Länsförsäkringar AB

2017

Solvency and financial condition of the insurance operations

Länsförsäkringar

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Appendix

Note to the reader

This Solvency and Financial Condition Report (SCFR) contains information about the insurance operations conducted within the Länsförsäkringar AB Group. The report has been written as a single, joint SCFR and has been prepared in accordance with the public disclosure requirements for a solvency and operations report in the Swedish Insurance Business Act (2010:2043)[1] and EIOPA's Delegated Regulation[2] and guidelines[3].

The Swedish version of the SFCR includes all of the insurance subsidiaries. This English version includes the insurance operations at group level and Agria Djurförsäkring since Agria conducts insurance operations outside Sweden. All of the insurance operations are described at group level first, followed by Agria.

Information that applies to all of the companies in the Länsförsäkringar AB Group can be found under the description of the operations at group level. The parts of the report on Agria refer, where applicable, to the information provided in the group section of the report.

[1] https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/forsakringsrorelselag-20102043_sfs-2010-2043
[2] http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ%3AL%3A2015%3A012%3ATOC
[3] https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-reporting-and-public-disclosure

Insurance operations at group level

Introduction

This part of the report provides information on the Länsförsäkringar AB Group's insurance operations at group level.

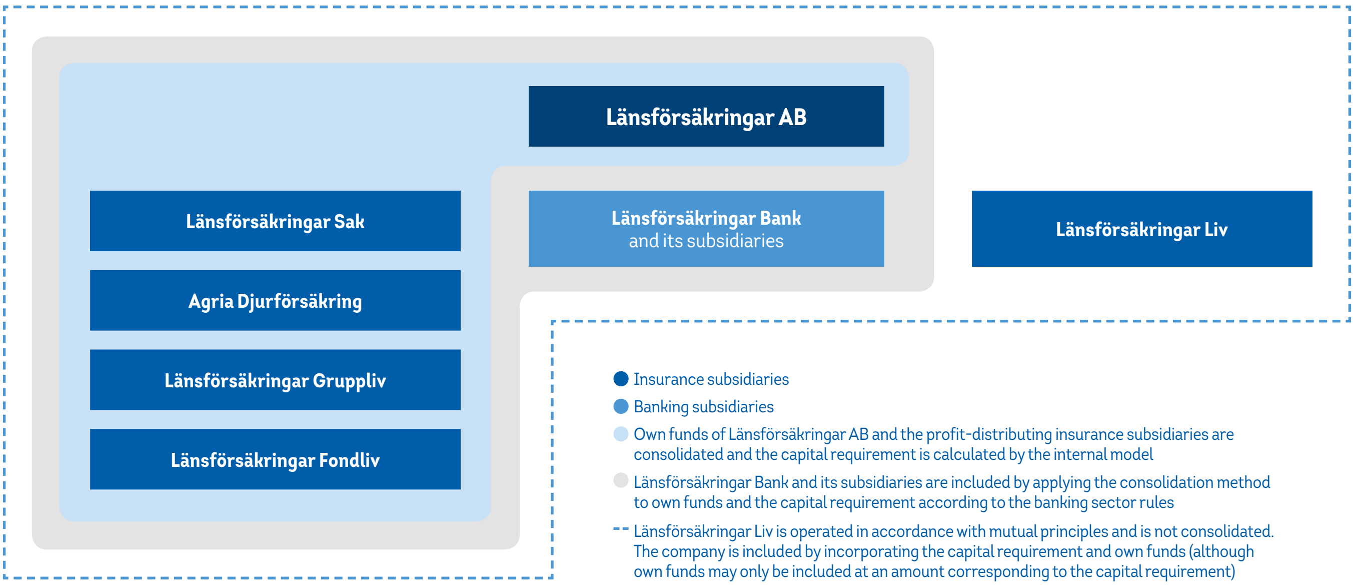
Länsförsäkringar Liv is a subsidiary of Länsförsäkringar AB that is operated according to mutual principles. Accordingly, the company does not pay dividends to Länsförsäkringar AB. Its capital requirement is included in the capital requirement at group level, but for own funds only an amount corresponding to the capital requirement is included in own funds at group level since the surplus capital in Länsförsäkringar Liv cannot be distributed to the Parent Company Länsförsäkringar AB. Länsförsäkringar Liv is also treated differently than the profit-distributing insurance subsidiaries in certain other respects because it is operated according to mutual principles. The group reporting to be submitted must include information on Länsförsäkringar Liv in certain specifications. Each section of this report states whether or not the information on Länsförsäkringar Liv is included. Finally, it should be noted that the differences between how Länsförsäkringar Liv is included in the Group under the solvency rules of the Swedish Insurance Business Act (IBA) are highly significant compared with the rules for the financial statements. Länsförsäkringar Liv is not consolidated in the Annual Report for the Länsförsäkringar AB Group. The value of the shares is recognised at an amount corresponding to the company's share capital.

The IBA's rules on groups include, in a certain sense, credit institutions. For Länsförsäkringar AB, this means, for example, that the IBA's solvency rules for groups stipulate that the capital situation of Länsförsäkringar Bank and its subsidiaries is to be included in own funds and the capital requirement at group level. This is to take place by applying the rules on own funds and capital requirement for credit institutions. Länsförsäkringar Bank and its subsidiaries is included in the Group under the IBA's rules on solvency by what is referred to in the Act as a "consolidation method" but which does not entail full consolidation of the Länsförsäkringar Bank Group's assets and liabilities. In this way, the concept of "group" in the IBA and in the Solvency II balance sheet at group level differ in significant respects from the consolidation of both the insurance operations and the banking operations that takes place in the Annual Report for the Länsförsäkringar AB Group.

Accordingly, there are material differences between the concept of "group" in the IBA and the concept of "Group" in the Swedish Annual Accounts Act. The term "Group" is used henceforth in this report for the group of companies that is encompassed by the IBA's rules on groups.

It is also the case that the group featuring Länsförsäkringar AB as the Parent Company that is encompassed by the IBA's rules for groups contains that same companies as those included in the Länsförsäkringar AB Group under the accounting regulations. The operational governance of the companies in the Länsförsäkringar AB Group is adapted to meet both the IBA's rules on groups and the rules on groups found in legislation for banks and credit institutions. Consequently, it is sometimes appropriate for descriptions of the insurance operations at group level here to use the term "the Länsförsäkringar AB Group," which thus means the same companies as those included under the IBA's concept of group.

Figure 1. Länsförsäkringar AB's insurance operations at group level



Summary

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

Länsförsäkringar AB's earnings are primarily driven by the performance of the subsidiaries. Länsförsäkringar Sak underwrites health care, accident and health and commercial special insurance and international reinsurance. Länsförsäkringar Sak also manages the Länsförsäkringar Alliance's total reinsurance cover. Agria, which is a subsidiary of Länsförsäkringar Sak and the Länsförsäkringar Alliance's specialist company for pet and crop insurance, offer insurance cover for animals and crops. Länsförsäkringar Gruppliv, which is also a subsidiary of Länsförsäkringar Sak, underwrites group life assurance and employment group life assurance. Länsförsäkringar Fondliv underwrites pension savings primarily with fund management and a smaller portion of guarantee management.

The technical result for the Group increased to SEK 1.7 billion (1.0). The technical result for Länsförsäkringar Sak amounted to SEK 637 M (103) and benefited from run-off gains. During the year, Länsförsäkringar Sak completed its work on transferring one of the business lines in accident and health insurance for adults to the regional insurance companies, which made a positive contribution of SEK 260 M. The technical result for Agria declined slightly to SEK 268 M (290), while the technical result for Länsförsäkringar Gruppliv improved to SEK 63 M (45). Länsförsäkringar Fondliv's technical result also improved and amounted to SEK 745 M (600), mainly due to growing managed assets.

The Group's business activities are primarily conducted in Sweden, but there are also operations in Norway, Denmark, Finland and the UK through Agria's branches. The operations in Norway continued to display a stable trend with higher business volumes. The Danish operations also posted stable, positive volume growth. For the UK, the year was characterised by heightened awareness of the Agria brand and significant portfolio growth.

The Group's total return excluding Länsförsäkringar Liv amounted to 4.3 percent (4.5). Properties, which at period-end amounted to about 23 percent (21) of the investment assets, contributed 2.8 percentage points (2.9) to the total return. The fixed-income portfolio contributed 0.7 percentage points (1.3) to the total return. Equities, which posted a strong trend during the year, made a positive contribution of 1.0 percentage points (0.6) to the total return.

The future trend in the Group's earnings is closely linked to the drivers and trends in the business environment that affect future customer requirements and thereby the Group's operations, business model and development needs. Rapid technological advances are creating new conditions, while at the same time significant changes and innovation are needed to leverage the opportunities that are emerging. Digitisation, for example, is having a profound effect on the operations. Know-how, the technical environment and organisation must be adapted to support rapid developments so as to meet customers' changing requirements.

The macroeconomic conditions are of great importance to continued developments in the banking and insurance industry, as are politicians' efforts to protect consumers and increase stability in the financial system. The pursuit of transparency and stability entail continued pressure on regulating companies, which in turn imposes demands on the Group to rapidly adapt the operations and convert regulatory requirements into business advantages and even more satisfied customers.

Sustainability is a fundamental element of future developments, and has played a part in Länsförsäkringar's operations since the very beginning when the first regional insurance company was founded more than 200 years ago. Länsförsäkringar's products and services must not only strengthen the business but must also contribute to the sustainable development of society.

Länsförsäkringar AB and its subsidiaries have a healthy financial position. Financial strength is primarily measured by comparing own funds with a solvency capital requirement. The comparison shows the Group's ability to fulfil its commitments to policyholders and other creditors even when the Group's financial position is very highly stressed. Own funds at group level are by law to be higher than the solvency capital requirement at group level.

The Länsförsäkringar AB Group calculates the solvency capital requirement by using a partial internal model at group level and at solo level for Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Liv. A standard formula is used at solo level for Länsförsäkringar Gruppliv. At group level, the capital requirement is also included for Länsförsäkringar Bank, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Länsförsäkringar comprises 23 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB and its subsidiaries. Customers are provided with a complete solution for banking, insurance, pension and real-estate brokerage services through the regional insurance companies. The Länsförsäkringar Alliance has 3.8 million customers and 6,400 employees.

Through its distinct role in the Länsförsäkringar Alliance's value chain, Länsförsäkringar AB contributes to increasing competitiveness and reducing costs for joint development. In turn, this creates possibilities for the regional insurance companies to be successful in their respective markets. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB, the subsidiaries Länsförsäkringar Sak, Länsförsäkringar Bank, Länsförsäkringar Fondliv and Länsförsäkringar Liv as well as the subsidiaries of these companies. Länsförsäkringar Liv and its subsidiaries are not consolidated in the Group since the company is operated according to mutual principles.

Own funds, SEK M

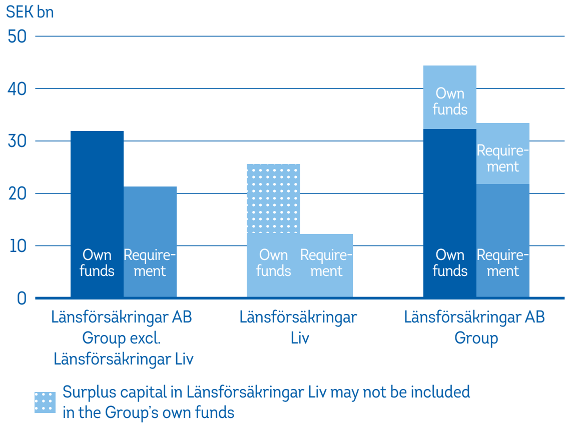
44,174

Capital requirement, SEK M

33,443

Own funds at group level amounted to SEK 44.2 billion at year-end and comprises Tier 1 capital. The capital requirement amounted to SEK 33.4 billion, which is higher than the regulatory requirement by a healthy margin and represents surplus capital of SEK 10.7 billion. Länsförsäkringar Liv is included in the calculation of own funds and the capital requirement, but excluding its surplus capital. Länsförsäkringar Liv's surplus capital amounted to SEK 13.0 billion at year-end[1)].

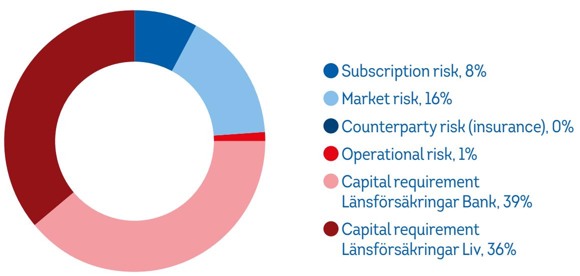
Figure 2. Capital requirement and own funds for Länsförsäkringar AB and its subsidiaries, 31 Dec 2017



Surplus capital at group level increased SEK 0.2 billion year-on-year. The Group's own funds increased SEK 3.6 billion, primarily through profit generation. The capital requirement also increased, although not to the same extent, by slightly more than SEK 3.3 billion. The trend in Länsförsäkringar Liv's surplus capital was also positive for the year, increasing by SEK 2.1 billion, mainly due to the positive results from asset management.

The solvency capital requirement shows how much capital the company needs based on the risks in the company's business operations. The risk profile for Länsförsäkringar AB and its subsidiaries is dominated by the banking operations' credit risk, the market and long-life expectancy risk of the traditional life-assurance operations, the unit-linked insurance operations' market and cancellation risk, and the non-life insurance operations' market and insurance risk.

Figure 3: Länsförsäkringar AB and its subsidiaries' risks by category



The capital requirements for Länsförsäkringar Liv and Länsförsäkringar Bank jointly account for 75 percent of the total capital requirement at group level. Market risk is the third largest risk with a capital requirement comprising 16 percent of the Group's capital requirement. Market risk is the risk of losses due to changes in the value of assets in the financial markets. The capital requirement for market risk primarily derives from Länsförsäkringar Fondliv, whose future earnings are heavily dependent on the trend in unit-linked insurance capital and thus the performance of the equities markets since a large portion of the unit-linked insurance capital is invested in equities funds.

In calculating the solvency capital requirement, the company's assets and liabilities are valued for solvency purposes, which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations. In the Group's case, the valuation resulted in a reduction in both the assets and liabilities. Liabilities accounted for the largest revaluation effect based on the revaluation of the technical provisions. The largest revaluation in 2017 was Länsförsäkringar Fondliv, for which the technical provisions were reduced by slightly more than SEK 10 billion. Länsförsäkringar Fondliv's technical provisions are calculated based on a cash-flow method for all cash flows under the Solvency II regulations, whereas the technical provisions in the financial statements correspond to the market value of the assets attributable to each business line. The revaluation in the Länsförsäkringar Sak Group led to a reduction of SEK 3.3 billion in the technical provisions and in Länsförsäkringar Liv a reduction of SEK 0.8 billion.

Länsförsäkringar AB's Board assumes the overall responsibility for the organisation and administration of the company and the Group and for assessing and making decisions on issues of material significance and of an overall nature relating to the company's and the Group's operations. The Board appoints the President and CEO, adopts an appropriate operational organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Risk and Capital Committee, an Audit Committee and a Remuneration Committee. These Committees do not generally have any decision-making mandates, and instead support the Board and prepare decisions in their relevant areas.

The President and CEO of Länsförsäkringar AB is responsible under the Swedish Companies Act for the daily management and operations of Länsförsäkringar AB. As the CEO of the Länsförsäkringar AB Group, the President assumes the same responsibility for the Group. Länsförsäkringar AB's Group management comprises the Presidents and heads of the various business units. The President and CEO established a Capital Committee to address issues regarding risk-taking, risk management and the balance between risk-taking and use of capital in the Länsförsäkringar AB Group.

A Group-wide corporate-governance system, with an internal-control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group. The risk-management system includes a Group-wide *Own Risk and Solvency Assessment (ORSA)*, the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. No material changes were made to corporate governance during the year.

1) Since the 2017 Annual Reports for Länsförsäkringar AB and Länsförsäkringar Liv were published, Länsförsäkringar Liv's capital requirement was corrected due to adjusted calculations for catastrophe risks. Länsförsäkringar AB and its subsidiaries' own funds and solvency capital requirement have also been corrected due to this adjustment.

A | Operations and earnings

A.1 Operations

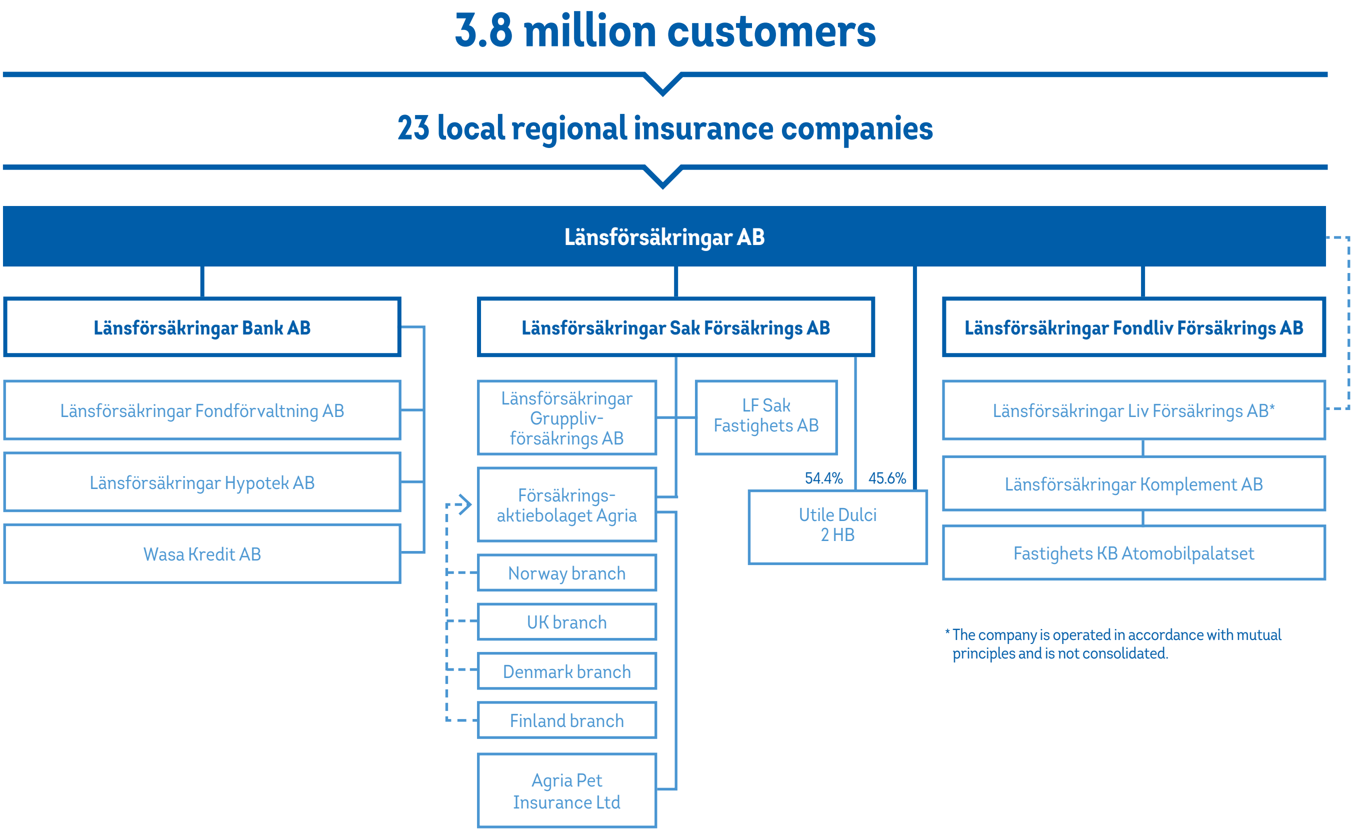
A.1.1 About Länsförsäkringar AB

Ownership

Länsförsäkringar AB is wholly owned by the 23 customer-owned regional insurance companies and 16 local insurance companies. The regional insurance companies and the Länsförsäkringar AB Group jointly comprise the Länsförsäkringar Alliance. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB with a number of directly and indirectly owned subsidiaries, as described below. The Group conducts the business operations that the Länsförsäkringar Alliance has deemed as best suited for being performed jointly. Most of the Länsförsäkringar Alliance's development and service activities are coordinated with the Länsförsäkringar AB Group, with shared priorities.

Länsförsäkringar AB has been assigned by the regional insurance companies to conduct operations in areas in which economies of scale constitute a decisive competitive advantage and to provide such service to the regional insurance companies, which, for reasons of efficiency, are to be produced and provided jointly within the Länsförsäkringar Alliance.

Figure A1(1): Ownerships structure of Länsförsäkringar AB Group, 31 Dec 2017



Regional insurance companies' participating interests in Länsförsäkringar AB.

Table A1(1): Regional insurance companies' participating interests in Länsförsäkringar AB, 31 Dec 2017

Shareholdings in Länsförsäkringar AB	Number of shares[2]			
Company	**A**	**B**	**C**	**Share of equity, %**
Länsförsäkringar Skåne	141,849	882,046	–	9.8
Länsförsäkringar Stockholm	129,212	802,382	–	8.9
Länsförsäkringar Östgöta	114,155	663,463	–	7.5
Dalarnas Försäkringsbolag	104,708	609,639	–	6.9
Länsförsäkringar Göteborg och Bohuslän	87,010	605,143	821	6.6
Länsförsäkringar Älvsborg	100,176	581,374	–	6.5
Länsförsäkringar Bergslagen	86,351	495,089	–	5.6
Länsförsäkringar Jönköping	82,812	474,021	–	5.3
Länsförsäkringar Uppsala	73,298	424,791	–	4.8
Länsförsäkringar Västerbotten	57,195	330,919	–	3.7
Länsförsäkringar Halland	56,785	329,857	–	3.7
Länsförsäkringar Södermanland	58,117	323,139	–	3.7
Länsförsäkringar Göinge-Kristianstad	49,982	322,347	–	3.6
Länsförsäkringar Kalmar län	56,717	295,878	–	3.4
Länsförsäkringar Gävleborg	60,058	281,083	–	3.3
Länsförsäkringar Skaraborg	64,058	253,172	–	3.0
Länsförsäkringar Västernorrland	50,186	257,122	–	2.9
Länsförsäkringar Jämtland	35,795	226,453	–	2.5
Länsförsäkring Kronoberg	36,701	203,130	–	2.3
Länsförsäkringar Värmland	31,160	202,208	–	2.2
Länsförsäkringar Norrbotten	16,960	127,878	–	1.4
Länsförsäkringar Blekinge	23,088	120,500	–	1.4
Länsförsäkringar Gotland	16,305	74,315	–	0.9
16 local insurance companies	–	–	5,134	0.0
Total number of shares	**1,532,678**	**8,885,949**	**5,955**	**100.0**

[2] Class A shares carry ten votes and Class B and C shares carry one vote.

