

Länsförsäkringar Alliance

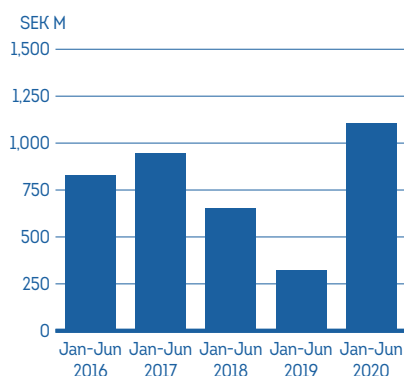
Interim Review January–June 2020

The period in brief

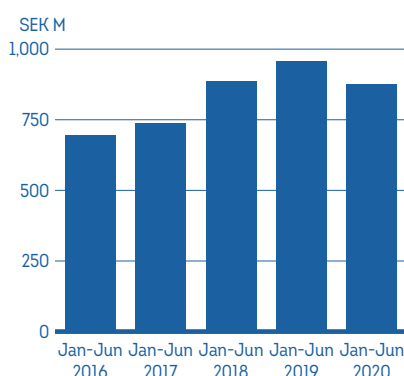
Figures in parentheses pertain to the same period in 2019.

- Operating profit for the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK -350 M (6,494), with investment income of SEK -825 M (7,033).
- The technical result for the Länsförsäkringar Alliance's non-life insurance operations increased to SEK 1,107 M (323). Premiums earned after ceded reinsurance rose 6% to SEK 14,428 M (13,675). The combined ratio fell to 94.9% (100.4).
- The Länsförsäkringar AB Group's operating profit was SEK 1,130 M (1,453). The return on equity amounted to 7% (10).
- Länsförsäkringar Sak Group's operating profit was SEK 133 M (375). Premiums earned after ceded reinsurance rose 9% to SEK 3,288 M (3,015). The combined ratio declined to 94.5% (96.1).
- The Länsförsäkringar Bank Group's operating profit was SEK 876 M (958). Net interest income rose to SEK 2,423 M (2,272).
- Länsförsäkringar Fondliv's operating profit amounted to SEK 333 M (375). Premium income increased to SEK 5,529 M (4,719). Commission and fee income increased to SEK 884 M (848).
- Loss for Länsförsäkringar Liv amounted to SEK -2,069 M (2,280).

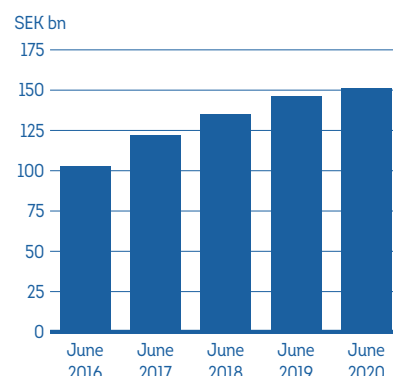
Technical result for the Länsförsäkringar Alliance's non-life insurance operations



Länsförsäkringar Bank Group's operating profit



Länsförsäkringar Fondliv's managed assets



Stable operations despite a volatile world

It has been a half-year unlike any other. Many have been severely affected by the corona pandemic and many have worked hard to manage the consequences. It is vitally important in this situation that Länsförsäkringar is available to its customers and shoulders its social responsibility. In such a volatile world, the power and stability of our federation become even clearer and demonstrate the strength found in being local and customer-owned. Delivering on our promise to customers to simplify their everyday lives and to contribute to a secure future has never been as important as it is now. The regional insurance companies have taken important initiatives across the country to support customers, local companies, the health care sector and clubs and associations that have been severely affected by the corona pandemic. Länsförsäkringar invested SEK 1.2 billion in social bonds in the first half of 2020, which contributes to financing of combating the effects of the corona pandemic and increasing access to health care.

The basis of all the operational measures taken due to the corona pandemic was to minimise the impact on customers as far as possible. We have endeavoured to minimise the risk of internal contagion within the Länsförsäkringar Alliance, for instance by working remotely, while at the same time ensuring that our customers continue to receive a high level of service. Most of the regional insurance companies' branches remain available for customer meetings. Digital interaction with customers is a natural contact point that creates a solid platform for the operations to continue without any major disruptions.

The effects of the corona pandemic on Länsförsäkringar's technical result were relatively limited in the first half of 2020. Primarily investment income was impacted by uncertainty in the financial markets. Operating loss for the Länsförsäkringar Alliance's non-life insurance operations amounted to SEK -350 M, with investment income of SEK -825 M. The technical result was better, with premium growth of slightly below 6% and a combined ratio of 95%. Claims costs declined, mainly due to fewer fire-damage and natural catastrophe claims, but also as a result of the corona pandemic due to changed behaviour among customers who travelled less and stayed at home more.

The Länsförsäkringar AB Group reported operating profit of SEK 1,130 M. The non-life insurance operations brought operating profit of SEK 133 M with strong premium growth of 9% and a combined ratio of 95%. The banking operations reported a stable operating profit of SEK 876 M with a continued healthy inflow of new customers. Deposits increased 13% and lending rose 5% with continued high credit quality. We have expanded our buffer by making additional loss allowances of SEK 155 M to cover any future credit losses resulting from the corona pandemic. Operating profit for the unit-linked insurance operations amounted to SEK 333 M. Managed assets fell 5% in the first half of the year to SEK 151 billion, primarily due to stock-market uncertainty. However, managed assets were positively impacted by a strong net flow.

We are pleased that the interest of our unit-linked insurance customers in sustainable equities funds and funds with a low climate



“ It is vitally important that Länsförsäkringar is available to its customers

risk increased markedly in the first half of 2020. The share of purchases of these type of funds rose 40% compared with the first six months of 2019. Our fund range has a high sustainability ranking – Länsförsäkringar came third in Morningstar's analysis of the ESG credentials of Europe's 100 largest fund companies.

We are very proud of the distinguished awards we received in the first half of 2020. We topped the Swedish Quality Index's 2020 customer satisfaction survey in real-estate brokerage for the fifth consecutive year. Länsförsäkringar Fondliv won Unit-linked Insurance Company of the Year 2019 awarded by Söderberg & Partners and we received the Celent Model Bank Award for the successful replacement of our core banking system in 2019. We were also pleased that Länsförsäkringar's customers were the first in the world to receive bank cards made of 100% recycled plastic.

There is much uncertainty surrounding the pandemic and it is difficult to predict the long-term economic consequences. However, the economic downturn does not appear to be as deep as feared and there is widespread optimism about a recovery. In this context, we can state that all companies in the Länsförsäkringar Alliance have a strong capital position and are considered highly able to manage any additional effects brought about by the pandemic.

On behalf of the 23 regional insurance companies

Fredrik Bergström

President and CEO of Länsförsäkringar AB

The Länsförsäkringar Alliance's jointly owned company

Länsförsäkringar Alliance

The Länsförsäkringar Alliance 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, pension and real-estate brokerage services through the regional insurance companies.

The starting point is local presence and decision-making. Experience shows that local decision-making authority combined with joint strength creates substantial added value for customers.

Long-term respect for customers' money is fundamental. There are no external shareholders; it is the customers' money that is being managed. This approach characterises the entire business.

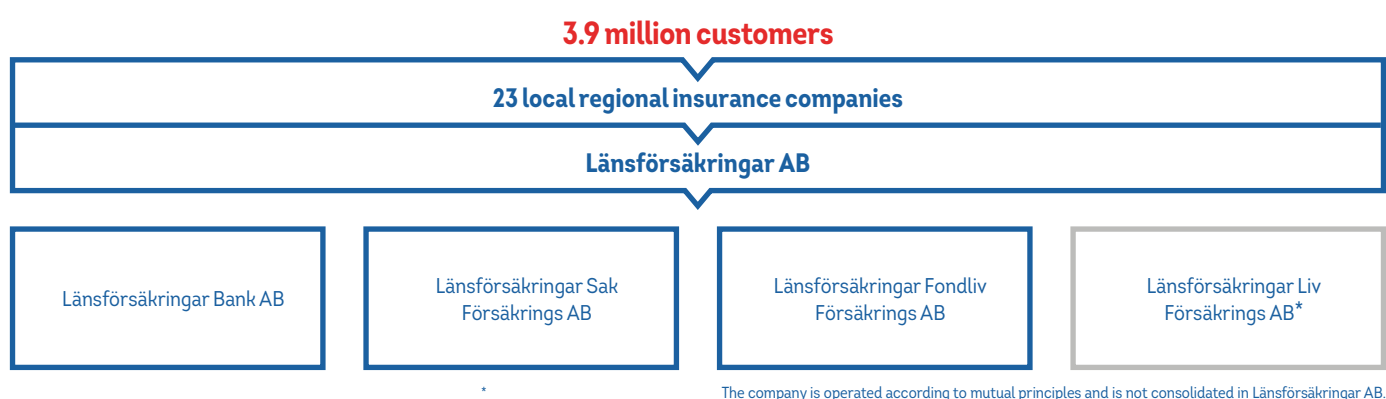
The Länsförsäkringar Alliance has 3.9 million customers and 7,200 employees. The Länsförsäkringar Alliance is not a Group in the legal

sense of the term. Most of the non-life insurance business in the Länsförsäkringar Alliance is underwritten in the regional insurance companies.

The Länsförsäkringar AB Group conducts banking, life assurance and pension insurance as well as some non-life insurance business. The non-life insurance business primarily comprises health, pet and crop insurance, some cargo, liability, property and motor insurance. The Länsförsäkringar AB Group also manages the Länsförsäkringar Alliance's reinsurance cover and assumed international reinsurance.

Earnings from the Länsförsäkringar Alliance's non-life insurance operations consist of the total earnings of the 23 regional insurance companies and the non-life insurance operations of the Länsförsäkringar AB Group.

Länsförsäkringar Liv is operated according to mutual principles and is not consolidated in Länsförsäkringar AB.



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.

Financial overview

Report commented on the development January-June 2020 compared to January-June 2019, unless otherwise stated.
Amounts are in SEK, unless otherwise stated.

Länsförsäkringar Alliance

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Non-life insurance			
Solvency capital, SEK M	82,645	75,605	82,096
Solvency margin, %	282	268	288
Return on equity, %	-1	16	15
Premiums earned after ceded reinsurance, SEK M	14,428	13,675	27,856
Technical result, SEK M	1,107	323	1,824
Operating profit, SEK M	-350	6,494	12,001
Combined ratio, %	94,9	100,4	96,3

Länsförsäkringar AB, Group¹⁾

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Operating profit, SEK M	1,130	1,453	3,003
Total assets, SEK M	590,246	560,740	572,594
Return on equity, %	7	10	10
Own funds for the group (FRL) ²⁾ , SEK M	50,575	47,527	50,220
Solvency capital requirement for the group (FRL) ²⁾ , SEK M	36,437	35,965	37,966 ⁴⁾
Own funds for the financial conglomerate ³⁾ , SEK M	50,575	47,527	50,220
Capital requirement for the financial conglomerate ³⁾ , SEK M	36,437	35,965	37,966 ⁴⁾

Länsförsäkringar Sak, Group

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premiums earned after ceded reinsurance, SEK M	3,288	3,015	6,211
Technical result, SEK M	184	127	283
Operating profit, SEK M	133	375	851
Solvency ratio, % (Länsförsäkringar Sak Försäkrings AB)	200	243	197 ⁴⁾

Länsförsäkringar Bank, Group

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Deposits from the public, SEK M	131,110	115,884	119,303
Loans to the public, SEK M	317,506	301,670	307,099
Operating profit, SEK M	876	958	1,893
Return on equity, %	8.3	9.8	9.5
Tier 1 ratio Bank Group, %	14.2	13.4	13.9
Common Equity Tier 1 capital ratio consolidated situation, %	16.5	14.6	15.4

Länsförsäkringar Fondliv

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premium income (rolling 12-months), SEK M	10,288	9,111	9,478
Operating profit, SEK M	333	375	738
Managed assets, SEK M	150,685	146,106	158,827
Solvency ratio, %	142	141	137

Länsförsäkringar Liv (not consolidated in Länsförsäkringar AB)

	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premium income after ceded reinsurance, SEK M	801	788	1,539
Profit, SEK M	-2,069	2,280	5,567
Managed assets, SEK M	110,303	113,789	113,983
Solvency ratio, %	177	211	211

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

²⁾ According to Swedish Insurance Business Act (FRL), Solvens 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⁾ Recalculated according to revised method as per 31 Dec 2019 for risk absorption in deferred tax items when calculating capital requirement.

