	8,621	3,299
<b>Total operating income</b>	<b>14,874</b>	<b>9,050</b>
Claims payments after ceded reinsurance	-2,697	-2,862
Other expenses	-11,356	-5,901
<b>Total expenses</b>	<b>-14,053</b>	<b>-8,763</b>
<b>Operating profit</b>	<b>822</b>	<b>287</b>
Tax	-136	-78
<b>Net profit for the year</b>	<b>685</b>	<b>209</b>
Translation differences for the year from foreign operations	-2	-2
Revaluation of owner-occupied property	49	51
Change for the year in fair value of available-for-sale financial assets	-58	167
Tax attributable to components attributable to other comprehensive income	39	-57
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>714</b>	<b>368</b>

Balance sheet, SEK M	Dec 31, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Goodwill	710	712
Other intangible assets	3,952	4,066
Property and equipment	92	105
Owner-occupied property	2,437	2,445
Shares in Länsförsäkringar Liv Försäkrings AB	308	408
Shares and participations in associated companies	24	24
Reinsurers' portion of technical provisions	6,731	6,385
Loans	149,942	134,011
Financial assets	116,002	95,930
Other assets	10,796	9,137
<b>TOTAL ASSETS</b>	<b>290,994</b>	<b>253,223</b>

### EQUITY, PROVISIONS AND LIABILITIES

Equity	13,913	13,199
Subordinated liabilities	900	900
Life-assurance provisions for which the policyholder bears the investment risk in unit-linked insurance	62,390	52,168
Technical provisions	20,773	20,369
Debt securities in issue	115,476	100,391
Deposits from the public	61,901	49,323
Financial liabilities	6,350	8,513
Other liabilities	9,291	8,360
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>290,994</b>	<b>253,223</b>

**LÄNSFÖRSÄKRINGAR BANK, GROUP**

Income statement, SEK M	2012	2011
<b>Net interest income</b>	2,071	1,728
Net commission	-385	-416
Net gains/losses from financial items	5	10
Other operating income	191	198
<b>Total operating income</b>	<b>1,882</b>	<b>1,520</b>
Staff costs	-396	-351
General administrative expenses	-737	-652
Other operating expenses	-102	-83
<b>Operating expenses</b>	<b>-1,235</b>	<b>-1,086</b>
<b>Profit before loan losses</b>	<b>647</b>	<b>434</b>
Loan losses, net	-91	-48
<b>OPERATING PROFIT</b>	<b>556</b>	<b>385</b>
Tax	-123	-88
<b>NET PROFIT FOR THE YEAR</b>	<b>433</b>	<b>298</b>

Balance sheet, SEK M	Dec 31, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Eligible treasury bills	5,222	8,341
Loans to credit institutions	2,853	1,706
Loans to the public	149,942	134,011
Bonds and other interest-bearing securities	32,685	20,628
Intangible assets	446	439
Property and equipment	9	10
Other asset items	6,002	4,921
<b>TOTAL ASSETS</b>	<b>197,159</b>	<b>170,056</b>
<b>EQUITY AND LIABILITIES</b>		
Due to credit institutions	1,063	2,192
Deposits and funding from the public	62,396	49,610
Debt securities in issue	114,263	101,279
Subordinated liabilities	1,490	1,490
Other liability items	10,775	9,153
Equity	7,172	6,332
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>197,159</b>	<b>170,056</b>

**LÄNSFÖRSÄKRINGAR FONDLIV**

Income statement, SEK M	2012	2011
Premium income, gross	20	20
Premiums for ceded reinsurance	-1	-1
<b>Premium income, net</b>	<b>19</b>	<b>18</b>
Fees from financial agreements	431	397
Investment income, net	4,744	-6,148
Paid claims payments	-19	-10
Technical provisions	-4,542	6,383
Operating expenses	-731	-602
Other technical revenue and expenses	431	381
<b>Technical result, non-life insurance operations</b>	<b>333</b>	<b>419</b>
Other income and expenses	-1	-8
Tax	-205	-114
<b>NET PROFIT FOR THE YEAR</b>	<b>128</b>	<b>297</b>

Balance sheet, SEK M	Dec 31, 2012	Dec. 31, 2011
<b>ASSETS</b>		
Investment assets	62,982	52,217
Reinsurers' portion of technical provisions	4	4
Receivables	1,528	934
Other assets, cash and bank balances	14	6
Prepaid expenses and accrued income	977	929
<b>TOTAL ASSETS</b>	<b>65,505</b>	<b>54,090</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	1,835	1,420
Technical provisions	63,006	52,225
Provisions for other risks and expenses	0	29
Deposits from reinsurers	4	4
Other liabilities	646	410
<b>Accrued expenses and deferred income</b>	<b>15</b>	<b>2</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES</b>	<b>65,505</b>	<b>54,090</b>

**LÄNSFÖRSÄKRINGAR LIV, GROUP**

<b>Income statement, SEK M</b>	<b>2012</b>	<b>2011</b>
Premium income before ceded reinsurance	4,319	6,178
Fees from financial agreements	–	336
Investment income, net	7,764	4,530
Claims payments	–7,491	–5,432
Other technical revenue and expenses	–	322
Change in technical provisions	1,372	–16,698
Operating expenses	–412	–1,462
<b>Technical result, non-life insurance operations</b>	<b>5,552</b>	<b>–12,226</b>
Non-technical expenses	–460	–731
<b>Profit/loss before tax</b>	<b>5,092</b>	<b>–12,957</b>
Tax	–115	–106
<b>NET PROFIT/LOSS FOR THE YEAR</b>	<b>4,967</b>	<b>–13,063</b>

<b>Balance sheet, SEK M</b>	<b>Dec 31, 2012</b>	<b>Dec. 31, 2011</b>
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**ASSETS**

Intangible assets	–	12
Investment assets	121,963	113,919
Investment assets for which the policyholder bears the investment risk	4,564	4,003
Reinsurers' portion of technical provisions	609	597
Receivables	2,370	1,502
Other assets	3,968	7,279
Prepaid expenses and accrued income	1,560	1,691
<b>TOTAL ASSETS</b>	<b>135,036</b>	<b>129,003</b>

**EQUITY, PROVISIONS AND LIABILITIES**

Share capital	8	8
Funds and net profit for the year	13,824	10,843
Technical provisions	104,942	106,913
Provisions for life assurance for which the policyholder bears the investment risk	4,564	4,003
Provisions for other risks and expenses	38	179
Deposits from reinsurers	646	597
Liabilities	10,613	5,745
Accrued expenses and deferred income	400	716
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>135,036</b>	<b>129,003</b>

## Financial calendar 2013

### First quarter:

Interim review för Länsförsäkringsgruppen.....	<b>April 24</b>
Interim report, Länsförsäkringar AB.....	<b>April 24</b>
Interim report, Länsförsäkringar Bank.....	<b>April 24</b>
Interim report, Länsförsäkringar Hypotek.....	<b>April 24</b>

### Second quarter:

Interim review för Länsförsäkringsgruppen.....	<b>August 23</b>
Interim report, Länsförsäkringar AB.....	<b>July 19</b>
Interim report, länsförsäkringar Bank.....	<b>July 19</b>
Interim report, Länsförsäkringar Hypotek.....	<b>July 19</b>

### Third quarter:

Interim review för Länsförsäkringsgruppen.....	<b>October 25</b>
Interim report, Länsförsäkringar AB.....	<b>October 25</b>
Interim report, länsförsäkringar Bank.....	<b>October 25</b>
Interim report, Länsförsäkringar Hypotek.....	<b>October 25</b>

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