Affiliated companies and branches

Länsförsäkringar AB (publ) 556549-7020

Wholly owned subsidiaries of Länsförsäkringar AB (publ)

Länsförsäkringar Fondliv Försäkrings AB (publ), 516401-8219

Länsförsäkringar Sak Försäkrings AB (publ), 502010-9681

Försäkringsaktiebolaget Agria (publ), 516401-8003 (wholly owned subsidiary of Länsförsäkringar Sak)

Agria Pet Insurance Ltd (wholly owned subsidiary of Försäkringsaktiebolaget Agria)

Försäkringsaktiebolaget Agria (publ), branch in Finland

Agria Forsakring in the UK, branch

Agria Dyreforsikring in Norway, branch

Agria Dyreforsikring in Denmark, branch

Länsförsäkringar Grupplivförsäkrings AB (publ), 516401-6692 (wholly owned subsidiary of Länsförsäkringar Sak)

LF Sak Fastighets AB, 556683-6416 (wholly owned subsidiary of Länsförsäkringar Sak)

Länsförsäkringar Bank AB (publ), 516401-9878

Länsförsäkringar Fondförvaltning AB (publ), 556364-2783 (wholly owned subsidiary of Länsförsäkringar Bank)

Länsförsäkringar Hypotek AB (publ), 556244-1781 (wholly owned subsidiary of Länsförsäkringar Bank)

Wasa Kredit AB, 556311-9204 (wholly owned subsidiary of Länsförsäkringar Bank)

Utile Dulci 2 HB, 916601-0067 participating interest 45.6 percent (Länsförsäkringar Sak Försäkrings AB owns 54.4 percent)

Länsförsäkringar Liv Försäkrings AB (publ), 516401-6627

Länsförsäkringar Komplement AB, 556660-1257 (wholly owned subsidiary of Länsförsäkringar Liv)

Fastighets KB Automobilpalatset, 969680-4195 (wholly owned subsidiary of Länsförsäkringar Liv)

Refer also to the quantitative reporting template (referred to below as "QRT") s.32.01 in Appendix 1.1 for more detailed information about the companies included in the Group.

Consolidation methods for calculations at group level

The Swedish Financial Supervisory Authority (Finansinspektionen) has granted permission for Länsförsäkringar AB's subsidiary Länsförsäkringar Liv, which is operated according to mutual principles, to be included in the group calculations using the deduction and aggregation method, method 2 according to Article 233 of Directive 2009/138/EC. This entails that the company's solvency situation in the group calculation is handled differently to other companies in the group. The other companies in the Group are included in the calculations using a consolidation method, method 1 according to Article 230 of Directive 2009/138/EC. Subsidiaries in the other financial sector, Länsförsäkringar Bank and its subsidiaries, are consolidated by applying method 1 according to Article 335 (e) of Commission Delegated Regulation (EU) 2015/35.

Financial supervision and external auditors

Finansinspektionen is the supervisory authority in Sweden that is responsible for the financial supervision of the Länsförsäkringar AB

Group under the insurance companies and all of the insurance companies (solo companies) included in the Länsförsäkringar AB Group under the insurance-operation rules.

Finansinspektionen: www.fi.se
Postal address: Finansinspektionen, Box 7821, SE-103 97 Stockholm, Sweden. Street address: Brunnsgatan 3 in central Stockholm.

External auditors
Länsförsäkringar AB: Mårten Asplund, KPMG AB.
Länsförsäkringar Sak Försäkrings AB: Gunilla Wernelind
Försäkringsaktiebolaget Agria: Gunilla Wernelind
Länsförsäkringar Grupplivförsäkrings AB: Mårten Asplund, KPMG AB.
Länsförsäkringar Fondliv Försäkrings AB: Mårten Asplund, KPMG AB.
Länsförsäkringar Liv Försäkrings AB: Gunilla Wernelind
Länsförsäkringar Bank AB: Dan Breitner, KPMG AB.
Länsförsäkringar Fondförvaltning AB: Anders Tagde, KPMG AB.
Länsförsäkringar Hypotek AB: Dan Breitner, KPMG AB
Wasa Kredit AB: Dan Breitner, KPMG AB

Contact information for external auditors:
KPMG AB
Evenemangsgatan 17
Box 3018 SE-169 03 SOLNA, SWEDEN
Tel +46 8 723 91 00
www.kpmg.se
info@kpmg.se

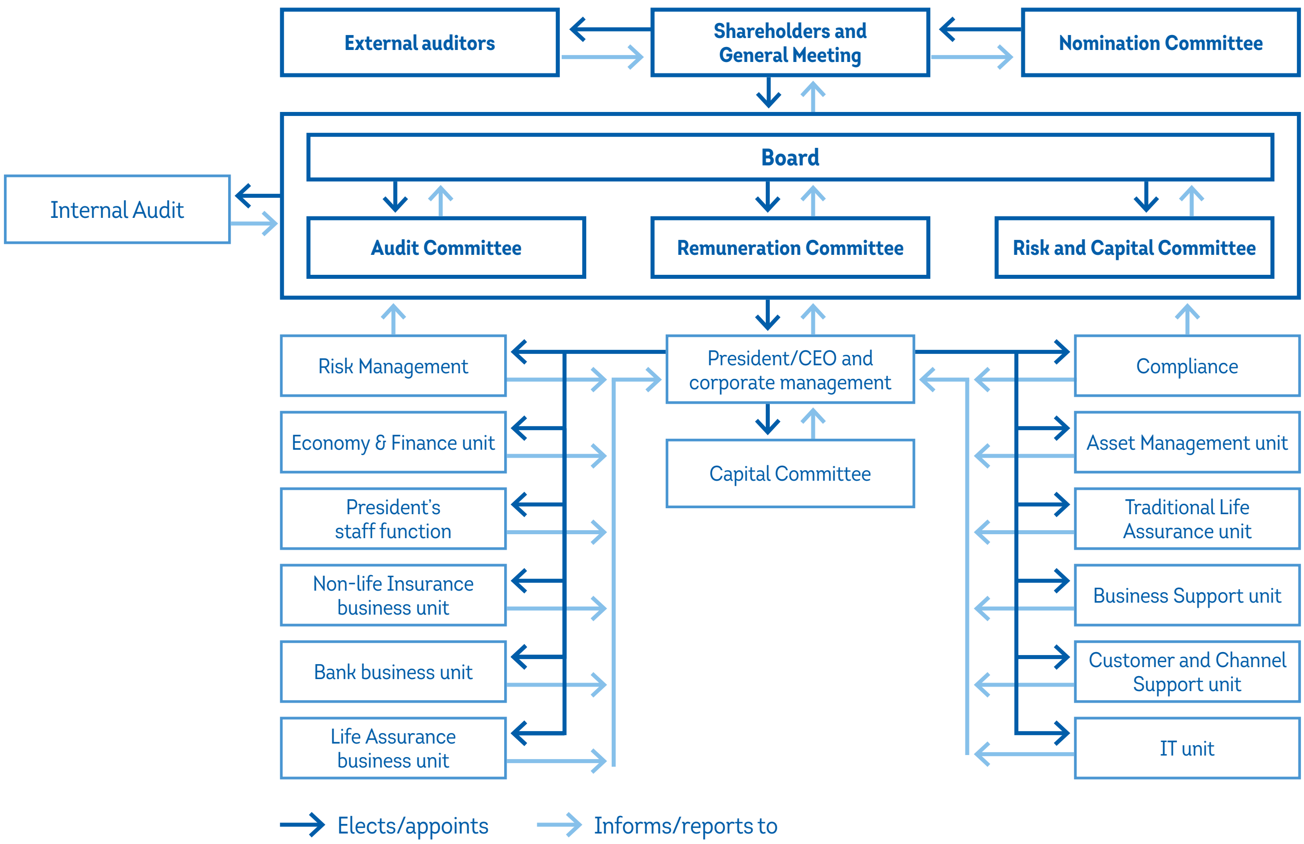
Organisation
The Board of Länsförsäkringar AB establishes an operational organisation for the Länsförsäkringar AB Group with an appropriate and transparent organisational structure, a clear distribution of responsibilities and duties between the various company bodies and between the so-called lines of defence, and a clear decision and reporting procedure. An internal-control system is integrated into the operational organisation, including a compliance system and a risk-management system. Economies of scale, for example, are guaranteed within the framework of the organisation via Group-wide functions and outsourced operations, continuity management and contingency plans, efficient systems for reporting and transferring information, information security, management of conflicts of interest and ensuring that Board members and employees are suited to their tasks.

The operational organisation ensures that systems, resources and procedures are in place that are suitable for conducting the business activities in accordance with applicable regulations. The responsibilities and duties in the operational organisation are clearly stipulated to ensure a distribution of responsibilities, that important duties are performed and that double work is avoided. Work methods and processes are efficient and based on established responsibilities.

Group-wide functions and outsourced operations
The distribution of work in the Länsförsäkringar AB Group is a key tool for achieving economies of scale in terms of both finance and expertise. It is also a method of implementing effective and proactive governance within the Group. The operational organisation with the business activities conducted in the business units and Group-wide functions in the Parent Company was established based on this approach.

Outsourcing operations to external parties is also a key tool for achieving economies of scale in terms of both finance and expertise. Outsourcing takes place in both Länsförsäkringar AB and in the subsidiaries.

Figure A1(2): Länsförsäkringar AB Group's operating organisation, 31 Dec 2017



Operations by geographic area and insurance lines

The table below illustrates the Group's operations specified by geographic area and insurance lines.

Table A1(2): Operations per geographic area 2017

	Länsförsäkringar Sak	Agria	Länsförsäkringar Grupplív	Länsförsäkringar Fondliv	Länsförsäkringar Liv
Sweden	√	√	√	√	√
Norway		√			
Denmark		√			
Finland		√			
UK		√			

Table A1(3): Operations per insurance line 2017

	Länsförsäkringar Sak	Agria	Länsförsäkringar Grupplív	Länsförsäkringar Fondliv	Länsförsäkringar Liv
Non-life insurance, direct insurance of Swedish risks					
Health care	√				
Accident and health	√				
Motor	√				
Motor third-party liability	√				
Marine, air and cargo	√				
Property, commercial lines	√				
Property, other property[3]		√			
Liability	√				
Legal expenses	√				
Credit and guarantees	√				
Direct insurance of foreign risks	√	√			
Assumed reinsurance	√				
Life assurance, direct insurance of Swedish risks					
Occupational pension insurance, defined-contribution traditional insurance				√	√
Occupational pension insurance, unit-linked insurance				√	
Occupational pension insurance, health insurance and premium exemption				√	√
Other life assurance, individual traditional life assurance				√	√
Other life assurance, unit-linked insurance				√	
Group life assurance and occupational group life assurance			√		
Health insurance and premium exemption				√	√

[3] Comprises pet and crop insurance in Agria

Significant business events during the reporting period

During the year, Länsförsäkringar Sak completed its work to transfer one of the business lines in accident and health insurance to the regional insurance companies. This move involves the active insurance business with a premium volume of about SEK 200 M and the claims portfolio was transferred to the regional insurance companies on 1 December 2017.

A.1.2 Internal transactions

Transactions between Group companies are of both a non-recurring nature and take place on a continuous basis. Non-recurring transactions comprise the acquisitions and divestment of assets and similar transactions. These are limited in scope. Non-recurring transactions are based on written agreements and their scope complies with market standards and terms.

Transactions of a continuous nature include goods and services provided within the Länsförsäkringar AB Group and to the regional insurance companies for carrying out development projects and service. Transactions of this nature shall follow established routines as below.

Pricing for business operations is on market terms. Pricing for service and development activities within the Länsförsäkringar Alliance is based on direct and indirect costs. Overall, pricing is intended to distribute costs based on consumption.

The operations of the Länsförsäkringar AB Group excluding Länsförsäkringar Liv are conducted for profit-making purposes to enable Länsförsäkringar AB to pay returns through value growth and dividends to the regional insurance companies, whose profits in term accrue to the non-life insurance collective. For Länsförsäkringar Liv's operations, conducted in mutual form, customers are entitled to the surplus that is generated, which is why the company does not pay dividends.

Transfers of capital within the Länsförsäkringar AB Group are regulated in internal policies and primarily take place in the form of Group contributions, dividends and capital contributions. Subsidiaries in the Group pay dividends to the Parent Company if the company's capital strength is considered to exceed set medium-term targets and the amount of the dividend is determined so that the actual capitalisation level after payments of dividends is at the set target level. Target levels for the company's capital strength are established under the framework of the Group-wide ORSA and are approved by the Board of each company.

During the year, Länsförsäkringar Liv carried out a property transaction whereby the company divested two property companies to Humlegården Fastigheter AB (publ) (referred to below as Humlegården) in exchange for payment in newly issued shares in Humlegården and cash and cash equivalents. Based on this transaction, Länsförsäkringar Liv became the second largest owner of Humlegården with a participating interest of 11.6 percent. The transaction better diversified Länsförsäkringar Liv's property exposure and provided an interest in a property portfolio that is deemed to be of high quality and potential.

The table below shows the significant internal transactions that were carried out between subsidiaries and Parent Companies in the Länsförsäkringar AB Group.

Table A1(4): Significant internal transactions

TSEK	2017	Amounts at the end of the reporting period
Länsförsäkringar AB's withdrawals from Utile Dulci 2 HB, four times in 2017	45,600	–
Länsförsäkringar Sak's withdrawals from Utile Dulci 2 HB, four times in 2017	54,400	–
Länsförsäkringar Fondliv's dividends to Länsförsäkringar AB	750,000	–
Länsförsäkringar Sak's dividends to Länsförsäkringar AB	840,000	–
Länsförsäkringar Sak's Group contributions to Länsförsäkringar AB	160,000	–
Länsförsäkringar Gruppliv's dividends to Länsförsäkringar Sak	175,000	–
Agria Djurförsäkring's dividends to Länsförsäkringar Sak	350,000	–
Humlegården Fastigheter AB's acquisitions of all shares in Fastigheten Dykarhuset AB from Länsförsäkringar Liv	351,324	–
Humlegården Fastigheter AB's acquisitions of all shares in Kommstart AB from Länsförsäkringar Liv	885,673	–
Länsförsäkringar Liv received 80,665 shares in Humlegården Fastigheter AB	1,236,997	–
Länsförsäkringar Liv received cash proceeds from Humlegården Fastigheter AB from the sale of Fastigheten Dykarhuset AB and Kommstart AB, corresponding to repayment of Länsförsäkringar Liv's loans to the property companies.	599,700	–

A.2 Technical result

The following section provides commentary on the technical result for the Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank. For information about earnings deriving from Länsförsäkringar Bank, refer to section *A.4 Earnings from other operations.*

A.2.1 Technical result during reporting period

The table below show the technical result per material insurance line, according to IFRS, for the Group.

Table A2(1): Technical result per insurance line

TSEK	2017	2016
Non-life insurance commitments		
Accident and health	512,299	149,069
Health care	122,645	7,525
Liability	-55,700	-12,538
Marine, air and cargo	63,416	27,192
Direct insurance, foreign risks	59,045	36,996
Total assumed reinsurance	-16,120	-62,751
Other property	216,054	262,257
Other insurance classes	-5,459	-23,436
Total technical result, non-life insurance commitments	**896,180**	**384,314**
Occupational pension insurance		
Unit-linked insurance	544,968	469,782
Individual traditional insurance	26,729	13,602
Occupation-linked health insurance and premium exemption	-519	-7,646
Life-assurance commitments		
Group life assurance and employment group life assurance	63,054	45,240
Unit-linked insurance	174,878	137,628
Individual traditional insurance	5,441	409
Occupation-linked health insurance and premium exemption	8,894	-5,358
Total technical result, life-assurance commitments	**823,447**	**653,657**
Total technical result	**1,719,626**	**1,037,971**

Performance analysis

The technical result for the Group amounted to TSEK 1,719,626 (1,037,971).

The technical result for Länsförsäkringar Sak was impacted by run-off gains following the review of provision for claims payments in prior years, with varying effects in individual business lines. The transfer of the claims portfolio for part of the accident and health insurance business for adults to the regional insurance companies also contributed to the run-off gains. Profit also included remuneration of TSEK 260,000 for the part of the accident and health insurance business that was transferred from Länsförsäkringar Sak to the regional insurance companies.

The technical result for Agria amounted to TSEK 268,022 (289,695). Agria's largest business line in terms of volume – pet insurance – continued to deliver stable, positive earnings in 2017. Horse insurance posted weaker earnings year-on-year, and earnings for Agria's UK operations in 2016 included slightly higher run-off gains.

The technical result for Länsförsäkringar Gruppliv amounted to TSEK 63,048 (45,240). This improvement was mainly due to lower claims costs caused by run-off gains in reserves for prior years and lower operating expenses.

The technical result for Länsförsäkringar Fondliv amounted to TSEK 745,071 (600,417), which was primarily the result of the increase in total managed assets due to positive returns and positive net flows.

Technical result per material geographic area

The table below shows the technical result per material geographic area.

Table A2(2): Technical result per material geographic area

TSEK	2017	2016
Home country (Sweden)	1,662,442	1,004,032
Norway	45,584	47,358
Denmark	9,251	5,502
Finland	-13,013	-12,319
UK	15,363	-6,602
Total technical result	**1,719,626**	**1,037,971**

Table A2(2) presents the technical result per material geographic area. The Group's business activities are conducted in Sweden as well as Norway, Denmark, Finland and the UK through Agria's branches. Only Agria conducts operations in branches outside the home country of Sweden. Agria's operations in Norway continued to display a stable trend with higher business volumes. The Danish operations also posted stable, positive volume growth. Horse insurance was launched in Denmark during the year with strong sales. For the UK, the year was characterised by heightened awareness of the Agria brand and significant portfolio growth.

Refer also to the QRT s.05.01 and s.05.02 in Appendix 1.1 for information about income and expenses per line of business (in accordance with Solvency II) and geographic area.

A.3 Earnings from investments

The following section provides commentary on the earnings from investments for the Group excluding Länsförsäkringar Liv and Länsförsäkringar Bank.

A.3.1 Income and expenses per class of asset

Investment income per class of asset as recognised in the financial statements is presented below, with comments on the relationship with the recognised return of 4.3 percent (4.5).

Table A3(1): Income and expenses per class of asset

Class of asset 2016 (TSEK)	Income	Expenses	Earnings
Shares and participations	344,635	–150,163	194,472
Bonds and other interest-bearing securities, and bank balances	233,499	–12,439	220,712
Derivatives	78,775	–117,443	–38,668
Other financial investment assets	3,875	–5,744	–1,869
Shares and participations in associated companies	9,135	0	9,135
Exchange-rate gains/losses, net	3	–47,433	–47,430
Asset management expenses (not included in return ratio)*	0	–25,747	–25,747
Revaluation of annuity reserve (not included in return ratio)	0	–3,562	–3,562
Total return according to income statement	**669,923**	**–362,531**	**307,042**

Class of asset 2017 (TSEK)	Income	Expenses	Earnings
Shares and participations	326,596	–38,631	287,965
Bonds and other interest-bearing securities, and bank balances	175,858	–12,436	163,422
Derivatives	17,863	–107,182	–89,320
Other financial investment assets	3,989	–5,978	–1,990
Shares and participations in associated companies	634	–2,761	–2,127
Exchange-rate gains/losses, net	17,501	–150	17,351
Other financial expenses (not included in return ratio)*	0	–20,135	–20,135
Revaluation of annuity reserve (not included in return ratio)	0	–5,104	–5,104
Total return according to income statement	**542,441**	**–192,379**	**350,062**

*) In the table for 2017, "Asset management expenses" has been renamed "Other financial expenses" and, similar to the preceding year, includes fees and external expenses for asset management. Asset management expenses refer to costs for the company's personnel, premises, etc. that can be attributed to asset management and are subsequently eliminated internally in the Länsförsäkringar AB Group.

The total return in 2017 amounted to 4.3 percent (4.5). Properties, which at end of the period amounted to 23 percent of the investment assets, contributed 2.8 percentage points to the total return ratio. This was mainly driven by positive changes in the market value of property holdings. In addition to the ongoing direct yield, changes in the market value of the property holdings are also included in the total return ratio. Properties, in the sense of the total return ratio, reflect the underlying asset even though they are classified as "shares and participations" in the Länsförsäkringar AB Group's balance sheet. Properties in Länsförsäkringar AB and Länsförsäkringar Sak's subsidiary Utile Dulci are recognised in the Group's balance sheet as owner-occupied property at market value with changes in value recognised in the statement of other comprehensive income. In the fixed-income portfolio, which contributed a total of 0.7 of a percentage point to the total return, mainly US credits had the most positive contribution since credit spreads narrowed during the year. Equities, which posted a strong trend in 2017, made a positive contribution of 1.0 percentage point to the total return, while the contribution from currencies remained slightly negative, mainly due to the higher costs for hedging the currency exposure of the portfolio.

Investment income recognised in profit and loss also includes expenses for asset management and other financial expenses and revaluations of the annuity reserve and are not included in the recognised investment return ratio.

Changes in the value of unit-linked insurance assets for which the life-assurance policyholder bears the investment risk of TSEK 10,177,305 (7,916,142) are included in unrealised gains/loss on investment assets in profit and loss and are not included in the tables on earnings from investments and the return ratio above.

A.3.2 Gains and losses impacting equity

The table below shows the gains and losses on financial assets and liabilities impacting equity through the statement of other comprehensive income.

Table A3(2): Gains and losses impacting equity

2016 (TSEK)	Income	Expenses	Earnings
Change in fair value of financial assets			
Interest-bearing securities	8,278	0	8,278
Cash-flow hedges			
Change in value for the period	17,330	0	17,330
Owner-occupied property			
Revaluation of owner-occupied property	210,343	0	210,343
Comprehensive income for the year	**235,951**	**0**	**235,951**

2017 (TSEK)	Income	Expenses	Earnings
Change in fair value of financial assets			
Interest-bearing securities	5,573	0	5,573
Cash-flow hedges			
Change in value for the period	16,878	0	16,878
Owner-occupied property			
Revaluation of owner-occupied property	211,153	0	211,153
Comprehensive income for the year	**233,604**	**0**	**233,604**

Länsförsäkringar AB applies cash-flow hedges for hedging interest-rate risk in Länsförsäkringar AB's debt securities in issue bearing variable interest. As of October 9, 2017, Länsförsäkringar AB's bond loan of SEK 1.7 billion was repaid and the loan was not refinanced. The unrealised change in value of cash-flow hedges was impacted by other comprehensive income of TSEK 16,878 in 2017. Unrealised changes in value of interest-bearing securities presented in other comprehensive income in 2017 amounted to TSEK 5,573.

Owner-occupied property is recognised by applying the revaluation technique, which entails a market valuation with revaluations recognised in other comprehensive income.

A.3.3 Investments in securitised products

Not applicable.

A.4 Earnings from other operations

Länsförsäkringar AB's subsidiaries have outsourced certain functions and operations to Länsförsäkringar AB. The operations outsourced to the Parent Company are mainly development operations, the provision of IT-related products and services, asset management, compliance, risk control and internal audit as well as accounting and reporting. In addition, Länsförsäkringar AB provides other services, such as HR, purchasing and office services, communication and legal affairs.

The operations outsourced by the subsidiaries and provision of other services are regulated in outsourcing agreements with Länsförsäkringar AB.

Table A4(1): Länsförsäkringar AB's income and expenses

TSEK	2017	2016
Service income	2,863,609	2,810,521
External expenses and staff costs	-3,182,456	-3,009,455
Profit before tax	1,638,066	453,270

Länsförsäkringar Bank AB

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales, advisory services and customer service are carried out through the branches of the regional insurance companies and via digital channels and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek AB. The subsidiary Länsförsäkringar Fondförvaltning AB offers mutual funds. The subsidiary Wasa Kredit AB offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. Business volumes in the banking operations in 2016 amounted to SEK 455 billion.

Table A4(2): Länsförsäkringar Bank Group income and expenses

TSEK	2017	2016
Net interest income	3,996,250	3,463,501
Operating income	4,759,152	4,165,386
Operating expenses	-1,600,871	-1,398,895
Operating profit	1,598,860	1,467,338

Leases

Leases are classified in the consolidated financial statements as either finance or operating leases. A finance leases exist if the financial risks and rewards of ownership have substantially been transferred to the lessee. All other leases are operating leases.

Finance lease activities are conducted on the Group's behalf by the subsidiary Wasa Kredit, which offers leases as part of its financing services to corporate customers and private individuals.

Operating lease activities are conducted on the Group's behalf both in the role of a lessor and to a minor extent also lessee in the form of external lease contracts classified as operating leases and where expenses are recognised as rents.

A.5 Other information

There is no other material information about the operations and earnings to report.