The first six months of 2020 was characterised by macroeconomic consequences caused by the spread of COVID-19. The situation is unique, making its development exceptionally uncertain and difficult to assess. Macroeconomic forecasts have varied substantially, and have been successively updated with significant changes in light of the development of the pandemic. At the beginning of the quarter, the macroeconomic consensus was extremely negative, but a less pessimistic consensus regarding the depth of the downturn and cautious optimism for economic recovery emerged towards the end of the quarter. Forecasts are likely to stabilise going forward as the actual outcome of the economic downturn during the second quarter becomes clear. However, the uncertainty will remain higher than normal.

The economic downturn driven by the measures to limit the spread of COVID-19 is anticipated to be historically deep. Global GDP is expected to decrease markedly in 2020, and it will take several years for many countries to return to the levels of 2019. At the same time, incoming statistics for the second half of the second quarter are showing a relatively rapid economic recovery. More and more countries have begun to ease their restrictions and financial and monetary policy stimulus packages are extensive, indicating that the downturn of the global economy has reached its trough. Even though economic activity is increasing, this is from an extremely low level, and it will take time before global economies begin to approach their potential. As such, 2020 will be a weak year, but with a more rapid recovery than previously feared. The prevailing uncertainty of developments is substantial as a result of the spread of contagion, the restrictions put in place to prevent it, financial policies and how quickly households and companies will return to normal behaviour.

The US economy has stalled dramatically following two and a half months of drastic restrictions. GDP declined 1.2% for the first quarter compared with the fourth quarter of 2019. The shutdown in the US was brought into force gradually, and it was not until the end of the second quarter that the economy was severely hit. The Fed, the US central bank, is continuing to provide substantial stimulus packages. The majority of the measures are designed to increase liquidity support and maintain loans to households and companies.

European governments have carried out extensive austerity measures to support the labour market and businesses. Germany paved the way as its government expanded its record-breaking stimulus packages of EUR 130 billion, equivalent to 4% of GDP. At the same time, the European Commission's new proposals regarding the long-term EU budget contain a recovery fund financed by EU debt. The proposal is equivalent to EUR 750 billion, of which EUR 500 billion is to be in loan guarantees and EUR 250 billion in loans to affected countries. The ECB has also announced that its pandemic emergency purchase programme is to be increased by EUR 600 billion.

The Swedish economy has fared better than its European neighbours. GDP remained largely unchanged for the first quarter of the year, but the greatest downturn is expected to have taken place in the second quarter when protective measures were most extensive. All operations that rely on social contact have been hard hit by the restrictions, primarily within the hotel and restaurant industry as well as travel and tourism, but corporate services and retail have also been affected. The Swedish export industry has been impacted by the deep economic crises that many of its import countries find themselves in. Growth in Sweden is expected to be overwhelmingly negative in 2020, but with

solid prerequisites for a rapid recovery as a result of increased activity in the global economy together with extensive fiscal and monetary policy stimulus packages.

Swedish fiscal policy remains focused on avoiding bankruptcies in affected industries and preventing employment from declining too sharply. Short-time working measures have been deployed extensively and have been applied to slightly more than 600,000 employees. The Riksbank has kept interest unchanged and is using the balance sheet as its primary monetary instrument. In June, the asset purchases programme expanded to SEK 500 billion, and is currently set to run until the end of June 2021. This means that the Riksbank is continuing to boost liquidity through purchases of government bonds, municipal bonds and covered bonds as well as corporate bonds. The Riksbank also loans money to banks for onward lending to companies. Together, the measures form substantial stimulus to the financial system, and the asset-purchase stimulus will continue for a long time to come.

After a turbulent period in March, financial markets stabilised in the second quarter, largely owing to the central banks' expansive monetary policies. Equities markets have recovered in the second quarter from most of the decline that took place in the first quarter, with Nasdaq Stockholm growing by almost 15%. At the same time, credit spreads have generally narrowed. Covered bonds have been affected by the pandemic to a lesser extent than other bonds and have, in the Swedish market, benefited from the Riksbank's extensive purchases in the secondary market. This means that the interest difference between covered and government bonds is now lower than during 2019. The housing market has shown resilience with essentially an unchanged Valueguard HOX Index during the second quarter.

Impact of COVID-19

Since the breakout of COVID-19 and in light of the spread of the pandemic, Länsförsäkringar has taken a number of measures to ensure the continuation of operations. The purpose of the measures taken is for the impact on Länsförsäkringar's 3.9 million customers to be as low as possible. Accordingly, focus has been directed to minimising the risk of internal contagion within Länsförsäkringar that would affect operational capacity. The crucial functions and tasks of the companies have been split into separate premises. In addition, some employees are working remotely, while at the same time Länsförsäkringar is continuing to ensure that it can fulfil its ability to provide a high level of service to customers.

Regarding the effect on the pandemic, Länsförsäkringar has identified a number of areas that may be impacted. The consequences will vary based on the length of the pandemic and the scope of the protective measures decided by the authorities. Each company in the Länsförsäkringar Alliance has a strong capital position and is considered highly able to manage any additional effects brought about by the pandemic.

Availability

In the uncertain global situation, it is vitally important that Länsförsäkringar is available to its customers. Most of the regional insurance companies' branches remain available for customer meetings, but are following the recommendations of the authorities. The digital channels and digital communication are even more important in order to ensure that customers can continue to manage their banking and insurance with us. Digital interaction with customers is a natural contact point for Länsförsäkringar that creates a solid platform for the operations to continue without any major disruptions. Channels for digital customers meetings have been expanded and staffing for telephone banking has been strengthened.

Initiatives and social commitment

Länsförsäkringar has taken initiatives across the country to support customers, local companies, the health care sector and clubs and associations that have been severely affected by the corona pandemic. Customers are offered advice and personal counselling and several regional insurance companies advanced dates of bonus payments. Local companies are supported by bring forward purchases of products and services. Länsförsäkringar is investing in social bonds which

contributes to financing of combating the effects of the corona pandemic and increasing access to health care. Länsförsäkringar has donated personal protective equipment to the health care and insures the volunteers of the GodHjälp and Hemmahjältar scheme for delivering food and medical supplies for those in risk groups. Local clubs and associations are supported by continuing sponsoring and grants to cover losses and additional costs caused by the corona pandemic.

Non-life insurance operations

Continued healthy premium growth

The premium growth was relatively unaffected by the corona pandemic in the first half of the year. Agria reported strong new business growth, partly due to increased interest in getting a pet. In the event of a prolonged scenario, premium growth may be negatively affected due to an increase in bankruptcies or lower sales among corporate customers, higher unemployment and reduced economic activity.

Impact on claims costs

Claims costs declined slightly during the first half of the year as a result of reduced mobility in society. Less traffic and more people staying at home led to slightly lower motor insurance claims and everyday crime. Claims costs for health care insurance also fell slightly in March and April. In the event of a prolonged scenario, claims costs could be negatively affected by higher unemployment, although this affects only a small percentage of Länsförsäkringar's total non-life insurance volume.

Negative effect on investment results

Investment results were impacted by uncertainty in the financial markets caused by the corona pandemic and its effects in the first half of the year. The stock markets were impacted by a sharply negative trend in the first quarter and a slight recovery in the second quarter.

Banking operations

Impact on business volumes

Business volumes were negatively affected in the first quarter, driven by a SEK 34.1 billion reduction in fund volumes, but recovered in the second quarter in line with the performance of the stock markets and increased by SEK 24.7 billion. Lending displayed a relatively normal pattern and deposits performed strongly during the half-year.

Temporary mortgage repayment relief

In line with the Swedish Financial Supervisory Authority's decisions, Länsförsäkringar Bank granted temporary repayment holidays to its retail mortgage customers due to COVID-19. Based on individual assessment, corporate customers were also granted a repayment holiday or received other liquidity support. The lending volume of temporary repayment holidays amounted to SEK 10.6 billion on 30 June 2020, corresponding to 3% of lending. New applications for mortgage payment deferrals gradually declined to relatively low levels in June.

Increased loss allowances

Based on the expected macroeconomic trend resulting from the corona pandemic, Länsförsäkringar Bank made additional loss allowances of SEK 154.6 M in the first half of the year, of which SEK 127.6 M was attributable to Wasa Kredit. These additional loss allowances were calculated using existing credit loss model and certain expert-based adjustments were made for Wasa Kredit.

Impact on funding

The corona pandemic resulted in lower funding requirements in 2020 since deposits have performed more strongly than expected and growth in lending was slightly slower. Funding costs increased sharply in March but fell in the second quarter, largely due to central banks' bond buying. The Riksbank's purchases of covered bonds benefited the Bank Group, since covered bonds are its primary source of financing.

Life assurance and pension insurance operations

Reduced managed assets and investment return

Managed assets and the investment return were impacted by uncertainty in the financial markets caused by the corona pandemic and its effects in the first half of the year.

Continued strong net flow

The net flow of premiums and capital increased in the first half of the year. In the event of a prolonged scenario, growth could be negatively affected due to reduced economic activity and higher unemployment.

Non-life insurance

Most of the Länsförsäkringar's non-life insurance business is underwritten by the regional insurance companies. Earnings from the Länsförsäkringar Alliance's non-life insurance operations consist of the total earnings of the 23 regional insurance companies and the non-life insurance operations of the Länsförsäkringar AB Group.

January-June 2020 Figures in parentheses pertain to the same period in 2019.

- Operating profit declined to SEK -350 M (6,494) with investment income of SEK -825 M (7,033).
- Premiums earned after ceded reinsurance rose 6% to SEK 14,428 M (13,675).
- The technical result increased to SEK 1,107 M (323).
- The combined ratio fell to 94.9% (100.4), with a claims ratio of 75.3% (80.0).
- Solvency capital increased SEK 549 M during the period to SEK 82,645 M.

Earnings

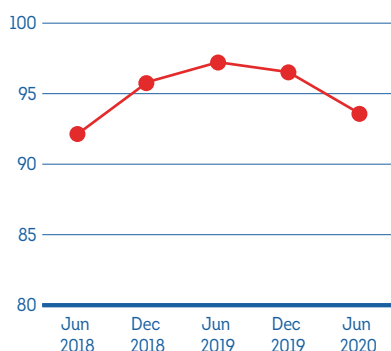
Earnings from the Länsförsäkringar Alliance's non-life insurance operations consist of the total earnings of the 23 regional insurance companies and the non-life insurance operations of the Länsförsäkringar AB Group.

Operating profit for the Länsförsäkringar Alliance's non-life insurance operations declined to SEK -350 M (6,494) due to lower investment income in the first six months of 2020. The capital markets were characterised by uncertainty due to the spread of COVID-19, with a sharply negative trend for stock markets in the first quarter and a slight recovery in the second quarter. This resulted in negative investment income of SEK -825 M (7,033).

The technical result increased to SEK 1,107 M (323), due to high premium growth of just below 6% and lower claims costs in the first half of the year. The claims ratio fell to 75.3% (80.0), mainly as a result of fewer fire-damage and natural catastrophe claims. Claims costs also declined slightly during the first half of 2020 as a result of reduced mobility in society due to the corona pandemic. The expense ratio fell to 19.6% (20.3), resulting in a combined ratio of 94.9% (100.4). The

Combined ratio

Rolling 12-month figures, %



Non-life insurance, Länsförsäkringar Alliance

Key figures, SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premiums earned after ceded reinsurance	14,428	13,675	27,856
Technical result	1,107	323	1,824
Bonuses and discounts	-150	-204	-1,893
Total investment income	-825	7,033	13,199
Operating profit	-350	6,494	12,001
Solvency capital	82,645	75,605	82,096
Solvency margin, %	282	268	288
Expense ratio, %	19.6	20.3	19.6
Claims ratio, %	75.3	80.0	76.7
Combined ratio, %	94.9	100.4	96.3

rolling 12-month combined ratio was 94%. Measured as a five-year average, the combined ratio and the claims ratio remained stable at 94% and 75%, respectively.