B | Corporate governance system

B.1 General information about the corporate governance system

B.1.1 Responsibilities of the Board of Directors and Committees

The Board

The Board is responsible for the organisation and administration of the company and decisions on issues of material significance and of an overall nature relating to the company's operations. The Board appoints, evaluates and dismisses the President, adopts an appropriate executive organisation and the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management.

The Board is to continuously remain informed about the performance of the company to be able to continuously assess the company's financial situation and position. The Board must also regularly manage and evaluate the company's risk development and risk management. During the year, the Board regularly reviews the earnings and sales trends, investment income, financial position and capital situation, risk trends etc., in relation to the business plan and forecasts. The Board receives regular reports from the control functions and continuously monitors the company's current matters with authorities. In their capacity as parent companies of a group, the Boards of Länsförsäkringar AB and Länsförsäkringar Sak have the same duties, where relevant, from a group perceptive.

The Boards of Länsförsäkringar AB, Länsförsäkringar Sak, Länsförsäkringar Liv and Länsförsäkringar Fondliv have established a Risk and Capital Committee and an Audit Committee. All companies except for Länsförsäkringar Grupppliv have also established a Remuneration Committee. The duties of the Committees are determined by the Board in its separate formal work plans for the Committees. None of the Committees has any general decision-making mandate.

Risk and Capital Committee

The Risk and Capital Committee supports the Board in risk and capital adequacy issues and serves as a forum for analysing and holding in-depth discussions on the company's and the Group's level of risk and capital requirements. The Committee prepares and discusses these matters ahead of Board decisions on the issues. The Committee reports on its work, observations and standpoints to the Board.

Audit Committee

The Audit Committee is responsible for preparing the Board's work in accordance with the provisions of the Swedish Companies Act (2005:551) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council on such matters as financial reporting, auditors' independence and the selection procedure when procuring auditors. In addition, the Audit Committee is responsible for preparing the Board's work on monitoring the effectiveness of the corporate governance system, which includes governance and control and the internal control of operational risks. The Committee reports on its work, observations and standpoints to the Board.

Remuneration Committee

The Remuneration Committee prepares issues on remuneration of corporate management, remuneration of employees with overall responsibility for any of the company's control functions, and prepares decisions for measures to monitor application of the remuneration policy. The Committee reports on its work, observations and standpoints to the Board.

B.1.2 Responsibilities of central functions

Independent audit function – Internal Audit

The function (refer also to section B.5) is an independent review function that supports the Board in the evaluation of the corporate governance system, including the organisation's risk management, governance and controls. The function also audits and evaluates the reliability of the financial reporting. Internal Audit works on behalf of the Board and in accordance with the instruction adopted by the Board. Based on its reviews and recommendations, Internal Audit evaluates and assures that the operations' overall internal governance and control systems are conducted in an efficient manner and that the overall reporting to the Board provides a true and fair view of the operations, that the operations are conducted in accordance with applicable internal and external regulations, and in compliance with the Board's decisions. Regular risk reports are submitted to the Audit Committee and to the Board, when necessary.

Independent risk management function – Risk Management/Risk Control

The function is responsible for independent risk control (refer also to section B.3.1) and provides support for the President, management and operating units in fulfilling their responsibility to conduct operations with a high level of risk control. Regular risk reports are submitted to the President, management and, when appropriate, the Risk and Capital Committee and Audit Committee, and to the Board.

Regulatory compliance function – Compliance

The function is an independent control function (refer also to section B.4.2) responsible for monitoring and controlling regulatory compliance in the licensable operations. The function identifies and reports on risks that may arise as a result of non-compliance with regulations and provides recommendations for action to relevant personnel, the Presidents and the Boards of Länsförsäkringar AB and the licensable companies.

Compliance provides support and recommendations to the companies on regulatory compliance risks in the licensable operations. Compliance ensures that operations are informed about new and amended regulations, conducts follow-ups to ensure that the necessary training is implemented and takes part in the implementation of training.

Regular compliance risk reports and a description of action taken are submitted to the President, management and, when appropriate, the Audit Committee and the Board.

Actuarial function

An Actuarial function is in place at group level in Länsförsäkringar AB and in each insurance subsidiary. The Actuarial function in Länsförsäkringar AB is responsible for actuarial matters at group level. The Actuarial function in the insurance subsidiaries is responsible for coordinating and ensuring the quality of the technical calculations and investigations and assisting the Board and President in actuarial matters. The Actuarial function is also responsible for reporting, on its own initiative, to the Board and President on matters pertaining to methods, calculations and assessments of the technical provisions, the valuation of insurance risks, reinsurance cover and other risk-reducing techniques. The Actuarial function is also to contribute to the company's risk-management system.

B.1.3 Material changes to the corporate governance system

No material changes were made to the corporate governance system during the reporting period other than the changes in the operating organisation (refer to section A.1.1).

B.1.4 Information on remuneration of Boards and employees

Board fees

Remuneration of Board members is paid in accordance with the resolution of the Annual General Meeting in the form of fees. Fees are not paid to salaried employees of the Länsförsäkringar AB Group or to employee representatives.

Remuneration policy and remuneration model

The Board of Länsförsäkringar AB adopts a remuneration policy every year that is approved by the Boards of the subsidiaries. The remuneration policy stipulates the bases and principles for remuneration in the Länsförsäkringar AB Group and how it is to be adopted.

The basis of the remuneration model is that it must contribute to generating favourable conditions for the Länsförsäkringar AB Group to satisfactorily perform its task from the owners. The remuneration model must be compatible with, and promote sound and efficient risk management and counteract excessive risk-taking, while conforming to the Group's long-term interests. Employees are to have market-based employment terms and the principles for remuneration of employees are not to discriminate on the basis of gender, ethnic background, age, disability or any other factor.

The base of the remuneration model comprises fixed remuneration, meaning a fixed cash monthly salary.

In addition to cash remuneration, the Länsförsäkringar AB Group may offer benefits to employees in the form of, for example, discounts on company products, company cars, collectively agreed lunch subsidies and health care benefits. Commission-based remuneration may be paid to Agria's sales personnel. Pension and severance terms and conditions generally follow collective agreements. The Länsförsäkringar AB Group may, within the framework of the remuneration principles adopted by the Annual General Meeting, agree on special pension and severance terms and conditions for senior executives.

The Board decides on remuneration of employees who are members of corporate management and employees who have overall responsibility for the control functions The Board is to appoint a Remuneration Committee from within its ranks, assigned with the duties as described in section B.1.1.

Main features of systems for supplementary pensions or early retirement pensions

The systems for supplementary pensions or early retirement pensions follow collective agreements.

B.1.5 Material transactions between shareholders, persons with significant influence in the company and members of the administration, management or supervisory body

The only material transactions during the reporting period were with shareholders. The table below provides information on the material transaction with direct and indirect shareholders specified by company.

Table B1(1): Material transaction with direct and indirect shareholders specified by company

TSEK	2017
Länsförsäkringar AB	
Länsförsäkringar AB services sold to regional insurance companies (owner)	1,375,715
Länsförsäkringar AB services purchased from regional insurance companies (owner)	34,207
Länsförsäkringar Sak	
Länsförsäkringar Sak's dividends to Länsförsäkringar AB (owner)	840,000
Länsförsäkringar Sak's Group contributions to Länsförsäkringar AB (owner)	160,000
Länsförsäkringar Sak services sold to regional insurance companies	34,932
Länsförsäkringar Sak services purchased from regional insurance companies	37,686
Net income from transactions with the regional insurance companies in reinsurance pools	164,029
Länsförsäkringar Sak services purchased from Länsförsäkringar AB (owner)	225,851
Länsförsäkringar Sak's remuneration from the regional insurance companies for the part of the accident and health insurance business transferred to the regional insurance companies	260,000
Remuneration to the regional insurance companies for transfer of claims portfolio	182,000
Agria	
Agria's dividends to Länsförsäkringar Sak (owner)	350,000
Agria services purchased from Länsförsäkringar AB	174,171
Agria services purchased from Länsförsäkringar Sak (owner)	48,167
Länsförsäkringar Grupplиv	
Länsförsäkringar Grupplivs dividends to Länsförsäkringar Sak (owner)	175,000
Länsförsäkringar Grupplиv services purchased from Länsförsäkringar Sak (owner)	38,976
Länsförsäkringar Fondliv	
Länsförsäkringar Fondliv's dividends to Länsförsäkringar AB (owner)	750,000
Länsförsäkringar Fondliv services purchased from regional insurance companies	639,104
Länsförsäkringar Fondliv services purchased from Länsförsäkringar AB (owner)	353,271
Länsförsäkringar Liv	
Länsförsäkringar Liv services purchased from Länsförsäkringar AB (owner)	233,459
Länsförsäkringar Liv part-payment of additional purchase price received from Länsförsäkringar AB for acquisition of Länsförsäkringar Fondliv in 2011	135,714

B.2 Fit and proper requirements

The Board members and senior executives of the Länsförsäkringar AB Group's companies and persons responsible for or performing central functions must be fit and proper for the duties that are intended to perform. The fit and proper requirements include knowledge and experience (fit) and good repute and integrity (proper).

Regarding the Board, Länsförsäkringar AB's Nomination Committee is responsible for submitting proposals, in consultation with the President and CEO of Länsförsäkringar AB, on such issues as Board members in most of the Länsförsäkringar AB Group's companies (except for Länsförsäkringar Gruppliv). The Nomination Committee is to assess whether the Board has a suitable composition that ensures that the overall competencies necessary for the company are in place and that each of the Board members appointed by the General Meeting and by the trade organisation are suitable for their Board appointments.

Based on the company's operations, stage of development and other circumstances, the assessment also considers relevant training and experience, as well as professional experience in senior positions. In addition to the expertise and experience of individual Board members, the Board is assessed in its entirety to ensure that it possesses the competence required for leading and managing the company. The competence requirements include, in addition to professional experience from senior positions, competence in the financial markets, regulatory requirements, strategic planning and understanding of business strategy, business model and business plan, risk management, corporate governance, financial analyses and actuarial analyses.

Senior executives and persons responsible for or performing central functions, in addition to Board members, are also subject to specific fit and proper requirements. The relevant managers are responsible for assessing whether an individual is fit and proper, which as regards competence is to be performed in recruitment processes based on a requirements specification prepared for the position in question and every year giving consideration to the duties to be performed. Good repute and integrity are also to be analysed.

Assessments of whether Board members, senior executives and persons performing central functions are fit and proper are to be carried out in accordance with applicable guidelines for such assessment when a new Board member or a person in an above-mentioned position takes office. Assessments are also to be conducted annually, and when necessary, to ensure that these individuals are, at any given time, fit and proper to carry out their duties. In addition, a new fit and proper assessment is to be performed if an event occurs that could entail a change to the assessment of whether a person is fit and proper.

If any of these functions are outsourced, the applicable regulations state that the contractor performing the function is to be subject to a fit and proper assessment as is the client manager at the company in the Länsförsäkringar AB Group that outsourced the function.

B.3 Risk-management system including own risk and solvency assessment

B.3.1 Risk-management system

The Länsförsäkringar AB Group's risk-management system is defined as the strategies, processes, procedures, internal rules, limits, controls and reporting procedures needed to ensure that the companies in the Group are able to continuously identify, measure, monitor, govern, manage, report and have control over the risks to which the companies are, or could be expected to become, exposed to, and the interdependence of these risks.

The risk-management system is illustrated in figure B3(1) and described below.

Figure B3(1): Länsförsäkringar AB Group's risk-management system

The Group's risk-management system is described in the Group instructions and a Group-wide risk policy adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. Based on this Group-wide risk-management system, each subsidiary has prepared more detailed rules for managing company-specific risks. This approach and the coordinated risk control within the Group ensure that the risk-management system is consistently implemented in all of the companies in the Group.

The system comprises an integrated part of the organisational structure and decision-making processes and helps the operations to meet its targets with a higher degree of certainty. In addition to risk management in the operations, it also encompasses the independent risk-management function. The Compliance and Actuarial functions also play key roles in risk management.

Responsibilities and roles

The Board is ultimately responsible for ensuring that an effective risk-management system is in place and adopting frameworks for risk management based on internal rules in the form of governance documents.

The President and CEO is responsible for incorporating these governance documents as adopted by the Board into the operations. The Chief Risk Officer Group (CRO Group) is responsible for the design of the risk-management system and coordination within the Länsförsäkringar AB Group, while each manager in the Länsförsäkringar AB Group is responsible for the risks in their own operations. All employees also have an individual responsibility for working towards a healthy risk culture by complying with internal rules on the Group's risk-management system.

The CRO Group and the Head of Risk Management at Länsförsäkringar AB lead the Risk Management function that in the organisational structure is directly under the President and CEO of Länsförsäkringar AB and is thus independent from the other operations. The Risk Management function has the operational responsibility for the independent risk control, which includes identifying, measuring, monitoring, controlling and reporting risks in the company's and the Group's operations. The function reports directly to the President and CEO, management and, when appropriate, the Risk and Capital Committee, Audit Committee and the Board. The function supports the Board, President and CEO and other members of management in ensuring that the operations are conducted with a high degree of risk management and risk control.

The Actuarial function helps ensure the efficient operation of the risk-management system, for example, by ensuring that calculations of capital requirements for insurance risks correctly reflect the operations' insurance risks. The Compliance function identifies and reports on risks that may arise as a result of non-compliance with regulatory requirements.

Strategies, processes and reporting

The risk strategy is an integrated component of operational governance that, given the business strategy, aims to control risk-taking. The overall risk strategy for the Länsförsäkringar AB Group is that the operations are to be conducted following a conscious risk-taking approach to enable the business strategy to be realised without jeopardising the Group's solvency. The estimated risk level and the organisation's expertise in managing specific risks are taken into consideration in decisions on, for example, the products that the company offers, the customer groups to which sales are directed, the instruments that the company's assets are invested in and how the operations are otherwise conducted.

Prospective analyses in the form of own risk and solvency assessments (ORSA), recovery plans and internal capital and internal liquidity adequacy assessment processes are performed every year. Ongoing activities include handling known risks and identifying new risks. Internal models are used in the first instance to quantitatively measure risks. The regulatory capital requirements are also supplemented with other risk measures and stress tests. Operational risk and business risk are mainly assessed on a qualitative basis. Qualitative risk measurement makes use of an overall assessment of the risk's potential consequences for the operations and the probability or frequency of the risk occurring. Control activities are performed regularly and incidents are continuously reported and monitored.

A complete report of all risks in the company's operations is submitted every quarter to, where appropriate, the Risk and Capital Committee, Audit Committee and Board.

Partial internal model

In May 2016, Länsförsäkringar AB and its insurance subsidiaries received permission from the Finansinspektionen to calculate the solvency capital requirement for insurance operations using a partial internal model. Capital requirements for most market risks, non-life insurance risks and health-insurance risks are calculated using an internal model, whereas other types of risk are calculated by applying the standard formula. The partial internal model is described in more detail in section *E. Capital management (financing).*

Since the partial internal model is used jointly by several companies in the Länsförsäkringar AB Group (except Länsförsäkringar Grupppliv) and is thus an internal group model, the following shared management model is applied.

- The Board of each company is responsible for ensuring that systems are in place that ensure the model functions correctly, is appropriate and provides a satisfactory expression for the company's risk profile. The Board decides on new models and material further developments to the model.
- The President of each company is responsible for ensuring that the model is integrated into the company's risk-management system and ORSA and forms the basis of business decisions and strategic standpoints. The President of each company and the CRO Group are also members of the Decision Group for the partial internal model. The Decision Group is a preparatory group for Board decisions on new models or material further developments to the model.
- The CRO Group and the Head of Risk Management at Länsförsäkringar AB are responsible for designing and carrying out calculations in the partial internal model and for testing and validating the model every year. The CRO Group is the Chairman of the Management Group, comprising experts and representatives from the business activities in all relevant companies. The Management Group has a mandate to decide on minor further developments to the partial internal model.

Changes to the partial internal model that involve material further development require the approval of Finansinspektionen. A new model requires that a new application be submitted to Finansinspektionen.

Further development includes, alongside changes to calculation methods, changes to the companies' risk profiles, changes to the governance of the internal model and major changes to IT systems that impact the model. The management model only encompasses the internal model, meaning that changes to calculations using the standard formula are not included.

The internal model is validated at least once a year by an independent function in Risk Management in Länsförsäkringar AB. The purpose of the validation is to ensure that the model encompasses all material risks that it is intended to measure, that the selected methods are suitable, that assumptions are reasonable and inputs are correct, that the calculation results from the model are used appropriately in the operations and that the model and the company's use of the model meet all regulatory requirements.

B.3.2 Own Risk and Solvency Assessment (ORSA)

The overall aim of an ORSA is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Accordingly, the ORSA is based on risk and is part of the risk-management system and its starting point is the work on the business plan. Both risks identified using the internal model and other risks are to be analysed and described. The results of the analysis are to lead to potential modifications of the business plan in order to maintain an acceptable risk level aligned with the risk strategy.

The business planning and ORSA are conducted in parallel and form part of the companies' and the Group's operational governance. The Board discusses and adopts the business plan and the ORSA once a year and the Risk and Capital Committee and the Board conduct regular monitoring. In the event of exceptional circumstances, the entire ORSA, or specific elements of it, may be carried out an extra time during the year, known as an extraordinary ORSA.

A ORSA is prepared for each of the Länsförsäkringar AB Group's insurance companies and for the Länsförsäkringar AB insurance group.

The Länsförsäkringar AB Group has an overall Group-wide process for performing ORSAs and the companies base their ORSA on a shared macro-economic base or alternative scenario, but apply their own process in certain areas. The main stages of the ORSA process are described below.

A joint description of the business environment for a base scenario and an alternative scenario for the Länsförsäkringar AB Group is producing containing courses of events and associated quantified trends in financial and macro-economic variables. Risks arising in the operations and the management of them are described.

The base scenario forms the starting point of the ORSA. The base scenario covers the three-year business plan horizon and provides a forecast of the performance of the balance sheet and income statement under IFRS as well as the capital requirement and own funds under the insurance rules. Data is made up of business-environment descriptions, forecast instructions and the forecasts prepared for trends in business volumes. The alternative scenario covers the same areas as the base scenario but shows a significantly less favourable trend in the business environment.

A Group-wide stress test is defined that is carried out in the company and the Group. The company also decides on supplementary stress tests so that the company's analysis is sufficiently complete. Results are calculated for each stress test as regards to the outcome of own funds and the capital requirement if the stress had occurred.

An analysis is also conducted as to whether the capital requirement calculations produced from risk calculations using the partial internal model (or the standard model for Länsförsäkringar Gruppliv) reflect the risk profile. Furthermore, consideration is also given to capital requirements resulting from risks not included in the calculations using the partial internal model (or the standard model for Länsförsäkringar Gruppliv), the results from the alternative negative scenario, stress tests and the analysis of potential capital measures and risk-reducing measures.

The solvency requirement is thus determined by taking into account regulatory requirements, including buffers for negative events for example, taking into consideration risks that are difficult to quantify and any other specific circumstances.

The ORSA is summarised in a report to the Board and Finansinspektionen. The completes ORSAs are also to be documented by reproducing assumptions, calculation methods and results, and experience feedback is noted for each ORSA to improve the process.

B.4 Internal-control system

B.4.1 Internal-control system

The internal-control system is shared by the Länsförsäkringar AB Group and is part of the governance and management of the companies and the Group. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. Risk and capital control and capital planning are a part of the internal control. The internal control process encompasses all parts of the organisation, including outsourced operations, and must be an integral part of the organisational structure and decision-making processes. Internal control is based on a system with a strong culture of risk and regulation, with three lines of defence.

The first line of defence is the operations. The first line of defence includes responsibility for the operation's risks and regulatory compliance and the operations are responsible for ensuring that control processes for monitoring are in place, implemented and reported.

Controls are to be built into each process as far as possible and shortcomings or deviations are to be reported. Each manager is to ensure that material risks in their areas of operation are identified and managed. These managers are also to ensure that risk-management controls are prepared and that these controls are documented. All managers are also to ensure that follow-ups and controls are performed. Such follow-ups and controls are to ensure that the operations are reasonably reflected in the reports to superior managers and, where appropriate, other stated functions.

The internal control comprises the work of the ongoing operations on formulating targets, risk identification, risk indicators, key controls, self-assessments and reporting.

The internal-control system is described in Länsförsäkringar AB's Group instructions adopted by the Board of Länsförsäkringar AB and approved by the Board of each subsidiary. The subsidiaries prepare more detailed procedures for internal control and reporting based on the Group-wide internal-control system, including reporting processes. In this way, it can be assured that the internal-control system is performed consistently in all companies in the Group.

To support the internal-control process, a Compliance function and an independent Risk Management function are in place and form the second line of defence along with the Actuarial function. There is also an Internal Audit function that serves as the *third line of defence.*

B.4.2 Compliance function

The Compliance function is affiliated to Länsförsäkringar AB in the organisation and is independent from the operations that are controlled. The Compliance function controls the first line of defence and reports on the results of its controls directly to the President, the Audit Committee and the Board. The Compliance function is to have the resources, authorities and expertise required for carrying out its duties. It is also to have access to the information necessary for performing its duties.

B.5 Internal Audit function

Internal Audit is affiliated to Länsförsäkringar AB in the organisation and is independent from the operations that are audited by the function. Internal Audit examines and evaluates both the first and second lines of defence and reports on the results of its audits directly to the Audit Committee and the Board, which forms part of ensuring independence and objectivity. Internal auditors are to be objective in performing their duties and are to avoid conflicts of interest, and the function is to be assigned sufficient resources and granted access to the information required for completing its duties. Internal Audit also has documented procedures for rotating auditors to different assignments and procedures that ensure that internally recruited internal auditors do not, within a reasonable time period, examine areas of the business that they previously worked in so as to avoid conflicts of interest.

B.6 Actuarial function

The Actuarial function is affiliated to Länsförsäkringar AB in the organisation in Risk Management and is independent from the other operations. The Head of the Actuarial function is responsible for submitting direct reports to the Board and President and CEO of Länsförsäkringar AB. The Actuarial function in the insurance subsidiaries is generally affiliated to the company itself and is independent from the other operations.

For more information about the Actuarial functions of the solo companies, refer to the relevant section of the report for each solo company.

B.7 Outsourcing agreements

B.7.1 Governance documents for outsourcing agreements

The Board of Länsförsäkringar AB has adopted a Group-wide policy regarding outsourced operations, which has been approved by the Boards of the subsidiaries. The policy stipulates the Group-wide principles that Länsförsäkringar AB and the licensable companies in the Group are to comply with when managing outsourced operations in order to ensure that the management approach is as standardised as possible within the Group, and the companies' compliance with the requirements of the outsourcing agreements in the external rules.

The policy provides a general description of the process that is to be followed from preparations prior to outsourcing to the discontinuation of the assignment. An assessment of the company's requirements and suitability for outsourcing is first performed based on such factors as risk, cost and efficiency, and taking into account the requirements of internal and external regulations. Potential contractors are subsequently evaluated to ensure that they have the requisite know-how, resources and permits for performing the operations. The company also prepares a suitable structure for governing, controlling and monitoring the outsourced operations, which includes drawing up plans for ensuring business continuity and how the company can return to performing the outsourced operations itself or outsource them to another contractor. The assignment is regulated in a written outsourcing agreement that meets the relevant outsourcing requirements. The policy also describes the preparation and decision-making process before, during and after discontinuation of the assignment and, where applicable, reporting to Finansinspektionen. Each subsidiary prepares its own governance documents within the framework of the policy that regulates the outsourcing of operations in more detail.

B.7.2 Outsourced operations of material significance

Länsförsäkringar AB performs certain operations and functions on behalf of the insurance subsidiaries that are of material significance to the insurance subsidiaries. Länsförsäkringar AB in turn engages sub-suppliers to perform some of these operations, refer to the table below.