Solvency capital increased SEK 549 M in the first half-year, amounting to SEK 82,645 M on 30 June 2020. The solvency margin amounted to 282% (268). Each company in the Länsförsäkringar Alliance has a strong capital position and is considered highly able to manage any additional effects brought about by the pandemic.

Based on the strong 2019 earnings, the regional insurance companies will pay back a total of SEK 1,893 M (825) in bonuses and discounts to their owners – the customers. Several regional insurance companies decided to bring forward bonus payments to the first half of 2020, in the hope of supporting customers affected by the corona pandemic.

Business volumes

Länsförsäkringar's leading position in the Swedish non-life insurance market remained stable with a market share of 30.2% on 30 June 2020, according to statistics from Insurance Sweden.

Premiums earned after ceded reinsurance rose just below 6% to SEK 14,428 M (13,675). The increase was attributable to both premium increases and portfolio growth. Premiums earned for private insurance increased almost 5%, with growth continuing to be driven by household, homeowner and accident insurance. Agria's healthy growth continued with strong new business both in Sweden and in the international business lines, partly due to increased interest in getting a pet during the corona pandemic. Premiums earned for the commercial segment rose by almost 8%, primarily driven by healthy growth in property, commercial and liability insurance. Premiums earned for the motor insurance segment rose by almost 4%, with healthy growth in commercial motor. Premiums earned in the agriculture segment rose by almost 5%.

Premium growth was relatively unaffected by the corona pandemic in the first half-year, but in the event of a prolonged scenario may be negatively affected due to an increase in bankruptcies or lower sales among corporate customers, higher unemployment and reduced economic activity.

Claims trend

Claims payments after ceded reinsurance fell by almost 1% to SEK 10,750 M (10,811) and the claims ratio declined to 75.3% (80.0).

Claims costs declined in the first half of 2020, mainly as a result of fewer fire-damage and natural catastrophe claims. Earnings for the first half of 2019 were charged with several cases of larger fire-damage claims and natural catastrophe claims caused by storm Alfrida and intense hailstorms in southern Sweden.

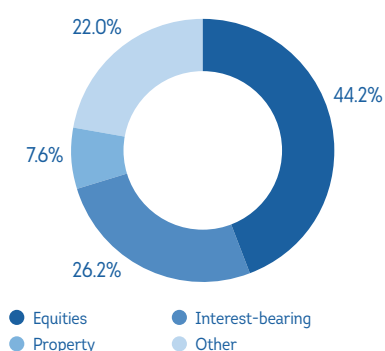
Claims costs also declined slightly during the first half of 2020 as a result of reduced mobility in society due to the corona pandemic with restrictions and official recommendations in place. Less traffic and more people staying at home led to slightly lower motor insurance claims and everyday crime. Claims costs for health care insurance also fell slightly in March and April. In the event of a prolonged scenario, claims costs could be negatively affected by higher unemployment, although this affects only a small percentage of Länsförsäkringar's total non-life insurance volume.

Investment income

The Länsförsäkringar Alliance reported lower investment income for the first six months of 2020. Investment income declined to SEK -825 M (7,033), a return of -0.8% of the asset value on 30 June 2020. The capital markets were characterised by uncertainty due to the spread of COVID-19, with a sharply negative trend for stock markets in the first quarter and a slight recovery in the second quarter. Increases in the value of property investments from holdings in Humlegården* made a positive contribution to investment income.

* Humlegården Fastigheter AB is a property company owned by the 23 regional insurance companies, Länsförsäkringar Sak, Länsförsäkringar Fondliv and Länsförsäkringar Liv.

Allocation of investment assets



Total investment assets amounted to SEK 120.1 billion on 30 June 2020.

Bank

Länsförsäkringar offers banking services through Länsförsäkringar Bank, which is part of the Länsförsäkringar AB Group. The 23 regional insurance companies are responsible for the bank's customer contact, while Länsförsäkringar AB is responsible for conducting joint business activities, strategic development activities and providing service.

January-June 2020 Figures in parentheses pertain to the same period in 2019.

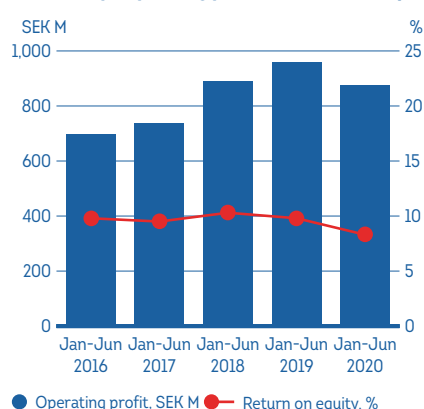
- Operating profit amounted to SEK 876 M (958) and the return on equity amounted to 8.3% (9.8).
- Net interest income rose 7% to SEK 2,423 M (2,272).
- Business volumes increased to SEK 669 billion (617), deposits rose to SEK 131 billion (116) and lending rose to SEK 318 billion (302).
- The number of customers with Länsförsäkringar as their primary bank rose 7% and the number of bank cards increased 6%.

Earnings

The Länsförsäkringar Bank Group's operating profit declined 8% to SEK 876 M (958). The decline was mainly due to increased operating expenses and higher credit losses as a result of additional loss allowances in the first half of 2020 due to the uncertain situation caused by COVID-19. The additional loss allowances amounted to SEK 154.6 M, of which SEK 127.6 M was attributable to Wasa Kredit.

Net interest income rose 7% to SEK 2,423 M (2,272) attributable to higher volumes. Return on equity amounted to 8.3% (9.8). Net losses from financial items amounted to SEK -28 M (-9). The strong trend in underlying net commission, excluding remuneration to the regional insurance companies, continued, increasing to SEK 492 M (461). Net commission amounted to SEK -258 M (-323).

Bank Group's operating profit and return on equity



Expenses

Operating expenses rose 11% to SEK 1,040 M (934), mainly due to AML and IT-related costs and higher depreciation. The cost/income ratio before credit losses was 0.48 (0.48) and after credit losses 0.59 (0.51).

Länsförsäkringar Bank, Group

Key figures, SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Operating profit	876	958	1,893
Return on equity, %	8.3	9.8	9.5
Net interest income	2,423	2,272	4,617
Cost/income ratio before loan losses	0.48	0.48	0.48

Credit losses

Credit losses in the Bank Group remained low and were almost exclusively attributable to Wasa Kredit. The credit loss level for Länsförsäkringar Hypotek and Länsförsäkringar Bank on 30 June 2020 was 0.00% and 0.01%, respectively. Due to the continued uncertain macroeconomic situation caused by COVID-19, additional loss allowances of SEK 154.6 M (85.0*) were made in the first half-year, of which SEK 127.6 (70.0*) was attributable to Wasa Kredit. A total of SEK 133.0 M affected earnings for the Bank Group for the period and the remaining SEK 21.6 M impacted the regional insurance companies** through lower remuneration.

Credit losses amounted to SEK 232 M (69), net, corresponding to a credit loss level of 0.13% (0.04). Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 977 M (963), corresponding to a share of credit-impaired loan receivables of 0.20% (0.22). The loss allowance for credit-impaired loan receivables was SEK 331 M (285). The reserve ratio for credit-impaired loan receivables amounted to 33.9% (29.6). In addition, SEK 55 M (51) of the remuneration to the regional insurance companies' commitments regarding credit-impaired loan receivables** is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 387 M (335). The re-

serve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies**, amounted to 39.6% (34.8).

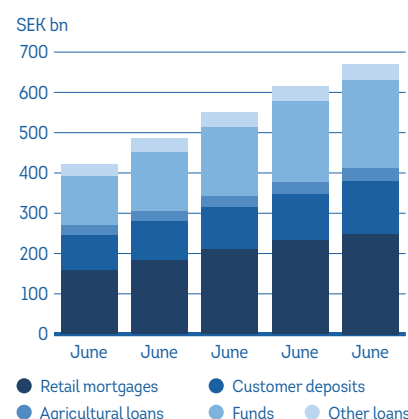
* The comparative figure refers to the portion of the additional loss allowances in the first quarter of 2020.

** In accordance with the settlement model for the regional insurance companies' credit-risk commitments for generated business.

Business volumes

Business volumes increased 8% to SEK 669 billion (617). Lending rose 5% to SEK 318 billion (302) with continued high credit quality. Lending amounted to SEK 44 billion (46) in Länsförsäkringar Bank, SEK 249 billion (233) in Länsförsäkringar Hypotek and SEK 25 billion (24) in Wasa Kredit. Deposits rose 13% to SEK 131 billion (116). The fund volume increased 11% to SEK 220 billion (199).

Business volumes for the Bank Group



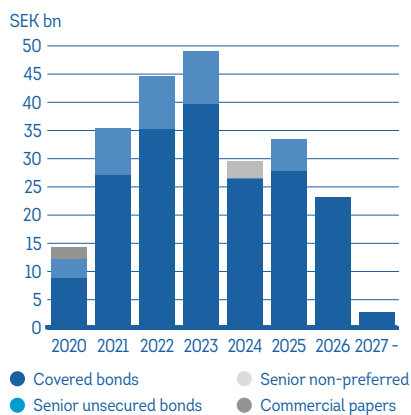
Funding

The Bank Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased to a nominal SEK 232 billion (212), of which covered bonds amounted to SEK 191 billion (172), senior long-term funding to SEK 39 billion (38) and short-term funding to SEK 2.2 billion (2.0). The average remaining term for the long-term funding was 3.2 years (3.6) on 30 June 2020.

Covered bonds were issued during the half-year at a volume of a nominal SEK 20 billion (21). Repurchases of covered bonds amounted to a nominal SEK 7 billion (6) and matured covered bonds to a nominal SEK 6 billion (8). Länsförsäkringar Bank issued senior or unsecured bonds of a nominal SEK 7 billion (4) during the year, while maturities amounted to a nominal SEK 4 billion (3). The total volume of the outstanding senior non-preferred bond was SEK 3.0 billion on 30 June 2020. During the second quarter of 2020, Länsförsäkringar Bank repaid an Additional Tier 1 Capital loan (AT1) of SEK 1.2 billion in advance.

The market improved in the second quarter, which led to lower funding costs. The Swedish covered bond market, which is the Bank Group's main source of financing, has continued to function well. For more information on how the outbreak of COVID-19 impacts the Bank Group's funding, refer to page 6.

Maturity profile



Liquidity

On 30 June 2020, the liquidity reserve totalled SEK 72.9 billion (61.3). The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for more than two years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the consolidated situation on 30 June 2020 amounted to 306% (360). The Net Stable Funding Ratio (NSFR) for the consolidated situation on 30 June 2020 amounted to 134% (132)*.

* The calculation is based on the application of the regulatory requirements according to the upcoming update of the Capital Requirements Regulation.

Life assurance and pension insurance

Länsförsäkringar offers pension savings, primarily occupational pensions. Fund management, guarantee management and personal-risk insurance are offered through Länsförsäkringar Fondliv. No new policies are underwritten in Länsförsäkringar Liv, but the company manages traditional life assurance that was taken out before September 2011. Länsförsäkringar Liv is operated according to mutual principles and is not consolidated in Länsförsäkringar AB.

January-June 2020 Figures in parentheses pertain to the same period in 2019.

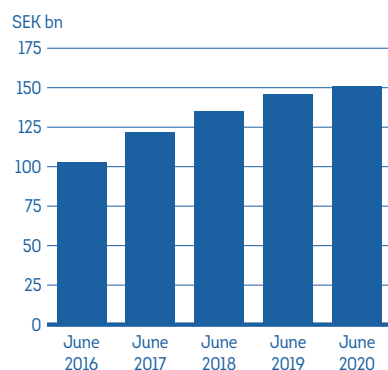
- Länsförsäkringar Fondliv's operating profit amounted to SEK 333 M (375). Total managed assets amounted to SEK 151 billion (146).
- Earnings for Länsförsäkringar Liv declined to SEK -2,069 M (2,280). Total managed assets amounted to SEK 110 billion (114).
- Länsförsäkringar Fondliv was named Unit-linked Insurance Company of the Year 2019 by Söderberg & Partners.