Table B7(1): Outsourced operations of material significance 2017

IT operations	Jurisdiction of the contractor
Operation and IT-related administration and development of insurance systems	India
Operation of system support for asset management	Sweden
Operation of system support for accounting and reporting	Sweden & India
Operation of portal services	Sweden
IT-related administration and development of accounting systems	Sweden
IT-related administration and development of insurance systems in mainframe computing environments, sales systems and digital services for customer	Sweden
Asset management operations	**Jurisdiction of the contractor**
Fixed-income fund management, investment of assets in Swedish bonds.	Sweden
Fixed-income fund management, investment of assets in corporate loans and bonds	Sweden
Credit management, investment of assets in corporate loans	US

B.8 Other information

B.8.1 Description of the corporate governance system

The corporate governance system is considered to be effective and appropriate given the nature, scope and complexity of the risks inherent in the operation, and is thus deemed to ensure healthy and responsible governance and control of the Group and its subsidiaries.

B.8.2 Other information

There is no other material information.

C | Risk profile

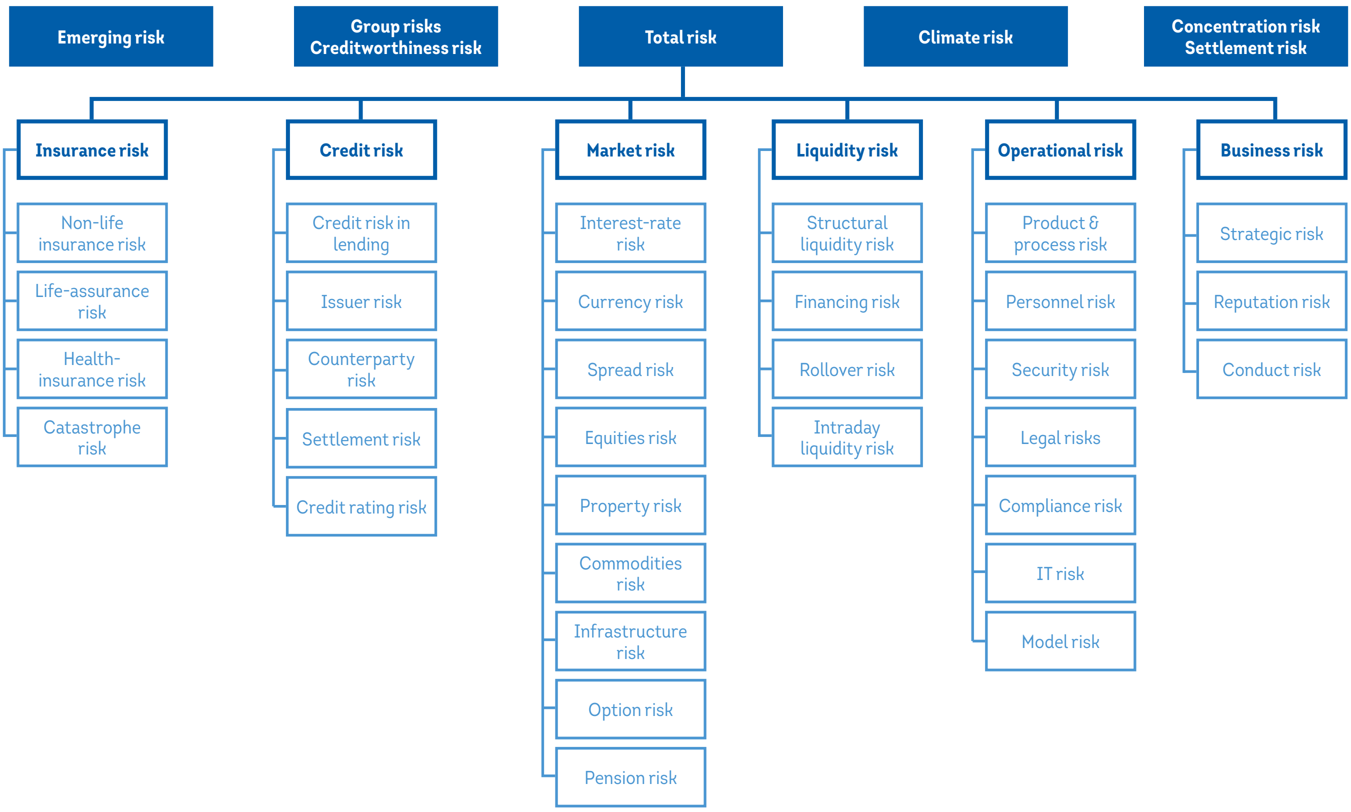
The Group conducts business activities in banking, insurance and pensions and customers are private individuals and mostly small companies.

The risk profile for Länsförsäkringar AB and its subsidiaries at group level is dominated by the banking operations' credit risk, the market and long-life expectancy risk of the traditional life-assurance operations, the unit-linked insurance operations' market and cancellation risk, and the non-life insurance operations' market and insurance risk. The following factors characterise the Group's risk-taking:

- The operations are conducted in Sweden. An exception is made for pet insurance where the Group strives to utilise its experience and strong position in the Swedish market to successively develop profitable operations also in certain other countries.
- All 23 regional insurance companies broker the Group's products, which thereby creates a geographic distribution throughout Sweden.
- The operations primarily focus on private individuals and small and medium-sized businesses, directly or mediated by the regional insurance companies, and have few major commitments entailing risk with large companies.
- For the unit-linked insurance operations, future earnings are affected by the trend in insurance capital, and an unfavourable trend in cancellations, repurchases and transfers can adversely impact long-term profitability.
- The non-life insurance operations are well-diversified, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance. The risks taken in non-life insurance are reinsured to a relatively high extent; retention levels are relatively low.
- Extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.
- The risks in the investment assets managed by the Group for own account are held at a relatively low level and the largest single exposure comprises the two properties on Tegeluddsvägen in Stockholm, one of which is utilised for the Group's operations.
- The management of insurance capital in the traditional life-assurance operations gives rise to market risks, primarily equities, interest-rate and credit-spread risk.
- Loans in the Group's banking operations primarily pertain to households and to a smaller extent to agricultural customers and businesses.

Länsförsäkringar AB applies a joint risk division and definitions of risks to which the operations are exposed. An outline is provided in figure C(1).

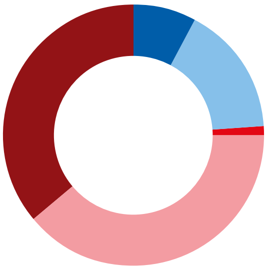
Figure C(1): Specification of the risks to which the operations are exposed



The figure below illustrates the relative specification of the Group's solvency capital requirement under the insurance rules on 31 December 2017 compared with the preceding year-end. The capital requirement for Länsförsäkringar Liv declined by 2 percentage points and the capital requirement for Länsförsäkringar Bank instead increased by the same amount during the year.

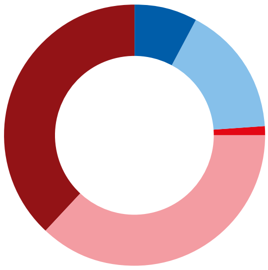
Figure C(2): Länsförsäkringar AB's capital requirement under the insurance rules for groups, 31 Dec 2017 compared with 31 Dec 2016

2017



- Subscription risk, 8%
- Market risk, 16%
- Counterparty risk (insurance), 0%
- Operational risk, 1%
- Capital requirement Länsförsäkringar Bank, 39%
- Capital requirement Länsförsäkringar Liv, 36%

2016



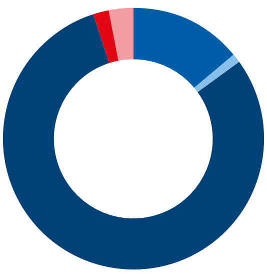
- Subscription risk, 8%
- Market risk, 16%
- Counterparty risk (insurance), 0%
- Operational risk, 1%
- Capital requirement Länsförsäkringar Bank, 37%
- Capital requirement Länsförsäkringar Liv, 38%

The Länsförsäkringar Bank Group is subject to the sector rules under the Capital Requirements Directive CRD 2013/36/EU and the Regulation CRR (EU) 575/2013, and provides information about the risks to which the institution is exposed in the document *Risk and capital management Länsförsäkringar Bank AB*, which is why no additional commentary on these matters is presented in this report. The Länsförsäkringar Bank Group's capital requirements are specified by type of risk in the right-hand graph in figure C(3).

Länsförsäkringar Liv is operated in accordance with mutual principles and is not consolidated in the Länsförsäkringar AB insurance group. The solvency capital requirements for risks in Länsförsäkringar Liv are included in the Group's solvency capital requirements in accordance with the deduction and aggregation method, with the consent of the Finansinspektionen. Länsförsäkringar Liv's capital requirements are specified by type of risk in the left-hand graph in figure C(3).

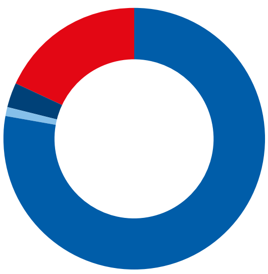
Figure C(3): Capital requirements in Länsförsäkringar Liv and Länsförsäkringar Bank specified by type of 31 Dec 2017

Capital requirement Länsförsäkringar Liv



- Life-assurance risk, 14%
- Health-insurance risk, 1%
- Market risk, 80%
- Counterparty risk, 2%
- Operational risk, 3%

Capital requirement Länsförsäkringar Bank



- Credit risk, 78%
- Market risk, 1%
- Operational risk, 3%
- Buffer requirement, 18%

General commentary on the risk profile for Länsförsäkringar AB and its consolidated insurance subsidiaries is presented below. Länsförsäkringar AB and its consolidated insurance subsidiaries include the Parent Company Länsförsäkringar AB and the insurance subsidiaries Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Grupppliv.

C.1 Underwriting risk

Underwriting risk (insurance risk) refers to the risk of loss or negative change in the value of underwriting liabilities due to incorrect tariffs and provisions assumptions. The Länsförsäkringar AB Group's insurance risk includes non-life insurance risk, life-assurance and health-insurance risks that arise in insurance subsidiaries.

- Non-life insurance risk refers to the risk of losses arising due to claims costs being higher than expected.
- Life-assurance risk refers to the risk of losses in connection with the insurance of a specific person's life and health.
- Health-insurance risk refers to the risk of losses arising due to the insured's disability and morbidity being higher than assumed.
- Catastrophe risk refers to the risk of losses arising due to natural disasters, epidemics or disasters caused by human activities leading to very large claims payments.

Underwriting risk in Länsförsäkringar Liv is described separately in the company's solo report in Swedish and Länsförsäkringar Bank Group does not underwrite insurance.

C.1.1 Risk exposure

The Group's non-life insurance risk arises in the Länsförsäkringar Sak Group. Premium risk is the largest risk in non-life insurance risk, followed by reserve risk. Catastrophe risk comprises minor exposure through the use of reinsurance cover with relatively low retention, which cover limits catastrophe exposure.

The Group's exposure to life-assurance risks primarily derives from the operations in Länsförsäkringar Fondliv and to a lesser extent from group life assurance in Länsförsäkringar Grupppliv and annuities in Länsförsäkringar Sak.

Länsförsäkringar Fondliv's product range has two different investment orientations. It has unit-linked insurance that entails that customers decide the investment orientation and risk level themselves, and it has guarantee management where the company is responsible for the investment orientation and a portion of the customer's savings are guaranteed. Unit-linked insurance operations comprise about 98 percent of total managed assets. The dominating life-assurance risk derives from the unit-linked insurance operations and the risk of customers choosing to transfer their insurance capital. Since trends indicate more or less full transfer options, both inward and outward transfers can be expected to increase. Increased mobility in the labour market could entail an increase in the number of occupational pensions with paid-up policies, where premium payments cease, which reduce the insurance capital.

The Group's exposure to health-insurance risk derives from health care insurance and group health and group accident insurance in Länsförsäkringar Sak, and from health and premium exemption and accident and invalidity benefit insurance in Länsförsäkringar Fondliv.

The Group has low exposure to catastrophe risk for own account. Länsförsäkringar Sak manages common reinsurance cover for the Länsförsäkringar Alliance with respect to storms and natural disasters where Länsförsäkringar Sak assumes a certain level of risk for own account. The other operational area where Länsförsäkringar Sak, for own account, is exposed to a certain level of catastrophe risk is in the internationally assumed reinsurance.

A measure of the exposure to underwriting risk is the expected present value of the future cash flows from all insurance contracts. The measure reflects the company's commitments to its customers and corresponds to the best estimate under the IBA. Table C1(1) shows the consolidated best estimate for the Group net, meaning after reinsurance, based on data from the consolidated insurance subsidiaries. Data was collected from each company's insurance and claims system.

Table C1(1): Exposure to underwriting risk, 31 Dec 2017. The table shows the best estimate net, after ceded reinsurance

Best estimate, net (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
Non-life insurance risk	3,429,207	0	0	3,429,207
Health-insurance risk	942,150	198,055	0	1,140,206
Life-assurance risk	304,494	115,588,348	0	115,892,842
of which, unit-linked insurance	*0*	*112,638,314*	*0*	*112,638,314*
Total	**4,675,851**	**115,786,404**	**0**	**120,462,255**

The trend in best estimate for non-life insurance and health-insurance risk follows the performance of the business. The best estimate in non-life insurance can normally be expected to fluctuate slightly, related to the time variation of payment streams, the trend in the portfolio and other, sometimes random, factors. The fluctuation during the year is not deemed to be material.

In 2017, the net best estimate increased by a total of TSEK 12,685,024. The increase was primarily attributable to unit-linked insurance and was mainly due to the change in value of unit-linked insurance, premium payments and claims payments. Table C1(2) shows the net best estimate per company compared with the preceding year-end.

Table C1(2): Change in best estimate, net for the period

Best estimate, net (TSEK)	2017	2016
Länsförsäkringar Fondliv	115,786,404	103,095,477
Länsförsäkringar Sak	4,675,851	4,681,754
Parent Company Länsförsäkringar AB	0	0
Total	**120,462,255**	**107,777,231**

C.1.2 Risk concentration

As seen in table C1(1) above, the Länsförsäkringar AB Group conducts diversified operations in non-life, life assurance and health insurance. The market for Länsförsäkringar AB's insurance subsidiaries is primarily Sweden, but Agria has branches and conducts sales in the Nordic region and UK.

The Länsförsäkringar Sak Group conducts well-diversified business, including pet insurance, health care, accident and health insurance, some commercial insurance and international reinsurance. The business is divided into 25 reporting classes that make the operations highly diverse with few or minor elements of risk concentration inherent in non-life insurance risk. The subsidiary Agria's business comprises insurance for pets (dogs, cats and other pets), horses, livestock and crop insurance. The operations are conducted in Sweden, Norway, Denmark, Finland and the UK, which provides sound business diversification. Operations in the Länsförsäkringar Grupplív subsidiary are concentrated to purely death benefit insurance that, with well-differentiated insurance groups, represents all of society.

Länsförsäkringar Sak's main risk concentration in underwriting risk comprises assumed reinsurance from individual regional insurance companies. Länsförsäkringar Sak assumes reinsurance from these individual companies in a number of pools and subsequently immediately retrocedes the risk back to the regional insurance companies. The majority of this exposure is motor third-party liability claims.

Länsförsäkringar Fondliv conducts unit-linked insurance operations and offers various forms of pension savings and risk insurance that can be taken out together with savings insurance. Länsförsäkringar Fondliv primarily targets private individuals and small and medium-sized businesses. A geographic distribution throughout Sweden is created since all 23 regional insurance companies broker the company's products. As a result, Länsförsäkringar Fondliv's individual concentrations of life-assurance and health-insurance risks are considered to be limited.

C.1.3 Risk-reduction techniques

Reinsurance

Reinsurance agreements with both internal reinsurers within the Länsförsäkringar Alliance and external reinsurers are used to cover the company in the event of insurance claims. Reinsurance cover is adapted based on each subsidiary's reinsurance needs. The Länsförsäkringar Alliance has shared catastrophe reinsurance cover for accident and life assurance. Länsförsäkringar Sak reinsures itself against the risk of very large claims. The company's own costs per claim incident, retention, and the limit up to which the reinsurance covers the costs per claim incident – or cover – vary from product to product. Pool solutions are also used by the Länsförsäkringar Alliance for reinsuring certain risks. Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company. Länsförsäkringar Grupplív has reinsurance cover for major accident claim incidents to specifically protect itself from events in which large groups of insured are simultaneously affected by a claim incident. Morbidity and mortality risks in Länsförsäkringar Fondliv and Länsförsäkringar Liv are reinsured. The efficiency of reinsurance cover is monitored by the Actuarial function and reported to the Board every year.

Other risk-reduction techniques

Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, underwriting limits, risk selection rules and risk inspections.

C.1.4 Risk sensitivity

Table C1(3) shows the sensitivity in the Group's own funds to changes in operating expenses and changes in assumptions for non-life, life assurance and health insurance.

Table C1(3): Sensitivity analysis, insurance risk

Effect on own funds (TSEK)	2017
10% increase in administrative operating expenses in Länsförsäkringar Fondliv	-423,000
10% lower premium level	-193,000
10% increased claims frequency or higher average claim	-124,000
1% higher annual claims inflation	-122,000
Effect on equity of a 10% momentary external transfer for Länsförsäkringar Fondliv	-976,000
10% increase in morbidity in Länsförsäkringar Fondliv	-91,000

C.1.5 Use of special purpose vehicles

The Group does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

C.2 Market risk

Market risk pertains to the risk of loss arising that is directly or indirectly caused by changes in the level or volatility in the market price of assets, liabilities and financial instruments, including losses caused by shortcomings in the matching between assets and liabilities.

The Group's market risk is dominated by market risk in Länsförsäkringar Fondliv. Market risk is primarily attributable to the company's unit-linked insurance operations for which the risk in future earnings varies in line with the volatility of the unit-linked insurance capital.

C.2.1 Risk exposure

Market risk arises in Länsförsäkringar AB and its consolidated insurance subsidiaries due to investment decisions made concerning management of the insurance companies' and the Parent Company's investment assets. The investment assets for own account largely comprise holdings in Länsförsäkringar Sak's and the Parent Company's investments in properties and investments in bonds in Länsförsäkringar Sak.

Länsförsäkringar Fondliv's product range has two different investment orientations. It has unit-linked insurance that entails that customers decide the investment orientation and risk level themselves, and it has guarantee management where the company is responsible for the investment orientation and a portion of the customer's savings are guaranteed. Unit-linked insurance operations comprise about 98 percent of total managed assets. For Länsförsäkringar Fondliv, the investment assets in guarantee management represent exposure to market risk. The company is also exposed to market risk form the fund units that the company holds to facilitate customer fund trading in the trading book. Exposure to market risk in each company on 31 December 2017 is presented in table C2(1).

Table C2(2) shows the exposure to market risk compared with the preceding year-end. The largest difference between the years is the item Other interest-bearing and is primarily due to the repayment of Länsförsäkringar AB's bond loan of SEK 1,700 M during the year and the expiry of the MTN programme. Länsförsäkringar AB established a Swedish Medium Term Note programme with a loan framework of SEK 2,500 M in 2012. The loan was not refinanced and on 31 December 2017 there were no outstanding bonds issued under the programme.

However, the majority of the exposure to market risk derives from the unit-linked insurance operations in Länsförsäkringar Fondliv. Since future earnings in the unit-linked insurance operations depend on the trend in the insurance capital, Länsförsäkringar AB and its consolidated insurance subsidiaries are also exposed to market risk from the investment decisions that customers made for their unit-linked insurance and from the impact of market prices on the growth of the value of insurance capital. The investment specification of the unit-linked insurance assets at year-ends 2016 and 2017 are presented in table C2(3).

Exposure[4] to market risk is measured at the total of the exposure from all of the company's assets and liabilities, including exposure via derivatives. The measure shows the total value of each class of asset that is exposed to risk and that forms the basis of the calculation of solvency capital requirements for market risk.

Exposure is based on consolidated data for the Parent Company's and the consolidated insurance subsidiaries' asset portfolios. Position data for measurement has been collected from the securities system of the Group-wide Asset Management Unit. Price information has been collected from several different sources, mainly Reuters with supplements from Bloomberg and directly from fund companies in whose funds the company invests. External appraisers are engaged to value illiquid alternative assets, such as properties. Theoretic valuations of holdings are also used in the valuations of swaps and currency futures for example. Information about the credit quality of assets and counterparties has been collected from S&P Capital IQ LLC and Moodys Analytics and supplemented with an internal assessment in relevant cases. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders.

[4] Note that since some of the investments are made via derivative instruments, the de facto exposure to an asset may differ significantly from exposure based on the market value of the assets. The market value of a share future, for example, reflects the result that the agreed futures contract has on the date of valuation, which is naturally only a fraction of the exposure that the futures contract provides to the underlying equities market value.

Table C2(1): Exposure per class of asset including derivatives and insurance liabilities measured under Solvency II, 31 Dec 2017

Class of asset/liability (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company	Länsförsäkringar AB and its consolidated insurance subsidiaries
Interest-bearing	2,612,176	963,135	585,108	4,160,418
Bonds	3,372,435	3,168,274	585,108	7,125,817
Other interest-bearing	–760,259	–2,205,140	0	–2,965,399
Equities	**665,020**	**1,112,947**	**8,827**	**1,786,795**
Developed markets	511,372	974,933	0	1,486,305
Emerging markets	66,408	138,013	0	204,422
Unquoted shares	87,240	0	8,827	96,067
Property	**3,220,376**	**0**	**1,295,040**	**4,515,416**
Alternative investments	**2**	**0**	**0**	**2**
Insurance liabilities	**–4,675,851**	**–3,176,728**	**0**	**–7,852,579**

Table C2(2): Exposure per class of asset including derivatives and insurance liabilities measured under Solvency II compared with preceding year-end

Class of asset/liability (TSEK)	2017	2016
Interest-bearing	4,160,418	3,597,690
Bonds	7,125,817	7,897,758
Other interest-bearing	–2,965,399	–4,300,068
Equities	**1,786,795**	**1,308,855**
Developed markets	1,486,305	954,992
Emerging markets	204,422	114,678
Unquoted shares	96,067	239,185
Property	**4,515,416**	**4,191,333**
Alternative investments	**2**	**297,136**
Insurance liabilities	**–7,852,579**	**–7,392,415**

Table C2(3): Specification of Länsförsäkringar Fondliv's unit-linked insurance assets compared with preceding year-end

Market value (TSEK)	2017	2016
Fund-of-funds	37,968,123	34,366,054
Equities funds	59,286,414	51,566,614
Fixed-income funds	11,699,399	10,917,757
Alternative funds	4,177,995	4,658,486
Money-market funds	750,035	526,389
Other funds	10,847,540	9,590,612
Total	**124,729,507**	**111,625,912**

More detailed commentary on the market risks of interest-rate risk, equities risk, property risk, credit-spread risk and currency risk is provided below.

Interest-rate risk

Interest-rate risk is the risk that the net value of assets, liabilities and insurance undertakings may decline due to changed market interest rates.

The interest-bearing asset portfolios includes interest-rate risk in covered bonds, government bonds, corporate bonds, fixed-income funds and derivative instruments. Interest-rate risk is also inherent in insurance liabilities by provisions being discounted by the current market interest rate.

Equities risk

Equities risk is the risk of losses arising due to changes in the level or volatility of share prices or prices of alternative investments.

Länsförsäkringar AB's and its consolidated insurance subsidiaries' primary equities exposure is to Swedish, European and US equities but also Japanese equities and equities in emerging markets. Länsförsäkringar Fondliv's exposure regarding directly owned assets derives from Guarantee Management and fund units in the trading book. Since about 82 percent of the unit-linked insurance capital is exposed to equities risk, Länsförsäkringar Fondliv is also exposed to equities risk in future earnings.