Earnings for Länsförsäkringar Fondliv

Länsförsäkringar Fondliv's operating profit amounted to SEK 333 M (375). Net flow of premiums and capital from existing and new customers increased to SEK 1,591 M (1,025). Managed assets fell 5% in the first half of 2020 to SEK 151 billion on 30 June 2020, primarily due to stock-market uncertainty. However, managed assets were positively impacted by a strong net flow in the first half of 2020.

Total premium income rose to SEK 5,529 M (4,719), of which capital transferred to the company was SEK 1,296 M (732). Premium income after ceded reinsurance for insurance risk increased to SEK 132 M (120). Commission and fee income rose to SEK 884 M (848) due to higher managed assets in the first half of 2020 compared with the same period in 2019. Operating expenses increased to SEK 598 M (547), primarily due to higher distribution and administration expenses. The increased administration expenses were largely due to higher IT costs for development and personnel increases.

Managed assets unit-linked insurance



Capital position

Länsförsäkringar Fondliv's capital position is expressed and measured in accordance with Solvency II as a ratio of own funds in relation to the risk-based capital require-

Länsförsäkringar Fondliv and Länsförsäkringar Liv

Key figures, SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Länsförsäkringar Fondliv			
Premium income, net (rolling 12 months)	10,288	9,111	9,478
Operating profit	333	375	738
Managed assets	150,685	146,106	158,827
Solvency ratio, %	142	141	137
Länsförsäkringar Liv (not consolidated in Länsförsäkringar AB)			
Profit	-2,069	2,280	5,567
Managed assets	110,303	113,789	113,983
Collective consolidation ratio, New Trad, %	108 ¹⁾	114	112
Collective consolidation ratio, Old Trad, %	110 ¹⁾	128	131
Solvency ratio, %	177	211	211

¹⁾ According to the updated collective consolidation policy from 31 March 2020.

ment. Länsförsäkringar Fondliv's solvency ratio on 30 June 2020 amounted to 142% (141). In a change to what was proposed in the 2019 Annual Report, Länsförsäkringar Fondliv decided not to pay any dividend for the 2019 fiscal year in the first half of 2020. Länsförsäkringar Fondliv has a strong capital position and is considered highly able to manage any additional effects brought about by the pandemic.

Länsförsäkringar Fondliv's unit-linked insurance and guarantee management

Unit-linked insurance

The overall trend in the financial markets in the first half of 2020 was negative caused by the corona pandemic and its effects. This trend was also reflected in Länsförsäkringar Fondliv's fund range. Of a total of 154 funds, 17% generated a positive return, while 83% reported a negative return in the first half of 2020. The categories of funds that performed the strongest included interest-bearing, new technology and gold.

A high-quality, attractive fund range that generates favourable returns on customers'

pension capital is a central part of the Länsförsäkringar offering. All funds are carefully analysed and assessed based on criteria including management organisation, return and sustainability. All of the funds in the range have signed the UN Principles for Responsible Investment (PRI). Länsförsäkringar Fondliv was one of the first companies in the industry to introduce supplementary criteria for identifying and promoting companies in the transition to the climate targets of the Paris Agreement. Länsförsäkringar Fondliv works continuously on improving the range and seven new funds were introduced in the first half of 2020, of which four were sustainability-based. During the first half of 2020, a sustainability competition called Sustainable Fund Performance of the Year was arranged, five sustainability-based investment proposals were launched and a Gröna Lövet (Green Leaf) label was introduced for funds with a low climate risk. Customer interest in sustainable equities funds and funds with low climate risk increased in 2020, and the share of purchases of this type of fund rose 40% compared with the first six months of 2019.

Guarantee Management

Länsförsäkringar Fondliv offers guarantee management, which is a form of pension insurance for customers who want a guarantee in their savings and the lowest level on their future payments. Länsförsäkringar guarantees a portion of the customer's paid-in insurance capital with the possibility of additional returns. On 30 June 2020, 51% of the investments comprised interest-bearing investments, 33% equities and 16% alternative investments. The share of alternative investments has gradually increased over the past year.

Managed assets amounted to SEK 4.1 billion (3.7). The return was -2.0% (8.5). The average return has been 4.1% per year since the start in 2012.

Earnings for Länsförsäkringar Liv

Loss for Länsförsäkringar Liv declined to SEK -2,069 M (2,280), mainly due to lower investment income as a result of the uncertainty in the capital markets as an effect of the outbreak of COVID-19. Investment income was considerably negative in the first quarter due to the stock-market downturn in March, with a slight recovery in the second quarter. Overall for the first half of the year, investment income was negatively impacted by investments in equities, properties and alternative investments, while interest-bearing investments made a positive contribution.

Länsförsäkringar Liv's strong balance sheet and capital strength show its long-term stability and ability to maintain its long-term investment strategy, despite the new conditions created by the corona pandemic. In addition to the weak capital markets, market interest rates have fallen further since the start of the year. Persistently low interest rates and an uncertain economic outlook in the external environment present challenges for the future.

The bonus rate for Old Trad and New Trad was lowered to 0% on 1 April 2020 to ensure buffers for future payments. The premium discount introduced on risk insurance in July 2019 was extended to give customers better conditions to retain their insurance policies.

Earnings were negatively impacted by Swedish long-term market interest rates falling 20 basis points during the first six months of the year, which resulted in a lower discount rate for liabilities during the year. Changes in market interest rates affect Länsförsäkringar Liv's earnings since future commitments are discounted with the market interest rate. However, the company can largely protect itself from interest-rate changes impacting earnings by matching assets and liabilities against each other. In ad-

dition to falling market interest rates, discounting of liabilities for terms of more than ten years was negatively affected by the 0.15 percentage point reduction of the Ultimate Forward Rate (UFR) to 3.75%. Technical provisions declined SEK 0.7 billion (2.6) during the half-year. Operating expenses totalled SEK 195 M (206).

Investment income was slightly positive for Old Trad and negative for New Trad and New World. Investment income totalled SEK -0.5 billion (7.0). Of this amount, investment income for New World amounted to SEK -0.4 billion, which did not impact earnings and instead accrued directly to the policyholders.

Capital position

Länsförsäkringar Liv's capital position is expressed and measured in accordance with Solvency II as a ratio of own funds in relation to the risk-based capital requirement. Länsförsäkringar Liv's solvency ratio on 30 June 2020 amounted to 177% (211). The decline in the solvency ratio was mainly due to own funds weakening during the year as a result of negative investment income. In addition, the capital requirement increased due to an update to the internal capital model. Collective consolidation on 30 June 2020 amounted to 108%* (114) in New Trad and 110%* (128) in Old Trad. Länsförsäkringar Liv has a strong capital position and is considered highly able to manage any additional effects brought about by the pandemic.

* According to the updated collective consolidation policy from 31 March 2020.

Länsförsäkringar Liv's traditional management

Länsförsäkringar Liv, which is closed for new business, conducts traditional life assurance for its customers divided into four portfolios: New Trad, Old Trad, New World and Insured Pension. Total managed assets amounted to SEK 110 billion (114) on 30 June 2020.

New Trad

Managed assets in New Trad amounted to SEK 25 billion (24). New Trad is a management form that customers with existing traditional insurance can choose to transition to. Transitions involve lower fees and a lower guaranteed rate. Länsförsäkringar Liv can thus invest the capital in assets with a higher expected return, which over time increases the possibility of higher bonuses.

Investments as per 30 June 2020 comprised 52% interest-bearing investments, 33% equities, 9% alternative investments and 6% properties. The percentage of alternative investments increased in the first half of

2020, while the percentage of interest-bearing investments was reduced.

The investment return was -1.9% (9.5). The average return has been 5.6% per year since the start in 2013. The bonus rate on 30 June 2020 was 0% (3). The bonus rate was lowered from 4% to 0% on 1 April 2020 as a consequence of the turmoil in the financial markets caused by the corona pandemic. The bonus rate was raised from 3% to 4% on 1 November 2019. In connection with this, an extra bonus of 4% was allotted. The average bonus rate has been 6.8% per year since 2013.

Old Trad

Managed assets in Old Trad amounted to SEK 76 billion (78). The primary aim of risk-taking in the Old Trad investment portfolio is to ensure that the guaranteed commitments can also be realised in the event of a negative market trend. At the same time, balanced risk-taking is applied to facilitate a reasonable return on customers' savings.

Investments as per 30 June 2020 comprised 85% interest-bearing investments, 6% properties, 5% alternative investments and 4% equities. The percentage of equities was reduced in the first half of 2020, while the percentage of interest-bearing investments was increased.

Investment return amounted to 0.7% (5.1). The bonus rate on 30 June 2020 was 0% (3). The bonus rate was lowered from 3% to 0% on 1 April 2020 as a consequence of the turmoil in the financial markets caused by the corona pandemic.

New World

Managed assets in New World amounted to SEK 9 billion (10). New World is a traditional insurance policy whereby customers benefit from changes in value in the equities market, while at the same time are guaranteed to recoup over time at least the premiums paid, after deductions for expenses and yield tax.

On 30 June 2020, 69% of the investments comprised equities and 31% interest-bearing investments.

The investment return was -3.8% (11.3).

Insured Pension

Managed assets in Insured Pension amounted to SEK 0.9 billion (1.1). This savings form comprises a bond portion and a derivative portion. The distribution between the two depends on the time remaining until retirement and so the return is individual. Insured Pension customers have been invited to transfer to New Trad since 2018. The offer has been well received and a total of SEK 1.1 billion in customer capital has been transferred to New Trad.

Real-estate brokerage

Länsförsäkringar offers real-estate brokerage through Länsförsäkringar Fastighetsförmedling. The operations are conducted in franchise form, whereby the regional insurance companies act as franchisers for the 180 local branches across Sweden.

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 180 branches throughout Sweden. Länsförsäkringar Fastighetsförmedling is the third largest player in the market and Sweden's fastest growing estate-agent chain, and for the fifth consecutive year had the most satisfied customers according to the Swedish Quality Index's 2020 customer satisfaction survey for the estate-agent industry.

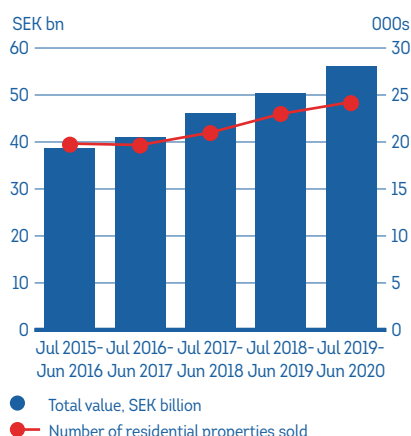
The real-estate brokerage is an integrated part of the local regional insurance companies' full-service offering, with the aim of offering more than just brokerage and sales of residential properties. The operations are conducted in franchise form, whereby the regional insurance companies act as the franchiser for the local branches. This also means that Länsförsäkringar Fastighetsförmedling differs from other national estate-agent chains by always being locally based.

Länsförsäkringar Fastighetsförmedling's market share for single-family homes* amounted to 12.9% on 30 April 2020, up 0.2 of a percentage point in the past year. The market share for tenant-owned apartments* increased by 0.1 of a percentage point in the first half of 2020, and amounted to 11.2% on 30 June 2020. The increase in market shares thus indicates the fastest growth in the industry.

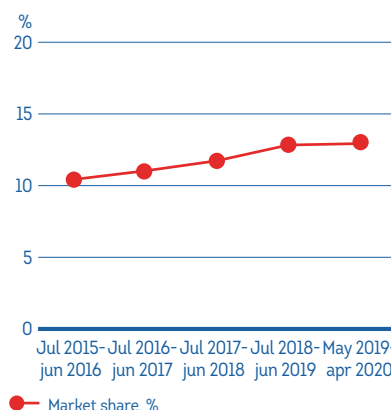
A total of 24,251 (22,996) properties were brokered between July 2019 and June 2020, of which 13,516 (12,445) tenant-owned apartments and 9,664 (9,523) single-family homes. Commission income amounted to slightly more than SEK 1 billion (SEK 970 M). The total sales value for the period amounted to SEK 56.0 billion (50.3).