Property risk

Property risk is the risk of losses arising due to changes in the level or volatility of property prices. The property prices are primarily an effect of the assumptions made on, for example, applicable yield requirements, rental levels and vacancy rates.

The majority of property risk derives from the ownership of two office properties in Stockholm. The Group utilises one of these properties for its operations and the second is held for management purposes. The Parent Company Länsförsäkringar AB owns about 46 percent of the properties and Länsförsäkringar Sak owns about 54 percent.

Credit-spread risk

Credit-spread risk is the risk of losses arising due to changes in the level or volatility of the difference between market interest rates on bonds with credit risks and government securities' rates.

Länsförsäkringar AB and its consolidated insurance subsidiaries have exposure to credit-spread risk in Swedish mortgage bonds and based on its holdings in mainly global and US Investment Grade and High Yield funds.

Table C2(4): Exposure to credit-spread risk according to market value, 31 Dec 2017

TSEK	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
Bonds and other interest-bearing*)				
AAA – Swedish Government	208,265	459	0	208,724
AA – Other	2,757,918	2,388,552	720,531	5,867,002
AA	76,899	0	0	76,899
A	149,333	0	0	149,333
BBB or lower	155,762	0	0	155,762
No rating available	224,045	0	–135,424	88,621
Total	**3,572,222**	**2,389,011**	**585,108**	**6,546,340**
Financial derivatives)**				
AA	27,679	0	0	27,679
A	–2,486	9,715	0	7,230
BBB	0	0	0	0
Total	**25,194**	**9,715**	**0**	**34,909**

*) Including accrued interest for bonds.
**) For derivatives excluding exchange-cleared derivatives.

Currency risk

Currency risk is the risk that the net value of assets, liabilities and insurance undertakings may decline due to changed exchange rates.

Länsförsäkringar AB and its consolidated insurance subsidiaries face currency exposure from insurance liabilities and investment assets in other currencies and the risk being limited by the use of currency derivatives, refer to section *C.2.3 Risk-reduction techniques*.

Table C2(5): Net exposure by currency in each company, 31 Dec 2017

Currency (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
AUD	–1,376	2	0	–1,373
BRL	0	2	0	2
CAD	0	340	0	340
CHF	1,752	–18,829	0	–17,077
DKK	13,245	–4,810	0	8,434
EUR	–20,441	66,007	49	45,615
GBP	–21,517	–41,513	0	–63,031
HKD	–19,608	6	0	–19,602
HUF	0	1	0	1
IDR	0	1	0	1
INR	–3,674	1	0	–3,673
JPY	–20,637	–36,932	0	–57,569
KRW	–12,240	4	0	–12,236
MXN	0	3	0	3
NOK	–14,585	–1,671	0	–16,256
PLN	–528	0	0	–528
RUB	–2,557	8	0	–2,549
SGD	0	2	0	2
TRY	0	1	0	1
TWD	0	6	0	6
USD	–72,942	–34,111	0	–107,053
ZAR	0	4	0	4

Investments in accordance with the prudence principle

Insurance assets are invested in the best interests of the policyholders and the management of the companies' own assets is conducted in the best interests of the owners, meaning ultimately the interests of the local regional insurance companies and the interests of customers. In turn, this imposes demands on ensuring adequate expertise and following clear, structured and documented processes that take into account prudence, risk diversification and the situation in the financial markets.

Investments are made only in assets that can be fairly valued and whose risks can be identified, measured, managed, monitored and reported. The main asset classes are interest-bearing securities, equities, alternative investments and property.

Insurance contracts in Länsförsäkringar Fondliv's Guarantee Management product extend over long periods and technical provisions for the product are thus sensitive to interest-rate fluctuations. The degree of matching between assets and commitments together with forecasts of the insurance operations' performance are therefore taken into account and assets are invested with respect to the nature and term of the commitments.

Matching deviations between assets and liabilities are identified by performing Asset Liability Management (ALM) analyses of duration gaps, curve risks, currency risks and other market risks. The largest matching risks are found in Länsförsäkringar Liv and more commentary is provided in the subsidiary's solo report below.

Investment assets are kept at prudent levels if they are not traded on a regulated market and contain a significant element of model valuation whose valuation is not based on observable market data, or have a lack of liquidity or transparency. Directly owned properties, unquoted shares, securitisation, private equity, private debt, infrastructure and forests are examples of investment assets for which assessments of prudent levels are performed that take into account the strength of the balance sheet and the company's commitments in each individual case.

Risk exposure, capital requirements and available capital are continuously monitored and reported to the Board every quarter or more often if dictated by the circumstances.

C.2.2 Risk concentration

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position.

The dominating portion of the Group's market risk is found in the insurance companies' investment assets. Market risks can also be found to a lesser extent in the Parent Company Länsförsäkringar AB's investment assets and in the Länsförsäkringar Bank Group. The main asset classes in portfolio management are interest-bearing securities, equities, property and alternative investments.

The properties that the Group uses on Tegeluddsvägen in Stockholm can be considered to be a risk concentration. The value of the properties on 31 December 2017 amounted to TSEK 2,886,515.

Concentration risk in market risk is deemed to be small in relation to other market risks. However, from time to time, there may be individual investments that may comprise a certain concentration of market risk.

C.2.3 Risk-reduction techniques

Diversification

The main risk-reduction technique applied to the management of assets is diversification. The companies' investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components. The diversification effect is modelled using the internal model that Länsförsäkringar AB has had approved by Finansinspektionen to use in calculations of the solvency capital requirement and is regularly measured as an integrated part of these calculations.

Reducing market risk by using derivatives

Derivative instruments are utilised in the management of investment assets in order to reduce risks or enhance management efficiency. Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures and interest-rate swaps are used in management to reduce interest-rate risk. Using these instruments helps to enhance the efficiency of portfolio management by reducing the interest-rate sensitivity without needing to sell the underlying bonds, and thus any coupons and excess returns can be kept. The effect of these derivative strategies is continuously monitored by measuring the resulting interest-rate duration and interest-rate sensitivity of the portfolio.

Management uses equity index forward contracts when it needs to temporarily reduce equities risk. In this way, the portfolio is protected from sharp price drops in the equities market without needing to sell the underlying equities and equities fund holdings, which improves the efficiency of the portfolio management. The effect of this risk-reducing strategy is measured by equities allocation (including derivatives) being reconciled on a daily basis.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that the company can consider established limits on currency exposure without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored on a daily basis.

C.2.4 Risk sensitivity

The impact of a selection of other sensitivity measures for market risks on own funds is presented in the table C2(6).

Table C2(6): Sensitivity to market risks, effect on own funds, 2017

Sensitivity measures (TSEK)	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
1% higher interest rate [1]	–77,440	143,547	50,669	–82,599
10% lower share prices [2]	–58,029	–1,021,672	–883	–58,912
1% higher credit spread	–127,725	–49,980	31,300	–208,217
10% lower property prices	–251,217	–	–451,746	–702,963

1) Interest-rate sensitivity of a 1 percent higher interest-rate level in assets and liabilities in the Länsförsäkringar AB Group. Bond holdings are stressed including accrued interest.
2) Includes 10 percent lower prices on hedge funds.

C.3 Credit risk

Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and of any collateral provided not covering the receivable. This report describes Länsförsäkringar AB's credit risk, which derives from counterparties for financial derivatives, cash balances and counterparties in reinsurance.

C.3.1 Risk exposure

Länsförsäkringar AB's exposure to counterparty-related credit risk primarily arises through the use of financial derivatives in the insurance subsidiaries' investment portfolios. Derivatives are purchased to protect items the balance sheet against, for example, interest-rate risk, equities risk and currency risk and entail that the counterparty undertakes, through derivative contracts, to compensate for negative results arising from changes in, for example, market interest rates, share prices or exchange rates. As a result, a receivable from the counterparty may arise in the event of market changes. Credit risk pertains to the risk of losses arising due to counterparties being unable to fulfil their undertakings and that part of the receivable can thus not be paid.

The insurance subsidiaries are also exposed to counterparty-related credit risk from reinsurers. The insurance subsidiaries take out reinsurance to avoid assuming greater individual liability than that stated in the insurance guidelines and reinsurance policy of each subsidiary. Reinsured risks instead become the responsibility of the reinsurers. However, there is the risk that the reinsurer is unable to fulfil its obligations, which in such a case revert to become a liability for the company to meet.

The exposure to counterparty-related credit risks is measured as the summarised total of potential losses if these counterparties were to default. Exposure pertains to financial derivatives and cash balances, and to reinsurers. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from the actuarial systems of the consolidated insurance subsidiaries.

The table below presents the total counterparty exposure in the form of the total potential losses if these counterparties were to default on financial derivatives and cash in hand, and on reinsurers on this and the preceding year-end. For reinsurers without any rating, the solvency ratio has been translated to a corresponding rating level.

Table C3(1): Percentage specification of exposure to counterparty-related credit risks per credit quality level

Credit quality level	2017	2016
Derivatives and bank accounts	**72%**	**69%**
AA	3%	0%
A	67%	67%
BB	2%	1%
Reinsurance	**28%**	**31%**
AA	20%	25%
A	4%	6%
BBB	4%	0%
Total	**100%**	**100%**

In addition to the exposure above, off balance sheet items contain a certain level of credit risk in the form of contingent liabilities of TSEK 3,962,979 for contracted but not yet implemented investment undertakings and TSEK 5,288 for other contingent liabilities. The Länsförsäkringar AB Group also has pledged assets for bonds, derivatives, repurchase agreements and pledged securities for a total amount of TSEK 5,602,138 on 31 December 2017.

Länsförsäkringar Liv had contingent liabilities of TSEK 3,590,994 at year-end for contracted but not yet implemented investment undertakings.

C.3.2 Risk concentration

The largest exposure to an external counterparty in financial derivatives was to SEB and totalled TSEK 756,226. The largest exposure to a reinsurance counterparty in reinsurance was to Länsförsäkringar Skåne and totalled TSEK 61,723. All ten of the largest counterparty exposures, comprising 76 percent of the total exposure to external counterparties, had a rating of AA.

C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties used by the company for trading in financial derivatives. Credit risk is managed by limits for derivative exposures per counterparty, and by agreements signed with all counterparties regarding OTC derivatives. These agreements regulate receivables in derivatives contracts between the contract parties, for example, the amount of receivables permitted, how they are to be paid and at what frequency. In practice, this means that for the majority of cases the collection and provision of collateral takes place on a daily basis. The size of the permitted exposure depends on the credit rating of the counterparty.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

C.3.4 Risk sensitivity

As presented in table C3(1) above, 94 percent of the expected loss given default for counterparties has a credit quality level of A or higher. The total expected loss from all counterparties in financial derivatives, bank accounts and reinsurers amounts to TSEK 3,355,831, regardless of credit quality level.

C.4 Liquidity risk

Liquidity risk is the risk that the company s undertakings cannot be fulfilled due to a shortage of cash and cash equivalents.

C.4.1 Risk exposure

For the Group's insurance companies, a lack of liquidity could lead to the companies not being able to fulfil its commitments to customers. The business activities of the insurance companies are based on premiums being paid in advance and being managed until insurance compensation is to be paid out.

Management of liquidity risk is based on management taking place in each subsidiary and in the Parent Company of Länsförsäkringar AB, rather than at Group level. The nature of the operations differs between the banking and insurance operations and there are legal restrictions on for the scope of internal loans. In practice, liquidity risk for the Group is primarily an issue for the Länsförsäkringar Bank Group.

Länsförsäkringar Sak's liquidity risks are low since premiums are received in advance and large individual claims and payouts outside normal cash flows are known well in advance of when they fall due.

Länsförsäkringar Fondliv's liquidity is relatively stable, since fund units are divested in line with payments being made to policyholders. The company's liquidity was primarily affected by fund changes and costs for sale. Liquidity risk is managed by continuously adjusting the need for cash and surplus liquidity based on established liquidity forecasts for the payment of securities transactions and claims payments and, where necessary, other inward and outward payments, such as premiums and operating expenses. The majority of the funds in the trading book are liquid in the short term and purchases on behalf of the insured are not performed until payment has been received for the sales transaction.

The Parent Company's liquidity is mainly affected by dividends and Group contributions from subsidiaries, any requirements for contributions to be made to subsidiaries, dividends to owners and unfinanced developments. To meet liquidity requirements, Parent Company maintains cash and cash equivalents, which at year-end amounted to TSEK 253,861. The subsidiaries also clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed.

Länsförsäkringar AB's bond loan of SEK 1,700 M was repaid during the year and the MTN programme expired. Länsförsäkringar AB established a Swedish Medium Term Note programme with a loan framework of SEK 2,500 M in 2012. The loan was not refinanced and on 31 December 2017 there were no outstanding bonds issued under the programme.

The insurance subsidiaries sign CSA agreements[5)] with counterparties in financial derivatives. The agreements require that collateral be pledged for derivatives that have a negative value for the company in question. This collateral is pledged in the form of cash funds that are transferred to the counterparties, thus entailing a certain liquidity risk. For derivatives with positive values for the company, collateral is received which can reduce this risk.

The specification of investment assets per class of asset with various liquidity is presented in the table C4(1). Compared with the preceding year-end, the share of liquidity class 2 declined slightly and the share of liquidity class 3 increased slightly.

Table C4(1): Specification of assets per liquidity class, 31 Dec 2017, as a percentage of total investment assets

Liquidity class	Class of asset	Länsförsäkringar Sak	Länsförsäkringar Fondliv	Parent Company Länsförsäkringar AB	Länsförsäkringar AB and its consolidated insurance subsidiaries
1	Cash	11%	13%	12%	12%
2	Direct holdings of treasury bills, government bonds, covered bonds	33%	49%	31%	37%
3	Funds traded daily, quotes shares	18%	37%	0%	21%
4	Corporate bonds and other bonds	7%	0%	0%	4%
5	Funds with less frequent trading	1%	0%	0%	1%
6	Unquoted shares, Private Equity, Private Debt, directly owned properties, infrastructure and forest	30%	0%	57%	25%

Investments in accordance with the prudence principle

Each of the Group's insurance company's investment guidelines also state that the investment assets are to be invested by taking into account each company's liquidity needs for meeting their commitments.

C.4.2 Risk concentration

Länsförsäkringar AB believes that the Group does not have any concentrations of liquidity risk.

C.4.3 Risk-reduction techniques

Liquidity risk is minimised by the predominant proportion of investments being made in securities with high liquidity that are listed on established exchanges. To further limit liquidity risks, rules exist on how investments are to be made in unquoted assets.

C.4.4 Risk sensitivity

The risk sensitivity for the liquidity risk in the Group's insurance companies is low. Investments are primarily made in assets with high liquidity in well-established markets, which limits liquidity risk.

C.5 Operational risk

Operational risk refers to the risk of losses arising due to inappropriate or faulty internal processes, human error, faulty systems and external events, and includes legal and compliance risks.

C.5.1 Risk exposure

Länsförsäkringar AB divides its operational risks into product and process risks, personnel risks, security risks, IT risks, legal risks, compliance risks and model risks. The operational risks are described in the table below.

5) Credit Support Annex. CSA agreements refer to an Appendix to ISDA agreements. The CSA agreement regulations how collateral is to be pledged for outstanding liabilities in the form of cash and cash equivalents or securities.

Table C5(1): Operational risks that the Länsförsäkringar AB and its consolidated insurance subsidiaries are exposed to and tools for assessing and managing risks

Risk	Description	Tools
Product and process risks	Product and process risks refers to the risk of losses arising due to established work procedures not functioning well, being unknown to employees or not being appropriate. This type of risk could result in, for example, the incorrect management of products, transactions and reporting.	Process analyses with key controls Approval process Self-assessments Incident reporting Threat scenario analysis Governance documents
Personnel risks	Personnel risk refers to the risk of losses arising due to unclear areas of responsibility, inadequate know-how needed for work duties, or a shortage of personnel in relation to work duties. Other risks could entail a conflict of interests for personnel and deviations from statutory confidentiality. This type of risk could result in, for example, work duties not being performed on time or correctly.	Governance documents Suitability assessment Analyses of conflicts of interest Threat scenario analysis Self-assessments Incident reporting
Legal risks and compliance risks	Legal risks refer to the risk of the company not ensuring or monitoring compliance with laws, regulations or other relevant rules and recommendations, or that signed agreements or other legal documents are not correct and valid, not archiving agreements and other legal documents or the company not managing and following up legal processes. Compliance risks refer to the risk that the company does not comply with laws, regulations, provisions and general advice from the Finansinspektionen or European authorities or other relevant regulations and recommendations for licensable operations. Compliance risks also entail the risk of the company not complying with internal rules in this area and thereby being exposed to the risk of authorities imposing sanctions or making other remarks.	Approval process Threat scenario analysis Self-assessments Incident reporting Governance documents
IT risks	IT risks refer to the risk of IT systems not being available to the extent decided or not being sufficiently secure. Cyber risk, defined as risks inherent in the use or transfer of digital data, is included in most of the risks described above. This type of risk could result in, for example, customer assignments not being performed or information being available to unauthorised users.	Governance documents Threat scenario analysis Self-assessments Incident reporting
Model risk	The risk of losses arising due to decisions that are primarily based on the results of models on the basis of errors in the production, implementation or use of such models.	Governance documents Validation Key controls
Security risks	The risk of losses arising due to the company being exposed to external crimes or internal fraud. This type of risk could result in, for example, financial losses or brand risks.	Threat scenario analysis Self-assessments Incident reporting Governance documents

C.5.2 Risk concentration

The Group believes that there are no material concentrations of operational risk.

C.5.3 Risk-reduction techniques

Work on operational risk is based on Group-wide methods that encompass business-critical processes and key controls as well as reported incidents and the operations' self-assessment of operational risk. All employees are responsible for actively managing operational risk within their individual operations. The department that takes the risk owns the risk, which means that the daily management of operational risk primarily takes place in the business operations. Risks are minimised by proactive preventive measures and awareness of operational risk in every decision-making situation.

The process of managing and controlling operational risk includes identifying, measuring, monitoring, managing and reporting. Business-critical processes and associated risks have been analysed and documented. Controls of process risks are performed every quarter and reported to each company Board. Operational risk analyses are performed annually. Operational risks are identified, the potential consequences evaluated and probability of the risk occurring assessed. Action plans are prepared for material risks, which are followed up every quarter at management level.

The Group has a Group-wide framework for identifying, measure and documenting risks in the decision-making process for decisions that are expected to have a material impact on the Group's profitability, risk profile, organisation and brand. Furthermore, the organisation applies a special process for the approval of new investment assets that aims to highlight and manage potential risks prior to investments in a new class of asset, type of instrument or fund.

The Group's continuity management involves preparing business contingency, continuity and restoration plans to manage incidents before, during and after a crisis has occurred. The overall goal for security work is to protect the organisation's assets from all types of threats – internal or external, intentional or unintentional. Security activities are conducted in accordance with the information security standards SS-ISO/IEC 27001:2014 and 27002:2014 and the normative standard in business continuity management SS-ISO/IEC 22301.

The companies in the Group may, from time to time, outsource parts of the operations to external contractors, for example, to enhance the efficiency of operations. In order to maintain a high level of control, the contractors' guidelines address issues including the procurement skills of the companies, suitability assessment, impact analysis and business contingency plans.

C.5.4 Risk sensitivity

The Group regularly carries out exercises to ensure that every company is highly capable of managing crisis situations. Exercises and testing comprise both manual response procedures and automated IT support. Desktop and system testing of applications and administration objects are carried out annually. Large-scale crisis management exercises are conducted at least every three years. Desktop and system testing of applications and administration objects and crisis management exercise were carried during the year according to plan. The result of the tests and exercise showed that the Group's companies have a sound ability and business contingency to manage crises that arise.

C.6 Other material risks

In addition to the risks described above, the Group is also exposed to business risks, emerging risks, climate risks and group risks.

- Business risk pertains to the risk of lower earnings, higher expenses or loss of confidence from customers or other stakeholders.
- Emerging risks refers to new or changed behaviour patterns, situations or trends that may have a material impact on the company's financial situation, market position or brand in a negative direction within the company's business planning horizon.
- Climate risk refers to risks arising from the direct and indirect consequences of climate change, such as a higher average temperature on Earth, more instances of extreme weather conditions and gradually rising sea levels.
- Group risk refers to the risks associated with the complexity of conducting both banking operations and life-assurance and non-life insurance operations in the same group.

C.6.1 Risk exposure

The Group's exposure to business risks follows the business strategies decided where the business planning process and results from business risk analyses comprise important instruments in managing challenges associated with harmonising the subsidiaries' strategies and objectives with each other at Group level. Due to the strong brand connection between the companies in the Group, diminished confidence in one of the companies could entail a reputation risk that damages the brand and thus other companies in the Länsförsäkringar AB Group as well as the entire Länsförsäkringar Alliance.

Exposure to group risks arises by the Group conducting both insurance and banking operations that are subject to different regulations. Simultaneously operating under rules for financial conglomerates, capital adequacy rules for banks (CRR/CRDIV) and regulations for insurance companies (Solvency II) leads to higher costs and could affect the Länsförsäkringar AB Group's competitiveness in relation to its competitors that do not have the same group structure.

Climate risk could directly or indirectly increase other risks, such as insurance, market or brand risks. Global warming and the resulting extreme weather events, such as storms, torrential rain, flooding and drought, could increase insurance claims. Länsförsäkringar AB invests in companies all over the world, through its own management and via externally managed funds and mandates. There is a both market risk and a business risk for Länsförsäkringar AB that these companies are associated with violations of human rights, corruption and environmental conventions.

New risks, emerging risks, can arise over time due to changed conditions in the external business environment or internal circumstances. This could be a brand new behaviour pattern that presents a new risk or a risk that changes its nature and thus should be managed in a new way. it could also be a risk that has previously been deemed to be immaterial but that has become material. Examples could be the emergence of new economies, technological advances and social-political changes, etc.

C.6.2 Risk concentration

The Group has not identified any concentrations of the risks described above.

C.6.3 Risk-reduction techniques

Business risks are managed at Board and management level through analyses and decisions prior to making strategic choices on the direction of the operations. Business risk analyses are carried out in the annual business planning process, but are also performed in the interim if required due to changes in the external environment or in connection with business decisions. The specific business risks that are deemed to be the most important at any given time are continuously monitored at management level.

Group risks are identified and managed as part of the continuous risk-management activities and in the Group's and insurance subsidiaries' annual ORSA and in the Group's recovery plan. Continuous monitoring of regulatory developments and efficient processes for identifying, measuring and reporting risks are key tools for keeping group risks at a low level.

Climate risks are analysed as part of the Group-wide annual strategy and business planning process and are limited by taking proactive measures. To reduce this risk, the Group engages an external ethics consultant that analyses all listed equities and credit bonds in the investment portfolios based on international conventions, including human rights, and has reduced the risk in its investments since 2016 by divesting a large number of coal companies. Länsförsäkringar works actively on claims-prevention measures to reduce insurance claims caused by climate risks.

Emerging risks are identified and managed as part of the continuous risk-management activities and in the Group's and insurance subsidiaries' annual ORSA and in the Länsförsäkringar Bank Group's internal capital and liquidity adequacy assessment process (ICAAP and ILAAP) for the consolidated situation. The materiality of the risk determines whether action is to be taken and the nature of the risk governs the appropriate course of action.

C.6.4 Risk sensitivity

The Group's sensitivity to business and group risks is deemed to be moderate due to a robust risk-management system that includes an annual ORSA.

C.7 Other information

There is not deemed to be any other relevant information to be provided in this section.

D | Valuation for solvency purposes

Under the Solvency II regulations, assets and liabilities are to be measured at market value in Solvency II balance sheet. The market values of the investment assets can often be read in the financial markets, while the market values of, for example, technical provisions that are not bought or sold to any great extent must be calculated by applying an approximate method.

The Group and the subsidiaries value assets and liabilities in the Solvency II balance sheet according to the following main principles.

- Assets are valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1a.
- Liabilities are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction, in accordance with the Solvency II Directive, 2009/138/EC, Article 75:1b.
- Assets and liabilities are to be valued based on the assumption that the undertaking will pursue its business as a going concern, in accordance with Article 7 of the Commission Delegated Regulation (EU) 2015/35.

The Group values its assets and liabilities in the financial statements in accordance with IFRS. Assets and liabilities are to be revalued if the Solvency II regulations prescribe different valuation rules to IFRS. In most cases, the IFRS and Solvency II balance sheets are the same. The Group's Solvency II revaluations are described in section D.1 and D.3 below.

The Solvency II balance sheet for the Group includes the Parent Company Länsförsäkringar AB and the insurance subsidiaries Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Grupppliv. The capital requirement and own funds of Länsförsäkringar Bank and its subsidiaries are to be added to the Group's capital requirements and own funds. Länsförsäkringar Liv's capital requirement and own funds must also be added, but own funds are included at a maximum of the company's solvency capital requirement.

No assumptions on future management decisions are deemed to have a material impact on the carrying amounts in the Solvency II balance sheet.

D.1 Assets

D.1.1 Valuation of assets

In accordance with QRT s.02.01 (refer to Appendix 1.1), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2017 for the Group with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts. The Group's balance sheet does not include Länsförsäkringar Liv or Länsförsäkringar Bank.

Table D1(1): Assets and liabilities, 31 Dec 2017

Assets (TSEK)	Financial statements[6]	Revaluation	Solvency II amount
Property, machinery & equipment for own use	2,919,773	–	2,919,773
Shares and participations in subsidiaries and associated companies	8,485,358	5,134,639	13,619,997
Equities	929,349	–	929,349
Bonds	6,680,574	–	6,680,574
Mutual funds	3,748,926	–	3,748,926
Derivatives	56,695	–	56,695
Assets unit-linked insurance or index-linked insurance	124,729,507	–	124,729,507
Cash and bank balances	2,121,409	–	2,121,409
Other assets	18,880,536	-7,657,020[7]	11,223,518
Total assets	**168,552,129**	**-2,522,381**	**166,029,748**

[6] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items and that investments are also included in accrued interest that according to IFRS is recognised in the item "accrued income."
[7] Revaluation of other assets primarily refers to goodwill of TSEK -538,396, deferred acquisition costs of TSEK -1,298,749, intangible assets of TSEK –3,334,826 and reinsurance receivables of TSEK –2,467,848.

Liabilities (TSEK)	Financial statements	Revaluation	Solvency II amount
Technical provisions gross before ceded reinsurance			
Non-life insurance	14,413,116	–3,189,631	11,223,486
Life assurance excluding unit-linked insurance	5,086,534	–99,456	4,987,078
Unit-linked insurance or index-linked insurance	124,986,596	-10,277,492	114,709,104
Other liabilities (refer to section D.3)	4,608,830	138,674	4,747,504
Total liabilities	**149,095,076**	**–13,427,905**	**135,667,172**
Assets less liabilities	**19,457,052**	**10,905,524**	**30,362,576**

D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the Group's material assets items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements. The items described below derive from the Group's balance sheet in the table above and from the subsidiaries' balance sheets or are included in the item Other assets.

Goodwill

Included in the item Other assets. The item is not assigned a value in the Solvency II balance sheet since it is to be valued at zero. According to the financial statements, goodwill is valued at cost adjusted for any accumulated impairment and pertains to acquisitions of insurance portfolios. Goodwill is distributed to cash-generating units and is tested for impairment at least once annually.

Deferred acquisition costs (DAC)

Included in the item Other assets. Intangible assets, such as deferred acquisition costs, are valued at market value if they are separable, can be sold separately and if the valuation is based on quoted market prices on active market for the same or similar assets. These conditions are not met since the item deferred acquisition costs is not separable and cannot be sold separately and thus the item is valued at zero in the Solvency II balance sheet.

Selling expenses that have a clear connection to underwriting insurance contracts are capitalised as Deferred acquisition costs in the balance sheet and are depreciated over the useful life according to the financial statements.

Other intangible assets

Included in the item Other assets. Other intangible assets are valued at market value of they are separable, can be sold separately and if the valuation is based on quoted market prices on active market for the same or similar assets. The other intangible assets that the Group recognises in the financial statements refer to proprietary IT systems, acquired IT systems and acquired customer assets. None of these assets are deemed to meet the requirement of being possible to sell with a valuation that can be attributed to quoted market prices in active markets. This means that the item does not have any value in the Solvency II balance sheet.

Other intangible assets in the financial statements are valued at amortised cost less accumulated amortisation and impairment. This differs from the Solvency II valuation under which the value is zero.

Deferred tax assets

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. Deferred tax assets are recognised only to the extent that it is likely that taxable surplus will be available against which to utilise the deferred tax assets. The revaluation between Solvency II and the financial statements also entails a calculation of deferred tax assets or tax liabilities for applicable items. The item deferred tax assets is recognised net in the Solvency II balance sheet against calculated deferred tax liabilities.

In terms of reporting, there is no difference in the principles for calculating deferred taxes between the financial statements and Solvency II, except for the revaluations to be carried out under Solvency II.

Property, machinery and equipment for own use

This asset item primarily pertains to property for own use (owner-occupied property). There are not normally active markets for owner-occupied property, which is why fair value is estimated using models based on discounted cash flows. The method applied to the calculation of fair value is a combination of the location-price method, based on reported purchases of comparable properties, and an income approach. The income approach is based on a calculation of the present value of future actual cash flows in the form of operating net, which has been successively adjusted to market, over 10 years and the present value of the estimated residual value in year 10. The residual value was estimated by performing a constant capitalisation of an estimated market-adjusted operating net. The assessment entails an alternative valuation method. The valuation is based on a combination of the market and income approach. The market approach makes use of prices generated by market transactions with identical or similar assets. The income approach recalculates future cash flows to a present value amount.

There are no differences in valuation principles and assumptions between the financial statements and Solvency II.

Investments

Shares in subsidiaries and associated companies

At group level, shares in subsidiaries that are not consolidated in the Solvency II balance sheet refer to holdings of unquoted shares in Länsförsäkringar Bank, which are valued in the Solvency II balance sheet according to the adjusted equity method, entailing participating interests in the company's equity. The wholly owned insurance company Länsförsäkringar Liv, which is operated in accordance with mutual principles and is not consolidated in Länsförsäkringar AB, was not recognised in any amount in the Solvency II balance sheet. Shares in associated companies refer to holdings of unquoted shares. These shares are also valued in the Solvency II balance sheet according to the adjusted equity method, which corresponds to the IFRS rules at group level.

Equities

Equities refer to holdings of both quoted and unquoted shares. The valuation techniques for quoted shares applied are based on market data as far as possible, whereas company-specific information is used a little as possible. Holdings of unquoted shares are measured at cost for cases in which it is not possible to determine a fair value reliably. There are differences in the valuation of equities between the IFRS and the Solvency II balance sheets.

Bonds

Bonds refer to holdings of government bonds and corporate bonds that are essentially quoted in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date. The valuation techniques applied are based on market data as far as possible, whereas company-specific information is used as little as possible.

Mutual funds

Mutual funds primarily refer to equities funds and interest-bearing funds that are essentially quoted in an active market. The fair value was calculated based on the quoted buying-rate of the assets on the balance-sheet date.

Derivatives
The calculation bases for derivatives may differ. For derivatives quoted in an active market, the fair value is determined as the quoted price. However, for derivatives not quoted in an active market, the fair value is determined by applying a valuation technique. This technique is based on discounted expected future cash flows. Apart from shares in subsidiaries, no revaluations are made between the financial statements and Solvency II.

Assets in unit-linked insurance or index-linked insurance
For this class of asset, Länsförsäkringar holds unit-linked insurance assets policyholder bears the risk. The calculation base for the valuation is prices quoted in an active market. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Cash and bank balances
The calculation base for cash and bank balances in the solvency calculation is the nominal amount, which is deemed to be a suitable base for calculating fair value. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

Other assets
Other assets may refer to Reinsurers' portion of technical provisions, Deposits with companies that have ceded reinsurance, Insurance and broker receivables, Receivables from reinsurers and Receivables (operations, not insurance) and prepaid expenses and accrued income. No special calculation methods were used for the items encompassed by Other assets. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

D.1.3 Material differences between the Group's valuation principles and those used by its subsidiaries
There are no material differences between the Group's and the subsidiaries' valuation principles applied to valuations for solvency purposes.

D.1.4 Other information about assets

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty
When calculating technical provisions, an actuarial estimate of anticipated additional costs for claims incurred and expenses for claims that may be incurred during the remaining term of the insurance policy is made. Another area that involves uncertainty in estimates is the depreciation period for deferred acquisition costs for unit-linked insurance contracts. The assumption for the depreciation period is based on statistics relating to the terms of the insurance contracts.

The uncertainty of the valuation of the currency and interest-rate derivatives described in the section above is deemed to be low since the theoretical value is based on observable data and the fact that standard systems are used.

IFRS 9 Financial Instruments took effect on 1 January 2018 and largely replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard contains new requirements for the classification and measurement of financial instruments, new hedge accounting rules and an expected loss impairment model. In September 2016, the IASB amended IFRS 4 Insurance Contracts to allow insurance companies to use an exception to start applying IFRS 9 on 1 January 2018. This exemption has been approved by the EU and means that insurance companies can instead choose to start applying IFRS 9 at the same time as the future standard IFRS 17 Insurance Contracts, that is from the 2021 fiscal year. Länsförsäkringar AB's insurance subsidiaries do not intend to make use of this exemption. The transition to IFRS 9 does not entail any material reclassification of financial assets in the Group and thus does not impact the carrying amounts of the assets. In 2017, the Group further analysed the options for hedge accounting under IFRS 9 and decided to make use of the exceptions that entail that the rules in IAS 39 can continue to be applied for all hedging relationships. The impairment model under IFRS 9 encompasses financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income, financial guarantees and loan commitments. According to IFRS 9, provisions for credit losses are to be calculated on initial recognition, which differs from the former accounting rules in IAS 39. The expected loss impairment model is based on dividing the financial assets into three different stages. Stage 1 comprises assets for which the credit risk has not increased significantly since initial recognition. Stage 2 comprises assets for which the credit risk has increased significantly since initial recognition, but the asset is not credit-impaired. Stage 3 comprises credit-impaired assets. Estimating the loss allowance for stage 1 is to correspond to the 12-month expected credit losses (ECL). For stages 2 and 3, estimating the loss allowance is to correspond to the full lifetime expected credit losses. The approach selected to assess the significant increase in credit risk is to compare probability of default (PD) on the reporting date in question with PD from the initial reporting date. In addition, a credit risk is deemed to have increased significantly for assets that are more than 30 days past due. The effect of the transition from IAS 39 to IFRS 9 is recognised as an adjustment of equity (after tax) in the opening balance for 2018. A calculation of the provision for expected credit losses under IFRS 9 was performed on 1 January 2018. A method has been established for calculating expected credit losses for the Parent Company's and insurance companies' other receivables and cash balances, which are valued at amortised cost. The assessment is that this will not have a material impact on the companies' financial statements.

IFRS 15 Revenue from Contracts with Customers will take effect for fiscal years beginning on or after 1 January 2018 and will then replace all previously issued standards and interpretations on revenue. The standard contains a single model for recognising revenue from contracts with customers that is not encompassed by other standards (for example, IFRS 4 Insurance Contracts and IFRS 9 Financial Instruments). Länsförsäkringar AB has carried out a Group-wide project on the implementation of IFRS 15 and analysed the effects. This work resulted in reclassifications being made in the income statement. Rebating of commissions and fund discounts will be recognised net instead of gross, as previously. The Group will apply the future-oriented retrospective transition method, which entails that the Group will recognise the effects of IFRS 15 as an adjustment to the opening balance of retained earnings on 1 January 2018. No effect of the transition to IFRS 15 that is to be recognised in equity had been identified on 31 December 2017.

IFRS 16 Leases will replace IAS 17 Leases on 1 January 2019. Early adoption is permitted provided that IFRS 15 Revenue from Contracts with Customers is also applied. The Group will not apply the standard in advance. For lessees, the new standard means that essentially the same lease agreements are to be recognised in the statement of financial position. Leases are not to be classified as operating or finance. The standard provides certain recognition exemptions for lessees for assets of low value and for leases with a term of 12 months or less. For lessors, the rules under IAS 17 remain basically unchanged, and the classification of either operating or finance leases is to continue according to the current leasing standard.

IFRS 17 Insurance Contracts was published on 18 May 2017 and will replace the existing standard IFRS 4 Insurance Contracts. The new standard has not yet been approved by the EU but is expected to come into effect for fiscal years beginning on or after 1 January 2021. The standard will eliminate contradictions and weaknesses in the existing method by providing a principle-based set of rules for recognising insurance contracts. The new standard will also impose expanded disclosure requirements to increase comparability between different companies. Länsförsäkringar AB is running a Group project to analyse the effects of the new standard. The project is in the pilot study stage.

D.2 Technical provisions

Technical provisions are valued at the relevant amount that each company in the Group would need to pay if it were to immediately transfer its insurance and reinsurance obligations to another insurance company. The value is calculated as the total of the best estimate and a risk margin.

An outline of the valuation principles for the technical provisions applied by the Group is provided below. A more detailed description of the bases for calculation, methods and main assumptions, including a description of the degree of uncertainty related to the value of the technical provisions, is provided in the separate reports for the subsidiaries below.

D.2.1 Valuation of technical provisions

Best estimate

The best estimate corresponds to the probability-weighted average of future cash flows, taking account of the time value of money (expected present value of future cash flows). A discount rate is used according to the Solvency II rules for the best estimate and the risk margin under Solvency II, based on the risk-free base interest rate being calculated on the rate for interest-rate swaps, adjusted to take account of credit risk.

The calculation of the best estimate shall be based upon up-to-date and credible information and realistic assumptions and be performed using adequate, applicable and relevant actuarial and statistical methods. The cash-flow projection used in the calculation of the best estimate shall take account of all the cash in and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof. The calculation is to take account of the contractual options of the policyholders and the company, and option assumptions are updated every year based on the company's statistics. For products with a conditional bonus in Länsförsäkringar Liv and Länsförsäkringar Fondliv, the time value of the guarantee is included in the calculation of the best estimate.

Risk margin

The risk margin is calculated to correspond to the cost of maintaining the capital that corresponds to the solvency capital requirement needed to meet the Group's commitments until they have been finally settled. The margin is calculated using the cost of capital method, with the rate of 6 percent as stipulated in the rules, separately for the individual companies in the Group and separately for the life assurance and non-life insurance in the individual companies. The trend in the solvency capital requirement is assumed to be proportional to the best estimate for existing insurance obligations over their lifetime. Accordingly, the Group makes use of method number 2 of EIOPA's Guidelines on the valuation of technical provisions EIOPA-BoS-14/166 SV for the trend in the solvency capital requirement. For Länsförsäkringar Liv, the risk margin has been subsequently segmented over the business lines at the same proportions as the individual best estimates calculated for each business line are segmented. Länsförsäkringar Fondliv segments the risk margin in proportion to the solvency capital requirement for each business line. For the Länsförsäkringar Sak Group, the risk margin is first calculated separately for each individual business line, without taking account of diversification, and as a total for the entire company. The risk margin for the entire company is then segmented over the business lines at the same proportions as the individual risk margins are segmented.

Technical provisions gross before ceded reinsurance on 31 December 2017 by insurance company in the Group are presented in the table D2(1).

Table D2(1): Technical provisions gross before ceded reinsurance, 31 Dec 2017

Operations (TSEK)	Best estimate	Risk margin	Technical provisions
Länsförsäkringar Sak	11,098,887	114,710	11,213,597
Agria	1,466,620	23,203	1,489,823
Länsförsäkringar Grupplív	89,273	2,196	91,469
Länsförsäkringar Fondliv	115,815,041	2,309,737	118,124,778
Länsförsäkringar Liv	87,441,380	1,897,531	89,338,911
Total	**215,911,202**	**4,347,377**	**220,258,579**

The best estimate in the table above includes the technical provisions of TSEK 1,855,654 calculated as a whole, including the risk margin, for the pension product of Insured Pension in Länsförsäkringar Liv.

Material changes in valuation principles compared with preceding reporting period

The main reason for the changes in the technical provisions during the year are premium payments, claims payments and changes in value of unit-linked insurance. Länsförsäkringar Fondliv's method for determining cancellation assumptions was changed in 2017, which increased the technical provisions. In the second quarter of 2017, Länsförsäkringar Liv changed its calculation platform for the products of Health Insurance and Premium Exemption, which reduced the technical provisions. Länsförsäkringar AB and its insurance subsidiaries did not make any other material changes to the assumptions used in the calculation of the technical provisions in 2017.

D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions (gross) are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and Finansinspektionen's regulations and general guidelines.

D.2.3 Material differences between the Group's valuation principles and those used by its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the Group's subsidiaries in valuations for solvency purposes.

D.2.4 Other information about technical provisions

Recoverables from reinsurance contracts and special purpose vehicles

Reinsurers' portion of technical provisions, calculated annually, are presented below.

Table D2(2): Reinsurers' portion of technical provisions

Operations (TSEK)	31 Dec 2017
Länsförsäkringar Sak	7,972,318
Agria	6,611
Länsförsäkringar Grupplív	0
Länsförsäkringar Fondliv	28,638
Länsförsäkringar Liv	524,214
Total	**8,531,780**

Other information about technical provisions

Länsförsäkringar AB and its insurance subsidiaries do not apply the matching adjustment, volatility adjustment or the transitional measures for the risk-free interest rate term structure or the transitional measures for calculating technical provisions.

D.3 Other liabilities

The following section encompasses all categories of liabilities that are deemed to be material to Länsförsäkringar AB, except technical provisions.

D.3.1 Valuation of other liabilities

In accordance with QRT s.02.01 (refer to Appendix 1.1), the following table shows the material liability items, excluding technical provisions, on 31 December 2017 for the Group with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table: D3(1): Other liabilities, 31 Dec 2017

Other liabilities (TSEK)	Financial statements[8]	Revaluation	Solvency II amount
Deferred tax liabilities	526,666	115,185	641,851
Liabilities to insurance companies and brokers	984,539	–	984,539
Liabilities (operations, not insurance)	811,440	4,892	816,332
Accrued expenses and deferred income	1,793,573	18,597	1,812,170
Other liabilities	492,612	–	492,612
Total other liabilities	**4,608,830**	**138,674**	**4,747,504**

[8] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items and that investments are also included in accrued interest that according to IFRS is recognised in the item "accrued income."

D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

This section addresses the valuation principles, methods and main assumptions used to value the Group's material liability items under the Solvency II rules. It also describes, where applicable, how such valuations differ from valuations in the financial statements.

Deferred tax liabilities

Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The item deferred tax liabilities is recognised net against estimated deferred tax assets. Deferred taxes are recognised and valued in relation to all assets and liabilities, including technical provisions recognised for solvency purposes. In addition, deferred tax assets are assigned a positive value only if it is likely that taxable surplus will be available against which to utilise the deferred tax assets. This corresponds to the valuation of deferred tax in the financial statements.

The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II. In terms of valuation, there is no difference between the financial statements and Solvency II, except for the revaluation amounts under Solvency II.

Table D3(2): Deferred tax liabilities, 31 Dec 2017

TSEK	Financial statements	Revaluation	Solvency II amount	Date of maturity
Non-deductible pension costs	-9,257	-	-9,257	
Impaired loans	-3,239	-	-3,239	31 Dec 2018
Other financial investment assets	1,084	-	1,084	
Direct depreciation, reconstructions	2,287	-	2,287	31 Dec 2019
Negative acquisition cost Humlegården HB	5,111	-	5,111	31 Dec 2019
Revaluation of properties	520,690	-60,499	460,191	
Loss carryforwards	-8,076	-	-8,076	
Excess depreciation	-	1,760	1,760	
Equalisation reserve	-	7,743	7,743	
Tax allocation reserve:				
-Reserve for 2012	-	11,664	11,664	31 Dec 2018
-Reserve for 2013	-	15,758	15,758	31 Dec 2019
-Reserve for 2014	-	25,333	25,333	31 Dec 2020
-Reserve for 2015	-	26,865	26,865	31 Dec 2021
-Reserve for 2016	-	18,994	18,994	31 Dec 2022
-Reserve for 2017	-	37,625	37,625	31 Dec 2023
Revaluation of intangible assets	865	-99,021	-98,156	
Revaluation DAC	-	-46,971	-46,971	31 Dec 2018
Revaluation technical provisions, net	-	193,135	193,135	
Total deferred tax liabilities	**509,465**	**132,386**	**641,851**	

Derivatives

Refer to section *D.1.2 Investments.*

Financial liabilities

Financial liabilities comprise debt securities in issue. The bases of calculation for financial liabilities regarding the solvency calculation are amortised cost, unrealised changes in value and accrued interest. Liabilities Financial liabilities are valued using quotes prices in active markets.

The bases of calculation and assumptions according to the financial statements are amortised cost and accrued interest, and differ from the valuation according to Solvency II for which market valuations are performed.

Other liabilities

Other liabilities refer to such items as Other provisions, Pensions and similar commitments, Deposits from reinsurers, Liabilities to insurance companies and brokers, Liabilities to reinsurers, Liabilities (operations, not insurance) and accrued expenses and deferred income.

No special calculation methods were used for the items encompassed by Other liabilities. There are no differences in bases for calculation and assumptions between the financial statements and Solvency II.

D.3.3 Material differences between the Group's valuation principles and those used by its subsidiaries

There are no material differences between valuation principles used at group level and the valuation principles used by the Group's insurance subsidiaries in valuations for solvency purposes.

D.3.4 Other information about other liabilities

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to section D.1.4 above.

Leases and pension provisions

The insurance group is a lessor and to a slight extent also lessee in the form of external lease contracts classified as operating lease and where expenses are recognised as rents.

The Group has a number of defined-benefit pension plans. One of these plans is a pension agreement for the insurance sector whereby persons born in 1955 or earlier are entitled to voluntarily retire from the age of 62. The terms and conditions of this plan are designed such that the pension comprises about 65 percent of the pensionable salary at age 62. The provision on 31 December 2017 amounts to TSEK 8,539.

In addition to this plan, there are a number of minor plans that mainly encompass employees who have already reached retirement age. These plans cover old-age pensions and in some cases also survivor's pension. The pension amounts are paid in relation to the final salary level when the employee retires and in the majority of cases are life annuities. In the event that upward adjustment of the pension has been agreed, the Group follows the norms applied by the Insurance Industry's Pension Fund (FPK).

The pension provision, except for early retirement, on 31 December 2017 amounts to TSEK 37,436.

Defined-contribution pension plans are plans according to which the company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions.

The pension agreement for the insurance industry, the FTP plan, through insurance with the FPK, is a multi-employer defined-benefit pension plan. FPK is unable to provide necessary information which is why the pension plans above are recognised as defined-contribution plans.

D.4 Alternative valuation methods

The default valuation method for solvency purposes under Solvency II is to value assets and liabilities at market value, meaning using quoted market prices for the same assets or liabilities. Where the use of quoted market prices in active markets for the same assets or liabilities is not possible, assets and liabilities using are to be valued using quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences. If this option is not alternative valuation methods, alternative valuation methods are to be used. Assets valued using alternative valuation methods are primarily illiquid assets such as unquoted shareholdings and properties.

For a number of balance-sheet items, alternative valuation methods are used in accordance with Article 10.5 of the Commission Delegated Regulation (EU) 2015/35.