*Statistics for market shares for single-family homes are based on Värderingsdata's list of land registration certificates (rolling 12 months on 30 April 2020). The corresponding figures for tenant-owned apartments are based on tenant-owned apartments removed from Hemnet (rolling 12 months on 30 June 2020).

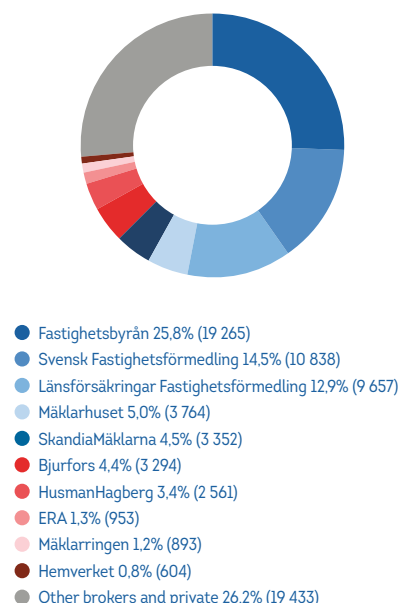
Residential properties brokered by Länsförsäkringar Fastighetsförmedling



Länsförsäkringar Fastighetsförmedling's market share of single-family homes brokered*



Market shares and number of single-family homes brokered on 30 April 2020*



Länsförsäkringar AB

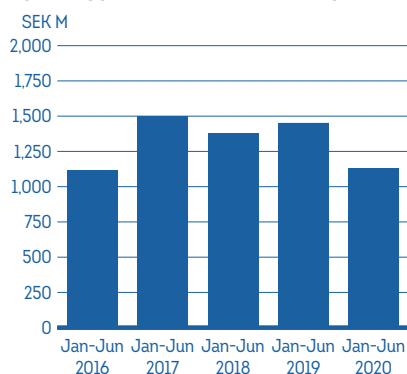
Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking and insurance operations, pursue strategic development activities and provide service in areas that generate economies of scale and efficiency. The Länsförsäkringar AB Group's non-life insurance business is divided into the following three business areas: Agria (pet and crop insurance), Health, and Reinsurance and Special Insurance.

January-June 2020 Figures in parentheses pertain to the same period in 2019.

- The Länsförsäkringar AB Group's operating profit was SEK 1,130 M (1,453). The return on equity amounted to 7% (10).
- Länsförsäkringar Sak Group's operating profit was SEK 133 M (375). Premiums earned after ceded reinsurance rose 9% to SEK 3,288 M (3,015). The combined ratio declined to 94.5% (96.1).
- The Länsförsäkringar Bank Group's operating profit was SEK 876 M (958).
- Länsförsäkringar Fondliv's operating profit amounted to SEK 333 M (375).
- Net sales for the Parent Company increased to SEK 1,749 M (1,681).

Earnings

Operating profit for the Länsförsäkringar AB Group



The Länsförsäkringar AB Group's operating profit was SEK 1,130 M (1,453). The return on equity amounted to 7% (10).

Länsförsäkringar Sak Group's operating profit declined to SEK 133 M (375), mainly due to lower investment income as a result of stock-market uncertainty. Premiums earned after ceded reinsurance rose 9% to SEK 3,288 M (3,015). The combined ratio declined to 94.5% (96.1).

The Länsförsäkringar Bank Group's operating profit declined to SEK 876 M (958), mainly driven by increased operating expenses and higher credit losses from additional loss allowances due to the uncertain situation caused by COVID-19. Net interest income rose 7% to SEK 2,423 M (2,272) attributable to higher volumes.

Länsförsäkringar Fondliv's operating profit amounted to SEK 333 M (375), benefiting from a positive net flow. Managed assets fell 5% in the first half of 2020 to SEK 151 billion on 30 June 2020, primarily due to stock-market uncertainty.

The Länsförsäkringar AB Group's investment return attributable to the insurance op-

erations' and Parent Company's assets amounted to -0.7% (4.5). The fixed-income portfolio contributed 0.3 of a percentage point (1.1), with the largest contributions provided by the duration from underlying US government bond rates and reduced housing spreads. Properties contributed 0.0 percentage points (1.5) to investment income, with unlisted property equities contributing a positive return, while listed Swedish property equities contributed a negative return. Equities contributed -0.8 of a percentage point (1.8). Currencies contributed -0.2 of a percentage point (0.1). The organisational affiliation of the Asset Management Unit of Länsförsäkringar AB was transferred to Länsförsäkringar Liv in May 2020 to enhance efficiency.

Capital position

The Länsförsäkringar AB Group's equity declined SEK 703 M in the first six months of 2020 to SEK 30,486 M. The decline was due to Länsförsäkringar Bank repurchasing a Tier 1 instrument of SEK 1.2 billion in June.

The corona pandemic resulted in European and Swedish authorities imposing measures regarding the rules on capital position. The Swedish Financial Supervisory Authority decided in March to lower the countercyclical capital buffer requirements for banking operations from 2.5% to 0.0%. In a change to what was proposed in the 2019 Annual Report, Länsförsäkringar AB decided in the second quarter not to pay any dividend for the 2019 fiscal year in the first half of 2020. Both of these factors had a strengthened effect on the capital position under the group solvency regulations, while the repurchase of Tier 1 instruments had a restraining effect. The Länsförsäkringar AB Group has a strong capital position and is considered highly able

to manage any additional effects brought about by the pandemic.

The Länsförsäkringar AB Group is a financial conglomerate. The Group's companies are encompassed by group solvency regulations in accordance with legislation on financial conglomerates, legislation on insurance operations and legislation on banking operations. At 30 June 2020, surplus capital for the Länsförsäkringar AB Group under the rules on financial conglomerates was SEK 14.1 billion, up SEK 1.9* billion during the half-year. Own funds amounted to SEK 50.6 billion and the capital requirement to SEK 36.4 billion. The capital position under the rules on insurance operations was commensurate with the capital position under the rules on financial conglomerates on 30 June 2020.

The Common Equity Tier 1 capital ratio for the consolidated situation** (the group encompassed by the group rules for banking operations) was 16.5% on 30 June 2020, up 1.1 percentage points for the half-year. At the same time, the Common Equity Tier 1 capital requirement reduced significantly due to the lowering of the countercyclical capital buffer.

Capital position of Länsförsäkringar AB's directly owned subsidiaries

	31 Jun 2020	31 Dec 2019	30 Jun 2019
Länsförsäkringar Sak Försäkrings AB			
Solvency ratio, %	200	197*	243
Länsförsäkringar Fondliv Försäkrings AB			
Solvency ratio, %	142	137	141
Länsförsäkringar Bank Group			
Common Equity Tier 1 capital ratio, %	14.2	13.9	13.4

* Recalculated according to revised method as per 31 Dec 2019 for risk absorption in deferred tax items when calculating capital requirement.

** The Länsförsäkringar Bank Group consolidated with Länsförsäkringar AB.

Non-life insurance

The Länsförsäkringar AB Group's non-life insurance business primarily comprises health, pet and crop insurance, some cargo, liability, property and motor insurance as well as international reinsurance. Länsförsäkringar Sak also manages the Länsförsäkringar Alliance's joint reinsurance cover.

Länsförsäkringar Sak Group's operating profit declined to SEK 133 M (375), mainly due to lower investment income as a result of stock-market uncertainty.

Premiums earned after ceded reinsurance rose 9% to SEK 3,288 M (3,015), where strong sales in all three business areas, Agria, Health as well as Reinsurance and Special Insurance, contributed to the favourable volume trend. In Agria, the premium volume in Sweden and in all international business lines increased.

The technical result increased to SEK 184 M (127), primarily due to an improved claims result for the Länsförsäkringar Alliance's internal reinsurance, to which Länsförsäkringar Sak contributes a 15% share of assumed reinsurance. The combined ratio declined to 94.5% (96.1). Claims payments after ceded reinsurance amounted to SEK 2,433 M (2,217) and the claims ratio increased to 74.0% (73.5). The expense ratio declined to 20.5% (22.6). The corona pandemic resulted in a reduction in marketing activities in the first half of the year, which contributed to lower operating expenses.

Agria

Agria's technical result amounted to SEK 45 M (64). Strong new business sales contributed to portfolio growth both in Sweden and in the international business lines, partly due to increased interest in getting a pet during the corona pandemic. The change in result was due to higher claims costs, partly from dog insurance in several countries. Horse insurance in Sweden also noted higher claims costs due to a higher claim frequency. The result for crop insurance improved compared to the first half of 2019 when intense hailstorms impacted claims costs.

Health

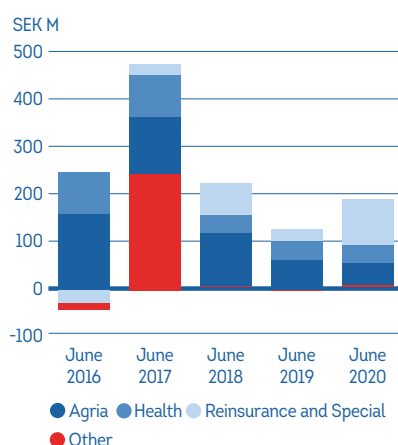
The technical result for the Health business area was unchanged at SEK 40 M (40). Earnings for accident insurance improved as a result of previous premium adjustments and a review of conditions. The result for group life assurance also improved, driven by lower claims costs. Earnings for health care insurance were weaker as a result of higher reserves for prior-year claims related to operations and medical care. The corona pandemic led to a slight decline in

claims costs for health care insurance in March and April. Unemployment claims in the loan protection insurance of the Bo kvar product increased due to rising unemployment figures, but this insurance policy represents only a small share of total business volumes.

Reinsurance and Special Insurance

The technical result for Reinsurance and Special Insurance increased to SEK 96 M (24), primarily due to lower claims costs in the Länsförsäkringar Alliance's internal reinsurance, to which Länsförsäkringar Sak contributes a 15% share of assumed reinsurance. Claims costs for the first six months of 2019 were impacted by several larger fire-damage claims and storm Alfrida. Liability insurance noted stronger earnings due to lower claims costs and cargo insurance continued to deliver stable, positive earnings with lower claims costs. In assumed reinsurance, both from the Länsförsäkringar Alliance and internationally assumed reinsurance, business interruption claims were received due to the corona pandemic.

Technical result for Länsförsäkringar Sak Group



Investment return for the Länsförsäkringar Sak Group amounted to -0.5% (4.2). Properties comprised 17% of the investment assets on 30 June 2020 and contributed 0.3 of a percentage point (2.0) to the investment return. Unlisted property equities contributed a positive return, while listed Swedish property equities contributed a negative return. The fixed-income portfolio, which has a short duration, contributed 0.2 of a percentage point (1.1), with the duration from underlying US government bond rates and reduced housing spreads providing the largest positive contributions. Equities contributed -0.8 of a percentage point (1.0) following fluctuations in the stock markets caused by the corona pandemic. Currencies contributed -0.3 of a percentage point (0.0).

Bank

Operating profit for the Länsförsäkringar Bank Group, which is included in the Länsförsäkringar AB Group, declined to SEK 876 M (958). The decline was mainly due to increased operating expenses and higher credit losses as a result of additional loss allowances in the first half of 2020 due to the uncertain situation caused by COVID-19. The additional loss allowances amounted to SEK 154.6 M, of which SEK 127.6 M was attributable to Wasa Kredit. Net interest income rose 7% to SEK 2,423 M (2,272) attributable to higher volumes. More information about Länsförsäkringar Bank is available on pages 9-10.

Unit-linked insurance

Operating profit amounted to SEK 333 M (375), benefiting from a positive net flow. Managed assets fell 5% in the first half of 2020 to SEK 151 billion on 30 June 2020, primarily due to stock-market uncertainty. More information about Länsförsäkringar Fondliv is available on pages 11-12.

Parent Company

Profit after financial items for the Länsförsäkringar AB Group's Parent Company amounted to SEK 655 M (121). Profit was positively impacted by dividends and Group contributions of SEK 795 M from Länsförsäkringar Sak (SEK 295 M from Länsförsäkringar Sak). The corona pandemic resulted in lower staff costs, mainly consultant costs, in the first six months of 2020. Net sales increased to SEK 1,749 M (1,681).

Earnings for Länsförsäkringar AB Group Jan-Jun 2020 compared with Jul-Dec 2019

Operating profit for the Länsförsäkringar AB Group amounted to SEK 1,550 M (1,453).

Länsförsäkringar Sak Group's operating profit was SEK 133 M (476). The technical result increased to SEK 184 M (156). The combined ratio amounted to 94.5% (95.5). Premiums earned after ceded reinsurance rose to SEK 3,288 M (3,195). Investment income was weaker and reported a negative outcome compared with the second half of 2019 due to uncertainty in the stock markets.

The Länsförsäkringar Bank Group's operating profit was SEK 876 M (936). Net interest income was SEK 2,423 M (2,345).

Länsförsäkringar Fondliv's operating profit fell to SEK 333 M (363), mainly driven by a lower average value for managed assets in the first half of 2020 compared with the second half of 2019. Both rebating of commissions and capital fees are strongly linked to managed assets. Managed assets declined to SEK 151 billion (159) on 30 June 2020, mainly due to stock-market uncertainty. However,

managed assets were positively impacted by a strong net flow in the first half-year.

Profit after financial items for the Parent Company amounted to SEK 655 M (750). Profit was mainly affected by dividends and Group contributions of SEK 795 M (365). Earnings for the second half of 2019 were also positively impacted by divestment of property holdings.

Other events after the end of the period

On 10 July 2020, the Swedish Financial Supervisory Authority decided that the sub-group comprising Länsförsäkringar Bank AB together with the subsidiaries Länsförsäkringar Hypotek AB, Wasa Kredit AB and Länsförsäkringar Fondförvaltning AB is to be consolidated at the sub-group level (sub-consolidated basis) in accordance with the Capital Requirements Regulation (EU 575/2013). The reason for the decision is that the Financial Supervisory Authority believes that Länsförsäkringar Bank AB should be subject to consolidation at the same level as from a resolution perspective since the Swedish National Debt Office has decided that Länsförsäkringar Bank AB comprises a resolution entity in the Länsförsäkringar AB Group. The Financial Supervisory Authority's decision applies from 30 September 2020. The decision also means that Länsförsäkringar Bank in the consolidated situation will be able to include a larger share of Länsförsäkringar Bank's externally issued capital instruments in its own funds.

In accordance with agreement, on 1 September 2020 Ann Sommer will step down as the President of Länsförsäkringar Sak and head of the Non-life Insurance business unit but will remain a member of the Länsförsäkringar AB Group's corporate management until the end of the year. The Board has appointed Björn Dalemo as the new President of Länsförsäkringar Sak. He is currently the Head of LB Sak, the unit at Länsförsäkringar AB responsible for supporting the business of the regional insurance companies. In connection with the change in President, the Non-life Insurance business unit will be merged with LB Sak. Björn Dalemo will thus also head the new consolidated Non-life Insurance business unit.

The effects of the pandemic on Länsförsäkringar's operations have not changed since the end of the period. The global economy continued to show signs of recovery in July and August, and stock markets improved in most advanced economies despite rising infection rates in several countries. The risk of an increased spread of infection has materialised and several regions reported a clear rise in infection rates. There is the risk that

this trend will continue, but the higher level of preparedness in society could mean that the rate of increase will not be as severe as in the spring. Reopening is continuing in most parts of the world but has slowed slightly. The probability of a new global lockdown is deemed to be low, instead measures will likely be more local or regional. However, this is the greatest risk to a continued global recovery.

Risks and uncertainty factors of the operations

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

Credit risk in the Länsförsäkringar Bank Group is primarily affected by the economic situation in Sweden since all loans are granted locally. Low loan-to-value ratio, combined with a well-diversified geographic spread and local presence, are the core pillars in ensuring that the loan portfolio maintains high credit quality. The regional insurance companies cover 80% of the provision requirement in the Bank Group (excluding Wasa Kredit) on the date when an impairment is identified, by means of an off-set against accrued distribution remuneration.

The policyholders primarily bear the market risks in the unit-linked insurance operations, but since the trend in insurance capital is governed by the company's earnings, the company is also exposed to market risk. The risks in the investment assets managed by the Group's companies for own account are held at a low level.

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

Non-life insurance risks arise on the basis of business in Länsförsäkringar Sak, which conducts highly diverse business operations ranging from cargo insurance and reinsurance to pet insurance in the subsidiary Agria. The risks taken in non-life insurance are reinsured, where deemed appropriate, and extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.

The Parent Company Länsförsäkringar AB's risks are primarily attributable to the company's investments in liquidity and the business-support operations conducted on behalf of the subsidiaries and the regional insurance companies. The day-to-day operations include a variety of process risks and

the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and as digitisation increases greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and terror financing.

It is a huge challenge to combat money laundering and economic crime, which are widespread problems in society with a major bearing on the financial sector. The risk of the life-assurance and banking operations being used to launder money, finance terrorism and fraud is reduced through a systematic process of risk assessment, active monitoring of ongoing business relationships and deviating activities or transactions. If, after an examination, an activity or individual transaction is suspected of involving money laundering or terror financing, it is immediately reported to the Financial Intelligence Unit of the police. Resources for the work on anti-money laundering and measures to combat terror financing were expanded and will continue in 2020 to further advance positions in this area.

During the first six months of 2020, the corona pandemic brought about new risks and greater uncertainty in the financial markets. A prolonged pandemic leading to a broad economic downturn will impact the Group's operations and all of society. There is the risk of reduced income and higher claims costs as an effect of the pandemic and the outbreak has already resulted in higher financing costs for both banks and companies. A gloomier macroeconomic outlook results in higher loss allowances in the banking operations based on how expected credit losses are calculated under IFRS 9. The pandemic also affects daily work since some employees are working remotely to minimise the risk of internal contagion. The effects of the corona pandemic on the Länsförsäkringar AB Group's operations, and how they are managed, are described in more detail on page 6.

Other than the risks caused by the corona pandemic in 2020, other risks that the Group and Parent Company are exposed to have not changed materially since 31 December 2019. A more detailed description of these, and how they are managed, is presented in Länsförsäkringar AB's 2019 Annual Report in Group note 2 Risk and capital management.

The results of the operations for the period and the financial position of the Länsförsäkringar AB Group and the Parent Company at 30 June 2020 are presented in the following financial statements with accompanying notes.

Financial statements

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Länsförsäkringar Alliance non-life insurance

Financial statements

Income statement for Länsförsäkringar Alliance non-life insurance

SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premiums earned after ceded reinsurance	14,428	13,675	27,856
Investment income transferred from financial operations	268	228	608
Claims payments after ceded reinsurance	-10,750	-10,811	-21,142
Operating expenses	-2,799	-2,749	-5,410
Other technical revenue/expenses	-40	-20	-88
Technical result for non-life insurance operations before bonuses and discounts	1,107	323	1,824
Bonuses and discounts	-150	-204	-1,893
Technical result for non-life insurance operations after bonuses and discounts	957	119	-70
Total investment income	-825	7,033	13,199
Investment income transferred to insurance operations	-262	-477	-790
Other non-technical revenue/expenses	-220	-181	-338
Operating profit for the period	-350	6,494	12,001

Balance Sheet for Länsförsäkringar Alliance non-life insurance

SEK M	30 June 2020	31 December 2019
ASSETS		
Shares and participations	53,095	53,773
Bonds and other interest-bearing securities	31,436	32,636
Other investment assets	35,564	34,167
Total investment assets	120,095	120,577
Reinsurers' portion of technical provisions	10,143	9,440
Receivables and other assets	16,317	14,965
Cash and bank balances	6,191	5,396
Prepaid expenses and accrued income	1,672	1,629
TOTAL ASSETS	154,418	152,007
EQUITY, PROVISIONS AND LIABILITIES		
Equity	71,831	71,241
Technical provisions (before ceded reinsurance)	62,187	58,917
Other provisions and liabilities	17,673	19,029
Accrued expenses and deferred income	2,726	2,819
TOTAL EQUITY, PROVISIONS AND LIABILITIES	154,418	152,007

The Länsförsäkringar Alliance comprises 23 local and customerowned 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 and some cargo, liability, 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 non-life insurance operations of the Länsförsäkringar AB Group. The earnings for the Parent Company Länsförsäkringar AB is also included. 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).

Länsförsäkringar AB Group

Key figures

Key figures for Länsförsäkringar AB Group			
SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Group			
Operating profit	1,130	1,453	3,003
Net profit for the period	911	1,153	2,957
Return on equity, % ¹⁾	7	10	10
Total assets, SEK billion	590	561	573
Equity per share, SEK ²⁾	2,829	2,586	2,754
Solvency capital ³⁾	32,829	30,861	32,056
Solvency margin, % ⁴⁾	469	503	488
Own funds for the group ⁵⁾	50,575	47,527	50,220
Solvency capital requirement for the group ⁵⁾	36,437	35,965	37,776
Own funds for the financial conglomerate ⁶⁾	50,575	47,527	50,220
Capital requirement for the financial conglomerate ⁶⁾	36,437	35,965	37,776
Insurance operation⁷⁾			
<i>Non-life insurance operations</i>			
Premiums earned (after ceded reinsurance)	3,140	2,876	5,928
Investment income transferred from financial operations	4	9	22
Claims payments (after ceded reinsurance) ⁸⁾	-2,125	-1,919	-3,966
Technical result, non-life operations	145	112	218
<i>Premium income, non-life insurance</i>			
Premium income before ceded reinsurance	5,682	5,113	7,852
Premium income after ceded reinsurance	3,933	3,532	6,108
<i>Life-assurance operations</i>			
Premium income (after ceded reinsurance)	359	339	495
Fees pertaining to financial agreements	405	386	794
Investment income, net	-105	289	512
Claims payments (after ceded reinsurance)	-152	-155	-254
Technical result, life-assurance operations	366	387	802
Operating profit for insurance operations⁹⁾	466	768	1,670
<i>Key figures</i>			
Cost ratio ¹⁰⁾	28	30	30
Expense ratio ¹¹⁾	21	23	23
Claims ratio ¹²⁾	75	74	74
Combined ratio	95	96	97
Management cost ratio, life-assurance operations ¹³⁾	0.8	0.9	0.8
Direct yield, % ¹⁴⁾	0.0	-0.1	9.6
Total return, % ¹⁵⁾	-0.8	4.7	10.1
<i>Financial position</i>			
Investment assets, SEK billion ¹⁶⁾	14	15	14
Unit-linked insurance assets – policyholder bears the risk, SEK billion	146	142	155
Technical provisions (after ceded reinsurance), SEK billion	9	10	9

Key figures for Länsförsäkringar AB Group, cont.

SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Banking operation			
Net interest income	2,423	2,272	4,617
Operating profit	876	958	1,893
Net profit for the period	679	724	1,440
Return on equity, % ¹⁷⁾	8.3	9.8	9.5
Total assets, SEK billion	406	382	381
Equity	17,854	17,848	18,479
Cost/income ratio before loan losses ¹⁸⁾	0.48	0.48	0.48
Investment margin, % ¹⁹⁾	1.18	1.21	1.21
Common Equity Tier 1 capital ratio Bank Group, %	14.2	13.4	13.9
Tier 1 ratio Bank Group, % ²⁰⁾	15.1	15.6	16.0
Total capital ratio Bank Group, % ²¹⁾	17.5	18.1	18.5
Common Equity Tier 1 capital ratio consolidated situation, %	16.5	14.6	15.4
Tier 1 ratio consolidated situation, % ²⁰⁾	16.7	16.0	16.0
Total capital ratio consolidated situation, % ²¹⁾	17.4	17.7	16.6
Credit loss level, % ²²⁾	0.13	0.04	0.06

1) Operating profit and revaluations of owner-occupied property less standard tax at 21.4% (21.4) in relation to average equity, adjusted for items in equity recognised in other comprehensive income excluding revaluations of owner-occupied property, and adjusted for Additional Tier 1 Capital loans.