An alternative valuation method is used for properties where a combination of the market approach and the income approach is applied. Refer also to section *D.1.2. Property, machinery and equipment for own use.*

An alternative valuation method is applied to unquoted shares. These are mostly valued at amortised cost. Refer also to section *D.1.2. Investments.*

An alternative valuation method is applied to certain bonds. Refer also to section *D.1.2. Investments.*

D.5 Other information

Material information about the valuation of the assets and liabilities for solvency purposes is presented in the commentary on each balance-sheet item and in the section on uncertainties.

E | Capital management (financing)

Own funds in Länsförsäkringar AB and its subsidiaries at group level amounted to TSEK 44,174,171 at year-end and comprises Tier 1 capital. The capital requirement amounted to TSEK 33,443,227, resulting in a healthy margin compared with the regulatory requirement and surplus capital of TSEK 10,730,944 above the regulatory requirement at group level at year-end.

Own funds rose TSEK 3,572,333 during the year, primarily through profit generation. The capital requirement also increased, although not to the same extent, by TSEK 3,322,696. In total, surplus capital at group level increased slightly compared with the end of the preceding year when surplus capital was TSEK 10,481,307.

Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included at group level than the amount corresponding to the company's solvency capital requirement, which was TSEK 12,170,418 at year-end. Länsförsäkringar Liv's surplus capital, amounting to TSEK 12,958,750 at year-end, is thus not included in the surplus capital calculated according to the regulatory requirements at group level.

E.1 Own funds

E.1.1 Management of own funds: Targets, governance and processes

The Länsförsäkringar AB Group applies Group-wide guidelines for financial and capital governance for ORSAs. The ORSA process is described in section *B.3.2. Own Risk and Solvency Assessment (ORSA)*. Governance documents in these areas apply jointly for Group companies, after adoption by the Board of the Parent Company and subsidiaries.

The business activities of the companies consolidated in the Länsförsäkringar AB Group are conducted for profit-making purposes to enable Länsförsäkringar AB to pay returns through value growth and dividends to the owners. All capital that is not required for operations that the Group is commissioned to conduct by the regional insurance companies is to be paid as a dividend over time, on the condition that a credit rating of A for the Group's credit-rated units can be justified. Länsförsäkringar Liv is a subsidiary that is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group. For this reason, specific considerations apply to capital management for this company.

Quantitative capital targets are set at both Group level and for each legal entity. These capital targets are decided every year by each Board and the Board of Länsförsäkringar AB. A target for the solvency ratio is set for each of the Group's insurance companies as well as a limit for the minimum level of acceptable capitalisation. The limit for the minimum level of acceptable capitalisation clearly exceeds the regulatory requirement of 100 percent. The solvency ratio refers to own funds divided by the solvency capital requirement. A capital target at a specific level is also set at Group level that is supplemented with a limit for the minimum level of acceptable capitalisation. The target level and the limit for the minimum level of acceptable capitalisation at Group level are also based on the contributions to own funds and capital requirements made by the operations in Länsförsäkringar Bank and its subsidiaries.

The Group's capital planning is conducted annually and is integrated into the business planning. These plans include the current year and three years in the future, and are prepared during the autumn. The process analyses the level of the capital requirement and the access to capital based on sales and profitability forecasts.

The purpose of the Group's capital planning is to ensure that own funds are sufficient for bearing the risks associated with realising the business plan in every subsidiary and at Group level. The analysis is based on the business plan activities and its base scenario, but also includes a demanding but realistic negative scenario and stress tests. The capital situation of the entire Länsförsäkringar AB Group can be highlighted by performing analyses of shared scenarios and stress tests. In addition, unit-specific stress tests are performed in the Group's insurance companies and in the banking operations to provide supplementary data on the capital situation of each subsidiary. The analysis is to be performed in such a manner that the Board and management of each subsidiary – and for the Group, the Board of the Parent Company – gain greater joint understanding of issues relating to capital structure, capital requirement and business contingency to reduce risks and acquire new capital.

Capital planning results in, for example, forecasts for the income statement and balance sheets at Group and subsidiary level, and the capital situation in relation to regulatory requirements. The process also creates a plan for dividends and contributions within the Group, and a plan for capital transactions between the Parent Company and its owners and issues of capital instruments to external investors.

After the capital planning has been documented and adopted by each subsidiary Board for its company, and the Parent Company's Board for the Group, the plans are regularly monitored throughout the year in quarterly reports. The plans are continuously updated during the fiscal year as required.

E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. Own funds in the companies encompassed by this report and own funds at group level solely comprise Tier 1 capital.

The items in own funds are divided into three tiers depending on the characteristics of each items in terms of their availability for loss absorption ("permanent availability"), the degree to which the items have a lower right to payment than other liabilities ("subordination") and the long-term nature of the items ("sufficient duration"). All own-fund items in Länsförsäkringar AB and in all insurance companies encompassed by this report have been classified as Tier 1, the highest level. At group level, Tier 1 instruments and subordinated debt issued by Länsförsäkringar Bank are included as own-fund items classified as Tier 1 and Tier 2, respectively.

Tier 1 instruments are classified as "restricted Tier 1" that may amount to a maximum of 20 percent of the total own-fund items in Tier 1.

Länsförsäkringar Fondliv and Länsförsäkringar Liv have reported that the regulations introduced through the EU's Solvency II Directive are applied to the entire operations. The transitional measures for occupational pension operations are thus not applied.

Table E1(1): Composition of own funds

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	31 Dec 2017	31 Dec 2016
Equity according to balance sheet	*24,857,082*	*22,528,890*
Ordinary share capital	1,042,459	1,042,459
Share premium reserve for ordinary share capital	5,483,958	5,483,958
Portion of reconciliation reserve included in the Group's equity	12,432,066	11,249,997
Equity attributable to bank excluding Tier 1 instruments	4,698,599	3,552,476
Tier 1 instruments issued in Länsförsäkringar Bank	1,200,000	1,200,000
Total equity	**24,857,082**	**22,528,890**
Other capital attributable to reconciliation reserve	5,069,554	4,464,020
Deductions for participations in associated credit institutions	-13,572,401	-12,801,424
Total own funds in associated credit institutions	15,649,518	14,977,384
Eligible own funds from Länsförsäkringar Liv	12,170,418	11,432,968
Total own funds	**44,174,171**	**40,601,838**

Own funds at group level increased during the reporting period by TSEK 3,572,333 to TSEK 44,174,171. The main reason for the increase is that equity increased TSEK 2,328,192, primarily due to net profit for the year and an increase in the revaluation of technical provisions that improved own funds by TSEK 757,705, mainly attributable to Länsförsäkringar Fondliv. For further information on own funds at group level and its composition (including the composition of the reconciliation reserve) at the end of the reporting period, refer to QRT s.23.01 in Appendix 1.1.

Description of individual sub-items in own funds in the table above

Ordinary share capital: Paid-in share capital according to Parent Company balance sheet.

Share premium reserve for ordinary share capital: Share premiums paid in connection with issues of share capital in the Parent Company.

Portion of reconciliation reserve included in the Group's equity: Statutory reserve, equity shares of untaxed reserves in the Group's consolidated insurance companies and retained earnings and net profit for the year and other reserves attributable to other comprehensive income in the Parent Company and the Group's consolidated insurance companies.

Equity attributable to bank excluding Tier 1 instruments: The bank's share of the Group's consolidated equity.

Other capital attributable to reconciliation reserve: Solvency revaluations of assets and liabilities for the Parent Company and the Group's consolidated insurance companies, the tax portion of parts of untaxed reserves in consolidated insurance companies, deductions for the Parent Company's proposed dividends and deductions for non-transferable funds.

Deductions for participations in associated credit institutions: Deductions are to be made in own funds for the carrying amount of participations in associated credit institutions according to the Solvency II balance sheet. The deduction refers to the wholly owned Länsförsäkringar Bank AB.

Total own funds in associated credit institutions: Associated credit institutions' total own funds at solo level, calculated according to the capital adequacy rules, including the most demanding outcome per company under the CRR/CRD IV rules and the Basel I transition rules.

Eligible own funds from Länsförsäkringar Liv: Since Länsförsäkringar Liv is operated in accordance with mutual principles, only the portion of own funds that correspond to the amount of the company's capital requirement may be included in the Group's own funds.

Reconciliation reserve

The reconciliation reserve primarily comprises the effects from the revaluation of assets and liabilities, retained earnings and other capital items that are not specified on a separate line. The composition of the reconciliation reserve is presented in the table below. Refer also to QRT s.23.01 in Appendix 1.1. For a specification of the items encompassed by Revaluation of items from the financial statements to the Solvency II balance sheet, refer to table E1(3) which presents a bridge from recognised equity to own funds.

Table E1(2): Specification of composition of reconciliation reserve at group level

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	31 Dec 2017	31 Dec 2016
Other equity than ordinary share capital and share premium reserve	10,664,413	9,620,656
Untaxed reserves	2,266,222	2,088,899
Revaluation of items from the financial statements to the Solvency II balance sheet	10,905,524	9,035,008
Non-transferable funds	-135,940	-278,070
Expected dividends	-300,000	-
Total reconciliation reserve	**23,400,219**	**20,466,493**

The largest item regarding the revaluation of items from the financial statements to the Solvency II balance sheet is the revaluation of technical provisions.

Table E1(3) in section *E.1.4. Bridge from recognised equity to own funds* shows to adjustments made on 31 December 2017 from recognised equity in the consolidated balance sheet to calculate the Group's own funds.

E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

The items that may comprise own funds to cover the solvency capital requirement are primarily the same as those to cover the minimum capital requirement (the minimum capital requirement only applies to legal entities, not at group level). The differences take the form of stricter rules on the Tier classification of the items for covering the minimum capital requirement. Own-fund items in Tier 3 are not permitted to be used at all for covering the minimum capital requirement, and a smaller portion of Tier 2 own-fund items may be used for covering the minimum capital requirement compared with the portion of own-fund items permitted for covering the solvency capital requirement.

Own funds in insurance companies comprise only Tier 1 own-fund items. Own funds in insurance companies to cover the minimum capital requirement are thus the same as own funds to cover the solvency capital requirement.

As stated in the preceding section, the group level has two items that are classified as restricted Tier 1 and Tier 2. However, these items are not of such a high amount that they infringe the limitation rules established for how items may be included in own funds to cover the capital requirement. Accordingly, the own-fund items that exist may be included in the Group's own funds in their entirety to cover the solvency capital requirement. Own funds at group level on 31 December 2017 amounted to TSEK 44,174,171, as stated in the preceding section.

E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds at group level. More detailed explanations on the rules for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2.

Table E1(3): Bridge from recognised equity to own funds

Länsförsäkringar AB and its subsidiaries, group level (TSEK)	31 Dec 2017
Equity according to statutory accounts	24,857,082
Subordinated debt	2,591,700
Revaluation of goodwill	–538,396
Revaluation of intangible assets	–4,304,079
Revaluation of deferred acquisition costs	–1,298,749
Revaluation of technical provisions	11,080,134
Revaluation of deferred tax	–132,386
Eligible own funds from Länsförsäkringar Liv	12,170,418
Deductions for unavailable funds at group level	–135,940
Other items	–115,613
Total own funds	**44,174,171**

The following section E.1.5 addresses issues regarding own funds at group level and provides additional disclosures on information presented in the table above and here.

Goodwill, intangible assets and deferred acquisition costs are not assigned a value in the Solvency II balance sheet under the solvency rules, which is why the revaluation had a negative impact on own funds.

Technical provisions are revalued in accordance with the solvency rules. The largest item refers to the unit-linked insurance operations in Länsförsäkringar Fondliv. The valuation of technical provisions in accordance with the solvency rules is described in the section *D.2 Technical provisions*.

Own funds in Länsförsäkringar Bank and its subsidiaries are included in the group's own funds by applying the rules on own funds in the banking sector. This results in an add-on to own funds for the banking operations according to the sector's rules and adjustments to eliminate the portion of the Group's equity that is attributable to the banking operations. Länsförsäkringar Bank's own funds includes subordinated debt.

Länsförsäkringar Liv is included at group level by applying the deduction and aggregation method. Since Länsförsäkringar Liv is conducted in a mutual form, no more of its own funds can be included than the amount corresponding to its solvency capital requirement.

The deductions made for surplus capital in the legal entity not being available in its entirety at group level refer to the fact that the contingency reserve in Agria is large in relation to the company's share of the Group's solvency capital requirement.

E.1.5 Specific information about own funds at group level

Method for calculating own funds at group level

Own funds at group level are calculated, with the exceptions listed below, by applying the consolidation method stipulated in the IBA and the Commission Delegated Regulation (EU) 2015/35. Länsförsäkringar AB and the Group's profit-distributing insurance companies are consolidated. Own funds for Länsförsäkringar Bank and its subsidiaries are included in accordance with the banking sector rules. Länsförsäkringar Liv is included by utilising the deduction and aggregation method in accordance with the permit received from Finansinspektionen.

Own-fund items at group level are issued by Länsförsäkringar Bank

Länsförsäkringar Bank has issued Tier 1 instruments and subordinated debt. These are included in Länsförsäkringar Bank's own funds, according to the banking sector rules, as follows:

Table E1(4): Länsförsäkringar Bank Tier 1 capital and subordinated debt, 31 Dec 2017

Type of instrument (TSEK)	Amount	Classification according to banking sector rules
Tier 1 instruments	1,200,000	Tier 1 capital (AT1)
Subordinated debt	2,591,700	Tier 2 capital (T2)

Länsförsäkringar Bank's Tier 1 instruments and subordinated debt were classified as restricted Tier 1 and Tier 2, respectively, when included in the Group's own funds.

Calculating the Group's own funds taking into account internal transactions

All internal items that impact own funds were eliminated in the calculation of own funds for Länsförsäkringar AB and its subsidiaries at group level.

Limitations on transferability and capacity to absorb losses

The contingency reserves in Länsförsäkringar Sak and Agria are deemed to be own-fund items that are not available to absorb losses in other parts of the Länsförsäkringar AB Group. Accordingly, they have been included in own funds at group level only to the extent that the contingency reserve in each company corresponds to that company's share of the solvency capital requirement for the insurance operations at group level excluding Länsförsäkringar Liv. This resulted in a deduction of TSEK 135,940 in the calculation of the Group's own funds on 31 December 2017 There are not deemed to be any own-fund items, in the Länsförsäkringar Sak Group's companies or in the other companies in the Länsförsäkringar AB Group for which the consolidation method is applied, that are of such a nature that they are to be included in the Group's own funds at only the corresponding company's share of the Group's solvency capital requirement.

Since Länsförsäkringar Liv is operated in mutual form, no more of its own funds may be included in the Group's own funds than the amount corresponding to Länsförsäkringar Liv's solvency capital requirement.

E.1.6 Other information about own funds

None of the companies encompassed by this report make use of any of the transitional measures for including certain instruments in own funds. Such options refer to instruments that are not otherwise approved under current regulations but that were approved own funds instruments under the previous rules.

The option of including a type of ancillary own funds in own funds is also not used.

None of the companies have any ring-fenced funds or use matching adjustment that would give rise to a deduction from own funds.

E.2 Solvency capital requirement and minimum capital requirement

E.2.1 Amount of solvency capital requirement and minimum capital requirement

The following table shows the amount of the solvency and, where applicable, the minimum capital requirement as a total and per company included in the Group on 31 December 2017 and 2016. Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added to the Group by using the deduction and aggregation method. The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation of the floor for the Group's consolidated solvency capital requirement (refer to section E.4.8). The minimum capital requirement for Länsförsäkringar Sak comprises the total of the minimum capital requirements for Agria, Länsförsäkringar GrupplIv and the Parent Company Länsförsäkringar Sak.

Table E2(1): Solvency capital requirement and minimum capital requirement

TSEK	2017 Solvency capital requirement	2017 Minimum capital requirement	2016 Solvency capital requirement	2016 Minimum capital requirement
Länsförsäkringar Liv*)	12,170,418	3,042,605	11,432,968	3,238,210
Länsförsäkringar Fondliv	7,005,730	1,751,433	6,674,781	1,668,695
Länsförsäkringar Sak**)	1,498,247	674,211	1,326,149	865,293
Parent Company Länsförsäkringar AB***)	375,063		338,959	
Diversification	-713,003		-752,888	
Capital requirement insurance	**20,336,456**	**2,715,154**	**19,019,969**	**2,533,989**
Capital requirement banking	**13,106,771**		**11,100,562**	
Capital requirement Länsförsäkringar AB Group	**33,443,227**		**30,120,531**	

*) Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added to the Group by using the deduction and aggregation method (method 2).
**) Including minimal capital requirement from Agria and Länsförsäkringar Grupppliv.
***) The Parent Company does not conduct any insurance operations and thus does not have its own solvency capital requirement. The Parent Company's capital requirement has been calculated in order to represent its risks in the solvency capital requirement at group level.

According to QRT s.25.02 (refer to Appendix 1.1), the table below shows the Group's solvency capital requirement specified by risk category according to Länsförsäkringar AB's partial internal model and the capital requirement for the Länsförsäkringar Bank Group according to the banking sector rules and the solvency capital requirement for Länsförsäkringar Liv which is operated according to mutual principles and is thus included by applying the deduction and aggregation method. The various risk categories are described in more detail in section C. The partial internal model is described in section E.4.

Table E2(2): Capital requirement decomposition – regulatory capital requirements per risk category including Länsförsäkringar Bank and Länsförsäkringar Liv

Solvency capital requirement (TSEK)	2017	2016
Life-assurance risk	3,179,321	3,007,868
Health-insurance risk	369,572	373,345
Non-life insurance risk	740,803	713,566
Market risk	6,377,497	5,824,331
Counterparty risk	146,983	135,855
Operational risk	428,217	421,445
Risk absorption in deferred tax	-422,582	-374,042
Diversification	-2,653,774	-2,515,367
Capital requirement Länsförsäkringar Bank	13,106,771	11,100,562
Capital requirement Länsförsäkringar Liv	12,170,418	11,432,968
Capital requirement Länsförsäkringar AB Group	**33,443,227**	**30,120,531**

E.2.2 Reason for use of simplified calculations

None of the companies use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35. No such simplified calculations are used at group level.

E.2.3 Use of undertaking-specific parameters

None of the companies use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk. No such undertaking-specific parameters are used at group level.

E.2.4 Capital add-on

Finansinspektionen has not decided on any capital add-on for any of the companies. Finansinspektionen has also not decided on any capital add-on at group level.

E.2.5 Data used for calculating minimum capital requirement

The minimum capital requirement for the Group's insurance companies at solo level is calculated by taking into account technical provisions, premium income, positive risk amounts, deferred taxes, administrative costs, ceded reinsurance and the solvency capital requirement. The minimum capital requirement is stated in table E2(1) above. The minimum capital requirement for Länsförsäkringar Sak comprises the total of the minimum capital requirements for Agria, Länsförsäkringar Grupppliv and the Parent Company Länsförsäkringar Sak.

The calculation of the floor for the Group's consolidated solvency capital requirement calculated according to method 1 is described in section E.4 below.

E.2.6 Material changes to capital requirements during the reporting period

The Group's capital requirement increased TSEK 3,322,696 or 11 percent during the reporting period, which can be seen in table E2(2) above. The increase derives from the operations of each subsidiary.

E.3 Use of duration-based equity risk in calculation of solvency capital requirement

An insurance company that underwrites pension insurance in accordance with the Swedish Income Tax Act has the option to apply to use a duration-based method for calculating the solvency capital requirement for equity risk. None of the companies encompassed by this report have applied to use such a method.

E.4 Partial internal model in calculation of solvency capital requirement

E.4.1 Area of application for internal model

Länsförsäkringar AB's partial internal model is an integrated part of the company's risk management and business governance system. The model is used to calculate the solvency capital requirement according to the rules for insurance companies and the rules for financial conglomerates. The model is used to govern risk-taking, for example, by setting limits, as a basis for ALM analyses and portfolio structure and for effect analyses under the framework of the Group's approval process, for example, in connection with procuring reinsurance cover.

The model is also an important to tool in the ORSA process for stress tests and scenario analyses, etc. and for calculating whether the company's capital resources are sufficient for the future.

Furthermore, the model is used for risk reporting to management and the Board, including monitoring the risk profile, capital targets and limits.

E.4.2 Scope of the internal model

The partial internal model is used to calculate the solvency capital requirements in the Länsförsäkringar AB Group at group level and at solo level for Länsförsäkringar Fondliv, Länsförsäkringar Sak, Agria and Länsförsäkringar Liv. For Länsförsäkringar Grupppliv, a standard formula is used at solo level, while the internal model is used for the calculation of the solvency capital requirement at group level for Länsförsäkringar AB.

The following risk categories are calculated using the internal model:
- Market risks, excluding concentration risk which is modelled using the standard formula.
- Underwriting risk; premium and reserve risk (for both non-life insurance risk and health-insurance risk) and to a certain extent catastrophe risk in Länsförsäkringar Sak and Agria.

At group level, the capital requirement is also included for Länsförsäkringar Bank, calculated in accordance with applicable capital requirement rules for banks and credit institutions.

Länsförsäkringar AB's partial internal model encompasses the capital requirement calculation for all risk modules defined in the standard formula of the Solvency II regulations. Risks not encompassed by the model, such as business risk and liquidity risk, are monitored following internally established policies.

E.4.3 Integration of the internal model with the standard formula

Capital requirements for risk categories calculated using the internal model are integrated with the capital requirements for risk categories using the standard formula by following the stipulated standard approaches.

E.4.4 Calculation methods of the internal model

The model for calculating solvency capital requirements for market risk comprise two main components: (i) an economic scenario generator that models such market risk factors are interest rates, share prices, credit spread, property prices and currencies, etc. and (ii) valuation techniques for assets and liabilities. The scenario generator was supplied by Moody's Analytics, a well-established global supplier of system support for financial companies. The valuation model for assets – Algorithmica Risk Management System from Algorithmica – is used by several large companies in the Swedish financial market.

The market risk factors are simulated in the economic scenario generated based on statistical probability distributions in a large number of realistic scenarios. The assets and liabilities are then valued on a one-year basis under the framework of each scenario in the valuation models. The solvency capital requirement can be seen in the forecast probability distribution created from the total result of all of the scenarios. The model for calculating the solvency capital requirement for market risk is calibrated to the shared underlying data for all companies in the Group.

The solvency capital requirement for counterparty risk is calculated using the framework of the standard formula. Counterparty risk is calculated for each counterparty and type of exposure based on credit quality, any collateral and calculated risk mitigating effect (RME). The RME is calculated depending on how the market risk is calculated for the company in question; if the market risk is calculated using the internal model then the RME is calculated using the internal model, otherwise it is calculated using the standard formula (currently only Länsförsäkringar Grupppliv calculates market risk using the standard formula).

The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements. One-year simulations create a forecast probability distribution from which the solvency capital requirement can be ascertained.

To calculate the capital requirement for catastrophe risks for internationally assumed reinsurance, an external model from Risk Management Solutions is used that simulates scenarios based on a selection of causes of claims, such as storms in Europe, hurricanes and earthquakes in North America and hurricanes and earthquakes in Japan. A distribution for each claim cause is produced based on the company's exposure in various geographic areas and the solvency capital requirement can be ascertained from this distribution.

E.4.5 Internal model versus standard formula: Most important differences in methods and assumptions

The differences between Länsförsäkringar AB's partial internal model and the standard formula derive from the risk modules that are modelled internally, meaning the market risk and the non-life insurance risk, and from the risk module for counterparty risk where the results of the internal models comprise the inputs for calculations using the standard formula.

The most important differences in the module for market risk compared with the standard formula are:
- The internal model is a simulation model that provides the entire probability distribution for the balance sheet's sensitivity to market risks as opposed to the standard formula, which is a factor model and only estimates the risk in the 99.5th percentile.
- The calculation in the internal model is updated with a new calibration every quarter, meaning that the solvency capital requirement for market risk is adjusted by the market trend as opposed to the standard formula, which is static.
- The internal model contains significantly more risk factors than the standard formula and thus enables a more precise calculation of the solvency capital requirement that can be adapted to the company's investment assets.
- The dependence between various types of risk in market risks is modelled in the internal model, which means that these dependences are dynamic compared with the static dependences in the standard formula.