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

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

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

5) The group under the insurance-operation rules comprises the Parent Company Länsförsäkringar AB, all of the insurance companies in the Group, Länsförsäkringar Bank AB, Wasa Kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. Länsförsäkringar Liv Försäkrings AB is also included in the group, despite the company not being consolidated in the Länsförsäkringar AB Group. As stated in the EU Solvency II Directive, the calculations are made in accordance with the consolidation method, but with Länsförsäkringar Liv included in accordance with the deduction and aggregation method as permitted by the Swedish Financial Supervisory Authority. Solvency capital requirement for the full year 2019 recalculated according to revised method from 2019-12-31 for risk absorption in deferred tax items when calculating capital requirement.

6) The financial conglomerate comprises the same companies as the group according to the insurance-operation rules, see footnote 5. The calculations for the financial conglomerate are made using the same methods as for the group in accordance with the insurance-operation rules. Unlike the group under the insurance-operation rules, the transferability of profits for the financial conglomerate is to also be tested in other regulated companies than the group's insurance companies. Capital requirement for the full year 2019 recalculated according to revised method from 2019-12-31 for risk absorption in deferred tax items when calculating capital requirement.

7) The earnings, key figures and financial position of the insurance operations are presented in accordance with the Swedish Annual Accounts Act for Insurance Companies and Swedish Financial Supervisory Authority's directives and general guidelines FFFS 2019:23.

8) Excluding claims adjustment costs.

9) The operating profit of the insurance operations includes the Länsförsäkringar Sak Group's and Länsförsäkringar Fondliv's investment income and

other non-technical income and expenses.

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

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

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

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

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

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

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

17) Operating profit after standard tax at 21.4% (21.4) in relation to average equity, adjusted for changes in value of financial assets recognised in equity.

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

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

20) Tier 1 capital in relation to the total risk exposure amount.

21) Total own funds in relation to the total risk exposure amount.

22) Credit losses (annual basis), net, for loan receivables in relation to loans to the public and credit institutions after loss allowance.

Consolidated income statement for Länsförsäkringar AB Group			
SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Premiums earned before ceded reinsurance	4,408	3,986	7,968
Reinsurers' portion of premiums earned	-914	-785	-1,573
Premiums earned after ceded reinsurance	3,493	3,201	6,396
Interest income	3,345	2,945	5,986
Interest expense	-920	-670	-1,363
Net interest income	2,425	2,275	4,624
Change in unit-linked insurance assets – policyholder bears the risk	-9,795	18,995	30,453
Dividends in unit-linked insurance assets – policyholder bears the risk	-	-	13
Investment income, net	-171	531	1,006
Commission income	1,671	1,562	3,250
Other operating income	1,110	1,208	2,407
Total operating income	-1,267	27,772	48,150
Claims payments before ceded reinsurance	-2,594	-1,571	-4,069
Reinsurers' portion of claims payments	328	-489	-128
Claims payments after ceded reinsurance	-2,266	-2,061	-4,197
Change in life-assurance provision	-79	-79	-8
Change in unit-linked insurance liabilities – policyholder bears the risk	9,891	-19,275	-30,985
Commission expense	-1,591	-1,661	-3,161
Staff costs	-1,316	-1,262	-2,476
Other administration expenses	-2,009	-1,912	-4,112
Loan losses	-232	-69	-207
Total expenses	2,397	-26,319	-45,146
Operating profit	1,130	1,453	3,003
Tax	-220	-300	-46
Net profit for the period	911	1,153	2,957
Earnings per share before and after dilution, SEK	87	111	284

Consolidated statement of comprehensive income for Länsförsäkringar AB Group

SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Net profit for the period	911	1,153	2,957
Other comprehensive income			
Items that have been transferred or can be transferred to profit for the period			
Translation differences attributable to foreign operations	-27	14	31
Cash-flow hedges	-37	-19	-22
Change in fair value of available-for-sale financial assets	-44	62	2
Tax attributable to items that have been transferred or can be transferred to profit for the period	17	-10	3
Total	-91	46	14
Items that cannot be transferred to profit for the period			
Revaluation of owner-occupied property	-	135	148
Change in fair value of equity instruments measured at fair value through other comprehensive income	2	13	25
Tax attributable to items that cannot be reversed to profit for the period	-	-26	-36
Total	2	122	138
Total other comprehensive income for the period, net after tax	-89	168	151
Comprehensive income for the period	822	1,321	3,109

Consolidated statement of financial position for Länsförsäkringar AB Group

SEK M	30 Jun 2020	31 Dec 2019	SEK M	30 Jun 2020	31 Dec 2019
ASSETS			EQUITY AND LIABILITIES		
Goodwill	545	558	Equity		
Other intangible assets	4,271	4,309	Share capital	1,042	1,042
Deferred tax assets	135	128	Other capital contributed	10,272	10,272
Property and equipment	331	344	Additional Tier 1 instruments	1,000	2,200
Owner-occupied property	1,091	1,161	Reserves	-663	-573
Shares in Länsförsäkringar Liv Försäkrings AB	8	8	Retained earnings including profit for the period	18,835	17,965
Shares and participations in associated companies	68	62	Total equity	30,486	30,907
Reinsurers' portion of technical provisions	10,188	9,504	Subordinated liabilities	2,596	2,595
Loans to the public	317,506	307,099	Technical provisions	19,531	18,860
Unit-linked insurance assets – policyholder bears the risk	146,431	154,563	Unit-linked insurance liabilities – policyholder bears the risk	148,553	155,950
Shares and participations	4,653	4,634	Deferred tax liabilities	882	882
Bonds and other interest-bearing securities	54,797	52,618	Other provisions	152	125
Treasury bills and other eligible bills	12,268	9,934	Debt securities in issue	237,599	226,661
Derivatives	8,162	8,290	Deposits from the public	129,465	118,305
Change in value of hedge portfolios	406	5	Due to credit institutions	7,611	6,565
Other receivables	5,144	5,393	Derivatives	888	511
Prepaid expenses and accrued income	2,571	2,321	Change in value of hedge portfolios	2,292	1,241
Cash and cash equivalents	21,671	11,661	Other liabilities	4,421	5,524
TOTAL ASSETS	590,246	572,594	Accrued expenses and deferred income	5,770	4,468
			TOTAL EQUITY AND LIABILITIES	590,246	572,594

Consolidated statement of changes in equity for Länsförsäkringar AB Group

SEK M	Share capital	Other capital contributed	Additional Tier 1 instruments	Reserves	Retained earnings including net profit for the period	Total
Opening equity, 1 January 2019	1,042	10,272	1,200	697	13,656	26,867
Comprehensive income for the period	-	-	-	168	1,153	1,321
Issued additional Tier 1 instruments	-	-	1,000	-	-28	972
Closing equity, 30 June 2019	1,042	10,272	2,200	864	14,781	29,161
Opening equity, 1 July 2019	1,042	10,272	2,200	864	14,781	29,161
Comprehensive income for the period	-	-	-	-16	1,804	1,787
Divestment in owner-occupied property	-	-	-	-1,421	1,421	-
Issued additional Tier 1 instruments	-	-	-	-	-41	-41
Closing equity, 31 December 2019	1,042	10,272	2,200	-573	17,965	30,907
Opening equity, 1 January 2020	1,042	10,272	2,200	-573	17,965	30,907
Comprehensive income for the period	-	-	-	-90	912	822
Issued additional Tier 1 instruments	-	-	-1,200	-	-42	-1,242
Closing equity, 30 June 2020	1,042	10,272	1,000	-663	18,835	30,486

Consolidated statement of cash flows for Länsförsäkringar AB Group

SEK M	Jan-Jun 2020	Jan-Jun 2019
Operating activities		
Operating profit	1,130	1,453
Adjustment for non-cash items	2,568	2,543
Tax paid	-499	-363
Cash flow from operating activities before changes in working capital	3,200	3,634
Cash flow from changes in working capital		
Change in shares and participations, bonds and other interest-bearing securities and derivatives	-5,958	-17,085
Increase (-)/Decrease (+) in operating receivables	-10,306	-15,963
Change in debt securities in issue	12,100	8,190
Increase (+)/Decrease (-) in operating liabilities	12,531	16,619
Cash flow from operating activities ¹⁾	11,567	-4,605
Investing activities		
Change in shares and participations in associated companies	-	3
Investment in intangible assets	-164	-371
Investment in property and equipment	-11	-
Investment in owner-occupied property	-	-1
Divestment in owner-occupied property	-	-
Cash flow from investing activities	-174	-368
Financing activities		
Change in lease liabilities	-126	-34
Additional Tier 1 instruments	-1,242	972
Dividends paid	-	-
Cash flow from financing activities ¹⁾	-1,368	938
Net cash flow for the period	10,024	-4,036
Cash and cash equivalents, 1 January	11,661	6,075
Exchange-rate differences in cash and cash equivalents	-14	5
Cash and cash equivalents, 30 June	21,671	2,044

1) Comparative figures were adjusted since Change in debt securities in issue was reclassified from Cash flow from financing activities to Cash flow from operating activities.

Länsförsäkringar AB Group

Notes to the consolidated financial statements

All figures in SEK M unless otherwise stated.

Note 1	Accounting policies
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The consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of these standards issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and regulation and general guidelines FFFS 2019:23 of the Swedish Financial Supervisory Authority were applied. The Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and statements (UFR). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting.

CHANGES THAT IMPACTED THE FINANCIAL STATEMENTS IN 2020

No accounting standards came into effect during the period that have a material effect on the consolidated financial statements. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2019 Annual Report.

APPLICATION OF ACCOUNTING POLICIES CAUSED BY NEW TRANSACTIONS

In the spring of 2020, Länsförsäkringar Bank began efforts to change its bank card supplier from Visa to Mastercard. Initially, the change results in increased charges. These have been recognised as Costs to fulfil a contract in accordance with IFRS 15 Revenue from contracts with customers in the balance item Prepaid expenses and accrued income. Assuming that Länsförsäkringar Bank meets certain set transaction volumes, the bank will be reimbursed for some of these costs. The reimbursements received to date have been recognised as Contract liability in the balance item Accrued expenses and deferred income. The contract liability will be repaid over time as the bank meets the previously set transaction volumes.

Jan-Jun 2020, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	3,288	132	-	-	73	3,493
Net interest income	-	-	2,423	-	3	2,425
Change in unit-linked insurance assets – policyholder bears the risk	-	-9,795	-	-	-	-9,795
Investment income, net	4	-5	-28	800	-942	-171
Commission income	22	902	743	-	3	1,671
Other operating income	16	22	11	1,749	-689	1,110
Total operating income	3,330	-8,743	3,150	2,549	-1,553	-1,267
Claims payments after ceded reinsurance	-2,433	-68	-	-	235	-2,266
Change in life-assurance provision	-	-	-	-	-79	-79
Change in unit-linked insurance liabilities – policyholder bears the risk	-	9,891	-	-	-	9,891
Commission expense	-208	-382	-1,002	-	0	-1,591
Staff costs	-292	-113	-336	-585	9	-1,361
Other administration expenses	-213	-258	-704	-1,310	476	-2,009
Loan losses	-	-	-232	-	-	-232
Total expenses	-3,146	9,071	-2,273	-1,894	641	2,397
Technical result	184	327	-	-	-511	-
Non technical recognition	-51	6	-	-	45	-
Operating profit	133	333	876	655	-866	1,130
Tax	-	-	-	-	-	-220
Net profit for the period	-	-	-	-	-	911
Income distribution						
External income	3,317	-8,990	3,411	1,063	-67	-1,267
Internal income	13	247	-261	1,487	-1,485	-
Total operating income	3,330	-8,743	3,150	2,549	-1,553	-1,267

The distribution into operating segments matches how the Group is organised and is monitored by Group Management. The technical result is presented for Non-life insurance and Unit-linked insurance since the result is followed up by Group Management. Income is primarily attributable to Sweden, with a small portion from Denmark, Finland, France, Norway and the UK.

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

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

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

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

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

Investment income, net: Investment income that is transferred from financial operations to insurance operations is recognised in non-life insurance.

Continued on next page

Note 2 Earnings per segment, cont.

Jan-Jun 2019, SEK M	Non-life insurance	Unit-linked insurance	Bank	Parent Company	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	3,015	120	-	-	65	3,201
Net interest income	-	-	2,272	-	3	2,275
Change in unit-linked insurance assets - policyholder bears the risk	-	18,995	-	-	-	18,995
Investment income, net	9	276	-5	321	-71	531
Commission income	19	851	691	-	1	1,562
Other operating income	219	108	16	1,679	-814	1,208
Total operating income	3,262	20,350	2,974	2,001	-815	27,772
Claims payments after ceded reinsurance	-2,217	-55	-	-	211	-2,061
Change in life-assurance provision	-	-	-	-	-79	-79
Change in unit-linked insurance liabilities - policyholder bears the risk	-	-19,275	-	-	-	-19,275
Commission expense	-285	-370	-1,014	-	7	-1,661
Staff costs	-280	-105	-331	-555	8	-1,262
Other administration expenses	-354	-173	-603	-1,324	542	-1,912
Loan losses	-	-	-69	-	-	-69
Total expenses	-3,136	-19,978	-2,016	-1,879	690	-26,319
Technical result	127	372	-	-	-499	-
Non technical recognition	248	2	-	-	-250	-
Operating profit	375	375	958	121	-375	1,453
Tax	-	-	-	-	-	-300
Net profit for the period	-	-	-	-	-	1,153
Income distribution						
External income	3,174	20,120	2,975	932	572	27,772
Internal income	88	231	0	1,069	-1,387	-
Total operating income	3,262	20,350	2,974	2,001	-815	27,772

Note 3 Related-party transactions

During the period, normal business transactions took place between related parties.

Note 4 Fair value valuation techniques

Table 1	30 June 2020		30 June 2019	
SEK M	Book value	Fair value	Book value	Fair value
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	8	8	8	8
Loans to the public	317,506	318,148	301,670	302,642
Unit-linked insurance assets – policyholder bears the risk	146,431	146,431	142,253	142,253
Shares and participations	4,653	4,653	3,547	3,547
Bonds and other interest-bearing securities	54,797	54,797	49,754	49,754
Treasury bills and other eligible bills	12,268	12,268	21,126	21,126
Derivatives	8,162	8,162	10,190	10,190
Other receivables	1,442	-	4,037	-
Prepaid expenses and accrued income	142	-	49	-
Cash and cash equivalents	21,671	-	2,044	-
Total assets	567,079		534,677	
Liabilities				
Subordinated liabilities	2,596	2,614	2,594	2,645
Debt securities in issue	237,599	245,517	221,148	227,566
Deposits from the public	129,465	131,842	115,042	116,272
Due to credit institutions	7,611	-	14,246	-
Derivatives	888	888	961	961
Other liabilities	2,149	-	917	-
Accrued expenses and deferred income	2,489	-	2,186	-
Total liabilities	382,798		357,094	

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

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

Note 4 Fair value valuation techniques, cont.

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

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

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

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

Table 2 – Fair value valuation techniques, SEK M

30 June 2020	Level 1	Level 2	Level 3	Total
Assets				
Shares in Länsförsäkringar Liv Försäkrings AB	–	–	8	8
Unit-linked insurance assets – policyholder bears the risk	146,431	–	–	146,431
Shares and participations	2,670	59	1,834	4,653
Bonds and other interest-bearing securities	54,467	–	329	54,797
Treasury bills and other eligible bills	12,268	–	–	12,268
Derivatives	1	8,161	–	8,162
Liabilities				
Derivatives	–	888	–	888
30 June 2019				
Assets				
Owner-occupied property	–	–	3,325	3,325
Shares in Länsförsäkringar Liv Försäkrings AB	–	–	8	8
Unit-linked insurance assets – policyholder bears the risk	142,253	–	–	142,253
Shares and participations	1,997	58	1,492	3,547
Bonds and other interest-bearing securities	49,447	–	307	49,754
Treasury bills and other eligible bills	21,126	–	–	21,126
Derivatives	0	10,189	–	10,190
Liabilities				
Derivatives	0	961	–	961

The note has been prepared according to the same accounting policies applied in the 2019 Annual report. During the period, no material transfers were made between the levels and there have been no changes in the classification due to changes of the purpose or use in holding these assets.

Table 3 – Change level 3

SEK M	Owner-occupied property	Shares in Länsförsäkringar Liv Försäkrings AB	Shares and participations	Bonds and other interest-bearing securities	Total
Opening balance, 1 January 2020	-	8	1,769	355	2,132
Acquisition	-	-	22	21	42
Divestments	-	-	-	-36	-36
Recognised in net profit for the period	-	-	44	-11	34
Recognised in other comprehensive income	-	-	-1	-	-1
Closing balance, 30 June 2020	-	8	1,834	329	2,171
Opening balance, 1 January 2019	3,232	8	1,103	250	4,585
Acquisition	3	-	341	100	444
Divestments	-3,320	-	-	-2	-3,323
Recognised in net profit for the year	-63	-	324	7	268
Recognised in other comprehensive income	148	-	-	-	148
Closing balance, 31 December 2019	-	8	1,769	355	2,132

Right-of-use assets of SEK 1,091 M in the statement of financial position are recognised as owner-occupied property.
Right-of-use assets are not measured at fair value.

Länsförsäkringar AB, Parent Company

Financial statements

Income statement for Länsförsäkringar AB, Parent Company			
SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Net sales	1,749	1,681	3,577
Operating expenses			
External expenses	-1,286	-1,300	-2,814
Staff costs	-579	-545	-1,071
Depreciation/amortisation and impairment of property and equipment and intangible assets	-30	-36	-69
Operating profit/loss	-145	-200	-376
Profit/loss from financial items			
Profit from participations in Group companies	795	322	1,251
Interest income and similar profit/loss items	6	1	-1
Interest expense and similar profit/loss items	0	-1	-3
Profit/loss after financial items	655	121	871
Tax	-3	-4	-5
Profit for the period	652	117	866

Statement of comprehensive income for Länsförsäkringar AB, Parent Company			
SEK M	Jan-Jun 2020	Jan-Jun 2019	Full-year 2019
Profit/loss for the period	652	117	866
Other comprehensive income			
Items that cannot be transferred to profit for the period			
Change in fair value of equity instruments measured at fair value through other comprehensive income	-1	-1	-1
Total other comprehensive income for the period, net after tax	-1	-1	-1
Comprehensive income for the period	652	117	865

Balance sheet for Länsförsäkringar AB, Parent Company

SEK M	30 Jun 2020	31 Dec 2019
ASSETS		
Fixed assets		
Intangible assets	375	345
Property and equipment	26	30
Financial assets		
Shares and participations in Group companies	17,741	17,741
Other financial assets	2,861	2,531
Total financial assets	20,603	20,272
Total fixed assets	21,004	20,647
Current assets	1,084	827
Cash and bank balances	231	221
TOTAL ASSETS	22,319	21,696
EQUITY, PROVISIONS AND LIABILITIES		
Restricted equity	6,098	6,059
Non-restricted equity	15,052	14,439
Total equity	21,149	20,498
Provisions	44	46
Long-term liabilities	242	258
Current liabilities	883	894
TOTAL EQUITY, PROVISIONS AND LIABILITIES	22,319	21,696

Statement of cash flows for Länsförsäkringar AB, Parent Company

SEK M	Jan-Jun 2020	Jan-Jun 2019
Operating activities		
Profit after financial items	655	121
Adjustment for non-cash items	23	34
Tax paid	-26	9
Cash flow from operating activities before changes in working capital	652	164
Cash flow from changes in working capital		
Increase (-)/Decrease (+) in operating receivables	-561	-213
Increase (+)/Decrease (-) in operating liabilities	-26	77
Cash flow from operating activities	65	28
Investing activities		
Change in shares in Group companies	-	-
Other investing activities	-55	18
Cash flow from investing activities	-55	18
Financing activities		
Dividends paid	-	-
Other financing activities	-	-28
Cash flow from financing activities	-	-28
Cash flow for the period	10	18
Cash and cash equivalents, 1 January	221	209
Cash and cash equivalents, 30 June	231	227

Statement of changes in equity for Länsförsäkringar AB, Parent Company

SEK M	Restricted equity			Non-restricted equity			Total
	Share capital	Development Expenditures Fund	Statutory reserve	Fair value reserve	Share premium reserve	Retained earnings, including net profit for the year	
Opening equity, 1 January 2019	1,042	224	4,801	-503	5,471	8,597	19,633
Dividends paid	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-1	-	118	117
Capitalised proprietary development expenditures	-	-9	-	-	-	9	-
Closing equity, 30 June 2019	1,042	215	4,801	-504	5,471	8,724	19,749
Opening equity, 1 July 2019	1,042	215	4,801	-504	5,471	8,724	19,749
Comprehensive income for the period	-	-	-	0	-	749	749
Capitalised proprietary development expenditures	-	1	-	-	-	-1	-
Closing equity, 31 December 2019	1,042	215	4,801	-504	5,471	9,472	20,498
Opening equity, 1 January 2020	1,042	215	4,801	-504	5,471	9,472	20,498
Comprehensive income for the period	-	-	-	-2	-	654	652
Capitalised proprietary development expenditures	-	39	-	-	-	-39	-
Closing equity, 30 June 2020	1,042	254	4,801	-506	5,471	10,087	21,149

Länsförsäkringar AB, Parent Company

Notes to the financial statements

Amounts are in SEK M, unless otherwise stated.

Note 1 Accounting policies

The Parent Company prepares its accounts according to the Swedish Annual Accounts Act (1995:1554). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that in the annual accounts the parent company is to apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and additions to IFRS.

AMENDED ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2020

No accounting standards came into effect during the period that have a material effect on the consolidated financial statements. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2019 Annual Report.

Note 2 Related-party transactions

During the period, normal business transactions took place between related parties.

Note 3 Pledged assets and contingent liabilities

Länsförsäkringar AB and Länsförsäkringar Fondliv have entered into a service agreement with Länsförsäkringar Liv due to Länsförsäkringar Liv's run off. In the Annual Report 2019 the Group's note 45 Pledged assets and contingent liabilities provides additional information about the agreement.

The President and CEO submitted the report for Länsförsäkringar AB Group
(pages 14-16, 19-33) on behalf of the Board of Directors.

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

Stockholm 28 August 2020

Fredrik Bergström
President and CEO

Länsförsäkringar Liv Försäkrings AB

Financial statements

Income statement for Länsförsäkringar Liv Försäkrings AB

SEK M	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Premium income after ceded reinsurance	801	788	1,539
Investment income net	-542	6,966	9,949
Claims payments	-2,483	-2,514	-4,928
Change in technical provisions	622	-2,662	-296
Bonuses and discounts	-234	-4	-224
Operating expenses	-195	-206	-430
Other technical revenues and expenses	9	-	4
Technical result, life insurance operations	-2,022	2,368	5,614
Non-technical revenues and expenses	-	-	-
Profit before tax allocation reserve and tax	-2,022	2,368	5,614
Tax allocation reserve	-	-	50
Tax	-47	-88	-97
Profit for the period	-2,069	2,280	5,567
Other comprehensive income for the period	-	-	-
Comprehensive income for the period	-2,069	2,280	5,567

Balance sheet for Länsförsäkringar Liv Försäkrings AB

SEK M	30 Jun 2020	31 Dec 2019
ASSETS		
Intangible assets	11	-
Reinsurers' portion of technical provisions	113,669	115,979
Receivables	889	2,730
Other assets	4,768	3,634
Prepaid expenses and accrued income	46	53
TOTAL ASSETS	119,383	122,396
EQUITY, PROVISIONS AND LIABILITIES		
Equity	25,211	27,974
Untaxed reserves	291	291
Technical provisions	84,365	85,018
Provisions for other risks and expenses	31	32
Liabilities	9,289	8,902
Accrued expenses and deferred income	196	179
TOTAL EQUITY, PROVISIONS AND LIABILITIES	119,383	122,396

For information about Länsförsäkringar Liv's key figures, see separate "Nyckeltalsrapport" available at <https://www.lansforsakringar.se/foretag/om-oss/finansie/lt/gemensamma-bolag/lansforsakringar-liv/>

Financial calendar 2020

Interim Report January-September Länsförsäkringar Bank	23 October
Interim Report January-September Länsförsäkringar Hypotek	23 October

The information was submitted for publication on 3 September 2020 at 12:00 Swedish time.

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