The most important differences in the module for non-life insurance risk compared with the standard formula are:
- The model for calculating the solvency capital requirement for premium and reserve risk and catastrophe risk for non-life and health-insurance risks is based on the company's own claims history and internally produced expert judgements.
- The model also models the dependence between various types of insurance risk, which means that these are dynamic compared with the static dependences in the standard formula.

The difference between the internal model and the standard formula for the counterparty risk module is that the risk mitigating effect from signed derivative contracts is calculated using the internal model and comprises inputs for the standard formula calculation of counterparty risk.

E.4.6 Risk measures and periods of the internal model

The internal model uses the same risk measures and periods that are used in the IBA to describe the minimum amount of capital that an insurance company must have. Accordingly, the measure states, with a probability of 99.5 percent, the amount of capital required for having sufficient assets for twelve months in order to cover the value of the commitments to policyholders and other parties eligible to receive payouts.

E.4.7 Data used in the internal model

Data is one of the most important business assets and risk models are entirely dependent on the quality of underlying data for providing correct results.

For market risks, important data for the calculations is the position data from the current asset portfolio and associated market data for valuing the portfolio, as well as the historical market data used to calibrate the probability distribution for all modelled risk factors.

For non-life insurance risk, critical data for the calculations is the data for calculating technical provisions, such as historical claims data, forecasts of volumes and claims costs and data for calibrating probability distribution.

Expert judgements and assumptions are also used in the internal model. Expert judgements are used as substitutes for data when data is unavailable or incomplete. The expert judgements used in Länsförsäkringar's partial internal model are updated every year and are also independently validated. Assumptions are largely the result of a modelling decision. Fundamental modelling decisions are made in accordance with internal policies.

Data, expert judgements, assumptions, the internal model and its integration with the standard formula are regularly validated. The management and application of the internal model in the operations are also included in the validation. Such validation is performed at least once a year by an external party. The assessment of the most recent validation is that the model as a whole is reliable.

E.4.8 Specific information about the capital requirement at group level

Sources of diversification at group level

The solvency capital requirement for Länsförsäkringar AB and its consolidated insurance subsidiaries is calculated by applying Länsförsäkringar AB's partial internal model for which the results of the internal model are integrated with the results calculated using the standard formula. The model takes account of diversification effects between the various classes of assets, the various types of insurance commitments and between liabilities and assets. Since the solvency capital requirement is calculated on consolidated data for assets and liabilities, a diversification effect also arises between the companies consolidated, meaning between Länsförsäkringar Sak and Länsförsäkringar Fondliv, and also between these two companies and the Parent Company.

The solvency capital requirement for Länsförsäkringar Liv is also calculated by applying the partial internal model, with the same diversification effects arising in the company. Länsförsäkringar Liv is operated according to mutual principles and is thus not consolidated. Instead, its solvency capital requirement is added to the rest of the Group's solvency capital requirement by applying method 2 (deduction and aggregation method) for which no diversification effects arise.

The capital requirement for the Länsförsäkringar Bank Group is calculated under the sector rules for banking operations and is added to the consolidated solvency capital requirement by applying method 1 without any diversification effects.

Diversification effects in the calculation of the Group's solvency capital requirement are stated in table E2(1) above.

The floor for the Group's consolidated solvency capital requirement is calculated according to method 1

The Group's consolidated solvency capital requirement calculated according to method 1 comprises the Parent Company's, the consolidated insurance subsidiaries' and the Länsförsäkringar Bank Group's capital requirement and amounted to TSEK 21,272,809 on 31 December 2017.

Länsförsäkringar Liv is conducted in mutual form, which is why its capital requirement is added to the rest of the Group's requirement by using method 2 (deduction and aggregation method).

The floor for the Group's consolidated solvency capital requirement comprises the total of the minimum capital requirement for the consolidated insurance subsidiaries and amounted to TSEK 2,715,154 on 31 December 2017, as seen in table E2(1) above.

The minimum capital requirement for Länsförsäkringar Liv is reported for information purposes but is not included in the calculation. The minimum capital requirement for Länsförsäkringar Sak in the table comprises the total of the minimum capital requirements for Agria, Länsförsäkringar Gruppliv and the Parent Company Länsförsäkringar Sak.

Companies encompassed by the partial internal model used to calculate the solvency capital requirement at group level

- Länsförsäkringar AB (publ)
- Länsförsäkringar Fondliv Försäkrings AB (publ)
- Länsförsäkringar Sak Försäkrings AB (publ)
  - Försäkringsaktiebolaget Agria (publ) (wholly owned subsidiary of Länsförsäkringar Sak)
  - Länsförsäkringar Grupplivförsäkrings AB (publ) (wholly owned subsidiary of Länsförsäkringar Sak)
- Länsförsäkringar Liv Försäkrings AB (publ) (wholly owned subsidiary of Länsförsäkringar AB)

Difference between internal model at solo level and for the Group

Länsförsäkringar AB's partial internal model applies to all of the companies above that are encompassed by the model. The model is calibrated to the shared underlying data for all companies in the Group.

However, a difference between the application of the model at solo level and for the Group is that the solvency capital requirement for Länsförsäkringar Gruppliv is calculated by applying an internal model to calculate the solvency capital requirement at group level for Länsförsäkringar AB, while the calculation of the solvency capital requirement for Länsförsäkringar Gruppliv at solo level uses the standard formula.

E.5 Infringements of minimum capital requirement and solvency capital requirement

Neither the minimum capital requirement nor the solvency capital requirement were infringed by any of the Group's insurance companies during the reporting period. Furthermore, no infringements took place at group level.

E.6 Other information

There is not deemed to be any other relevant information to be provided in this section on *Capital management* for either the insurance companies or at group level.

Agria Djurförsäkring

Note to the reader

This part of the Solvency and Financial Condition Report is specific information about Agria. The information presented here provides more details on the group-level report. References to the group-level report are provided where relevant.

Summary

Agria Djurförsäkring (referred to below as "Agria") is the Länsförsäkringar Alliance's specialist company for pet and crop insurance, and Länsförsäkringar's subsidiary brand. Agria's core values are specialist expertise, animal friendliness and empathy. This specialisation involves a streamlined focus on and involvement in creating security for animals and their owners. In addition to Sweden, Agria conducts operations in Norway, Denmark, Finland and the UK. Agria will start operations in France in 2018. The strong Agria brand is based on such factors as a deep commitment to animal health and research programmes. Agria also participates at various animal events, competitions, exhibitions, clinics and trade fairs. Continuous dialogue is maintained with Agria's customers through partnerships with several animal-owner organisations, such as the Nordic kennel clubs and various pedigree clubs.

Agria's earnings are primarily driven by earnings from the non-life insurance operations, and partly from earnings in investment operations. The main stream of income in the non-life insurance operations is premiums earned. Costs in the insurance operations largely comprise claims paid to policyholders. A small amount of costs is made up of operating expenses in the form of, for example, costs for insurance contracts, salaries for employees and costs for IT systems and development.

Earnings from investment operations are, to a certain extent, sensitive to fluctuations in the financial markets, but a large percentage of investment assets are invested at low risk.

The technical result for insurance operations amounted to SEK 268 M compared with SEK 290 M in the preceding year. Agria's largest business line in terms of volume – pet insurance in Sweden – continued to deliver stable, positive earnings.

The total investment return on investment assets in 2017 amounted to 0.5 percent (1.1). The return was impacted by low interest rates since the investment portfolio mainly comprises interest-bearing assets comprising housing credits and corporate loans.

Agria has a healthy financial position. Financial strength is primarily measured by comparing the company's own funds with a solvency capital requirement. The comparison shows the company's ability to fulfil its commitments to policyholders and other creditors even when the company's financial position is very highly stressed. By law, own funds must be higher than the solvency capital requirement.

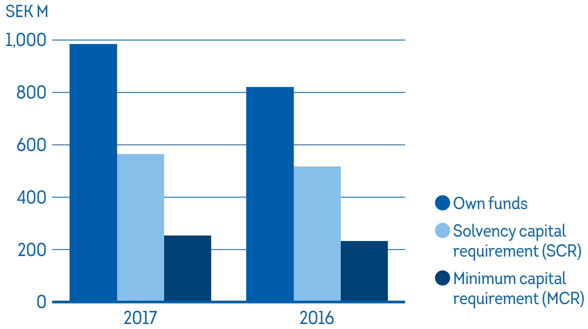
Agria calculates its solvency capital requirement by using a partial internal model. This model was approved by Finansinspektionen in 2016 and the company applied for two significant changes to the model, which were approved in 2017.

Agria is a wholly owned subsidiary of Länsförsäkringar Sak, which is wholly owned by Länsförsäkringar AB. Länsförsäkringar AB is owned by the 23 customer-owned regional insurance companies and 16 customer-owned local insurance companies. Agria conducts operations in Sweden and has branches in Norway, Denmark, Finland and the UK. The subsidiary Agria Pet Insurance Ltd (API) also operates in the UK. Agria offers insurance cover for animals and crops to private individuals, the agricultural sector and other companies. Insurance cover comprises veterinary care insurance, life assurance and business interruption insurance.

Agria's own funds at year-end amounted to SEK 984 M, entirely comprised of capital of the highest quality. The solvency capital requirement totalled SEK 563 M. This provides a solvency ratio (own funds divided by the solvency capital requirement) of 175 percent at year-end, thus exceeding the statutory capital requirement. Agria's solvency ratio increased compared with 159 percent at the end of the preceding year.

Legislation also contains a minimum capital requirement that is normally significantly lower than the solvency capital requirement. It means that significantly more severe consequences are imposed on the company if it were to contravene the minimum capital requirement compared contravening the solvency capital requirement. Agria's minimum capital requirement amounted to SEK 253 M, which covers own funds by a very healthy margin.

Figure 1: Agria's own funds, solvency capital requirement (SCR) and minimum capital requirement (MCR)

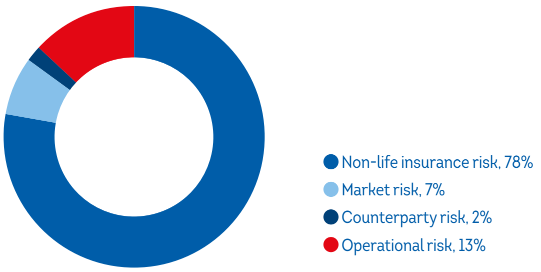


The solvency capital requirement shows how much capital the company needs based on the risks in the company's business operations. The relative amount of the capital requirement for different types of risks makes up the company's risk profile. Agria's solvency capital requirement is based on the operations' exposure to market risk, non-life insurance risk, operational risk and counterparty risk.

Technical result, SEK M	Own funds, SEK M	Capital requirement, SEK M	Solvency ratio
268	984	563	175%

Non-life insurance risk represents Agria's largest risk and pertains to premium, reserve and catastrophe risk. Non-life insurance risk comprises 78 percent of the company's total capital requirement and the company is specifically exposed to the risk of losses arising due to claims in the next year being larger than expected, known as premium risk. The reason for this is that the business has short settlement periods, meaning that the time from claim to final payout is short. Agria is exposed to operational risk to a lesser extent, for example, through the risk of non-compliance with regulations and market risk, which refers to the risk of losses due to changes in the value of assets in the financial markets.

Figure 2: Agria's risks by category



To calculate the solvency capital requirement, the company's assets and liabilities are valued – a "valuation for solvency purposes" – which differs from the financial statements. Under the Solvency II regulations, assets and liabilities are to be measured at market value, which entails that the company is to make certain revaluations in order to calculate the Solvency II balance sheet. In Agria's case, the valuation for solvency purposes resulted in a reduction in both the assets and liabilities. Liabilities mainly declined, largely due to differences in measuring the technical provisions (liabilities derived from insurance contracts) that after a market valuation are recognised at lower amounts in the Solvency II balance sheet. The reduction in the value of the technical provisions on 31 December 2017 corresponded to just over SEK 330 M. The technical provisions, net after ceded reinsurance, were valued at SEK 1,483 M in the Solvency II balance sheet. The revaluation of the technical provisions for 2016 corresponded to a reduction of just under SEK 340 M.

Agria's Board assumes the ultimate responsibility for the organisation and management of the company. The Board appoints the President, adopts an appropriate operational organisation as well as the goals and strategies of the operations, and ensures that efficient systems are in place for internal control and risk management. The Board has established a Remuneration Committee. The Committee has no decision-making mandate but instead prepares remuneration matters for decision by the Board. Agria's Board has decided not to establish an Audit Committee. Instead, the duties of such a committee are carried out by the Board as a whole.

A shared corporate-governance system, with an internal-control system that includes a risk-management system and regulatory compliance, has been established in the Länsförsäkringar AB Group. The risk-management system includes a Group-wide *Own Risk and Solvency Assessment (ORSA)*, the overall aim of which is to ensure that own funds are and remain sufficient for bearing the risks associated with realising the business plan. Internal control aims to ensure that the organisation is efficient and fit for its purpose, that operations are conducted in accordance with decided strategies in order to achieve established targets, that financial statements and reporting are reliable, that information systems are managed and operated efficiently and that there is a strong ability to identity, measure, monitor and manage risks and full regulatory compliance. No material changes were made to corporate governance during the year.

A | Operations and earnings

A description of Agria's operations and earnings is presented below. For additional information about the company's operations and earnings, refer to the corresponding section of the group-level report.

A.1 Operations

Significant business events during the reporting period

A partnership with the French Kennel Club was initiated in 2017 and Agria established a branch in France. The operations commenced in April 2018. The French market comprises about 7.6 million dogs and 11.0 million cats and has a low level of insurance.

Expansion of Agria's product offering continued in 2017. Agria launched new dog insurance policies customised for 423 different breeds in April 2017. Several new features have been packaged into the product, such as rehab and medicines, the option of expanding the compensation limit for veterinary care during the insurance period and extending the deductible period to 135 days. A Mini veterinary care insurance was also launched as an alternative for dog owners. Furthermore, new products for cattle were launched during the year and a new collective veterinary care insurance for cat shelters was launched at the end of 2017.

In efforts to enhance added value for Agria's customers, claims-prevention services in the form of a free digital veterinary consultation service for animal owners in Sweden are now offered via FirstVet, which Agria customers can use an unlimited number of times.

The number of visitors to the Agria website increased during 2017 to a total of 6 million. Customers can now log in via the website and traffic to this service is gradually increasing.

A.2 Technical result

The technical result for non-life insurance per insurance line by performance analysis and geographic area is presented below

Table A2(1): Technical result per insurance line

TSEK	2017	2016
Non-life insurance commitments		
Other property[9]	210,837	255,757
Direct insurance, foreign risks	57,184	33,938
Total technical result, non-life insurance commitments	**268,022**	**289,695**

[9] Comprises pet and crop insurance.

Table A2(2): Technical result per geographic area

TSEK	2017	2016
Home country Sweden	210,837	255,757
Norway	45,584	47,358
Denmark	9,251	5,502
Finland	-13,013	-12,319
UK[10]	15,363	-6,602
Total technical result	**268,022**	**289,695**
Of which, investment income transferred from financial operations	1,843	874
Total technical result excluding investment income in insurance operations	**266,179**	**288,821**

[10] Refers only to branches, meaning excluding the subsidiary Agria Pet Insurance.

Performance analysis

The technical result above is presented so that it corresponds to the technical results of the non-life insurance operations in the annual report, which amounted to TSEK 268,022 (289,695). Agria's largest business line in terms of volume in Sweden – pet insurance – continued to deliver stable, positive earnings in 2017. Horse insurance posted weaker earnings year-on-year, while earnings for Agria's UK operations improved. The Finnish operations, started in 2016, reported a deficit, as expected during the establishment phase, but sales of dog and cat insurance performed very positively. Profit in the preceding year also included slightly higher run-off gains. Investment income transferred from financial operations amounted to TSEK 1,843 (874).

Premiums earned after ceded reinsurance amounted to TSEK 3,135,643 (2,891,399), with volume increases noted in all business areas due to both premium adjustments and a higher number of animals insured. The Swedish operations continued to deliver stable growth, mainly in cat, pet and horse insurance. Agria is the benchmark and market-leader in the pet insurance segment in both Sweden and Norway. The operations in Norway continued to display a stable trend with higher business volumes. More companies consider pet insurance to be an attractive niche in the insurance industry and the offering in the Norwegian market is increasing. The Danish operations also posted stable, positive volume growth. Horse insurance was launched in Denmark during the year with strong, initial sales. For the UK, the year was characterised by heightened awareness of the Agria brand and significant portfolio growth.

Claims payments after ceded reinsurance amounted to TSEK 2,142,555 (1,963,920) and the claims ratio was unchanged at 68 percent. Average claims costs for veterinary care displayed a stable trend, although the frequency of veterinary visits is rising for all types of animals and in all countries. Operating expenses amounted to TSEK 727,433 (639,076) and the expense ratio to 23 percent (22). The main reason for the increase was costs for establishing the French branch and the effect of a new calculation model for capitalised acquisition costs.

Refer also to the QRT form s.05.01 and s.05.02 in Appendix 1.2 for information about income and expenses per line of business (in accordance with Solvency II) and geographic area.

A.3 Earnings from investments

A.3.1 Income and expenses per class of asset

Investment income per class of asset as recognised in the financial statements is presented below, with comments on the relationship with the recognised return ratio.

Table A3(1): Income and expenses per class of asset

Class of asset 2016 (TSEK)	Income	Expenses	Earnings
Shares and participations	16	-1	15
Bonds and other interest-bearing securities, and bank balances	39,535	-8,109	31,426
Derivatives	1,873	-20,532	-18,659
Other financial investment assets	256	-563	-307
Shares and participations in associated companies	300	0	300
Exchange-rate gains/losses, net	0	-10,845	-10,845
Asset management expenses (not included in return ratio)*	0	-5,881	-5,881
Total return according to income statement	**41,979**	**-45,930**	**-3,952**

Class of asset 2017 (TSEK)	Income	Expenses	Earnings
Shares and participations	23	-897	-874
Bonds and other interest-bearing securities, and bank balances	25,412	-1,063	24,348
Derivatives	3,366	-14,596	-11,230
Other financial investment assets	527	-706	-178
Shares and participations in associated companies	634	0	634
Exchange-rate gains/losses, net	1,875	0	1,875
Asset management expenses (not included in return ratio)	0	-6,168	-6,168
Other financial expenses (not included in return ratio)*	0	-1,019	-1,019
Total return according to income statement	**31,838**	**-24,449**	**7,389**

* In the 2017 table, fees and external expenses are presented under "Other financial expenses" instead off "Asset management expenses," which includes internal costs for asset management such as costs for own personnel and premises, etc. that can be attributed to asset management.

The total return on investment assets on 31 December 2017 was 0.5 percent (1.1). The return was impacted by low interest rates since the investment portfolio mainly comprises interest-bearing assets comprising housing credits and corporate loans. However, the value growth trend in these assets was favourable since both housing and credit spreads narrowed during the year. The lower total return was mainly due to the higher costs for protecting the currency exposure of the portfolio in interest-bearing credits.

Investment income recognised in profit and loss also includes expenses for asset management and other financial expenses that are not included in the recognised investment return ratio.

A.3.2 Gains and losses impacting equity

Income and expenses in a foreign operation are translated to SEK at the average exchange rate for the year. The loss on currency translations amounted to TSEK 763 and is recognised in other comprehensive income and accumulated in the revaluation reserve under non-restricted equity.

A.4 Earnings from other operations

There is no other material income or expenses to report.

A.5 Other information

There is no other material information about the company's operations and earnings to report.

B | Corporate governance system

B.1 General information about the corporate governance system

General information about the corporate governance system is provided in the group-level report, section B.1.

B.1.1 Responsibilities of the Board of Directors and Committees

Agria's Board has decided not to establish an Audit Committee. In accordance with the Board's formal work plan, the tasks that under the Swedish Companies Act (2005:551) and the Regulation (EU) No 537/2014 of the European Parliament and of the Council are the duty of an audit committee are instead undertaken by the Board as a whole. Furthermore, the company does not have a Risk and Capital Committee.

B.2 Fit and proper requirements

Information about the fit and proper requirements is provided in the group-level report, section B.2.

B.3 Risk-management system including own risk and solvency assessment

Information about the risk-management system including own risk and solvency assessment is provided in the group-level report, section B.3.

B.4 Internal-control system

Information about the company's internal-control system is provided in the group-level report, section B.4.

B.5 Internal Audit

Information about the company's Internal Audit function is provided in the group-level report, section B.5.

B.6 Actuarial function

The Actuarial function is outsourced to the Parent Company Länsförsäkringar Sak. The unit in Länsförsäkringar Sak that is responsible for Agria's Actuarial function submits reports to Agria's President and Board. Since Agria's Actuarial function is outsourced to Länsförsäkringar Sak, the President has been appointed the company's client manager for the Actuarial function.

B.7 Outsourcing agreements

B.7.1 Governance documents for outsourcing agreements

A Group-wide policy has been adopted for the Länsförsäkringar AB Group regarding outsourced operations, refer to section B.7.1 in the group-level report.

With the framework of this policy, the company's Board has adopted guidelines for outsourced activities that describe the implementation and management of outsourcing in more detail so as to ensure that the company fulfils its obligations under law and other regulations on outsourcing agreements and that the outsourced activities are performed efficiently. The guidelines describe the company's process for outsourced operations from preparations ahead of outsourcing operations until the termination of the assignment, and stipulate the requirements on the company, the contractor and outsourcing agreement. More detailed instructions on governance and follow-ups of outsourced activities have been decided on by the President.

B.7.2 Outsourced operations of material significance

Agria has outsourced the following operations and functions of material significance.

Table B7(1): Outsourced operations of material significance 2017

Operations	Jurisdiction of the contractor
Compliance function*	Sweden
Internal Audit function*	Sweden
Risk Control function*	Sweden
Actuarial function	Sweden
Accounting and Finance*	Sweden
Asset Management*	Sweden
CFO and Controller*	Sweden
IT management and operations*	Sweden
Collateral*	Sweden
Sales and insurance administration and claims adjustment (UK branch)	UK
Claims adjustment for liability insurance, liability claims (Danish branch)	Denmark
Claims adjustment for liability insurance, liability claims (Finnish branch)	Finland

* Outsourced to other companies in the Länsförsäkringar AB Group.

B.8 Other information

There is no other material information.

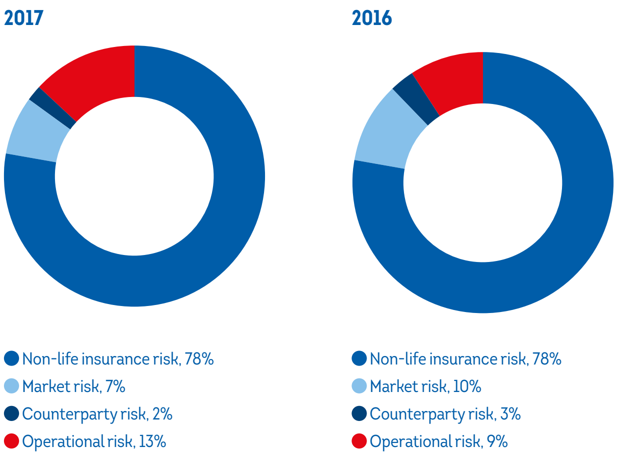
C | Risk profile

Agria is exposed to a variety of risks that impact the company's financial position, earnings and target fulfilment. The following points describe Agria's operations and risk-taking:

- Conducting non-life insurance operations, specifically pet and crop insurance
- Focusing primarily on private individuals and, to a lesser extent, equine and agricultural companies
- Conducting operations in Sweden, Norway, Denmark, the UK and Finland
- Relatively low retention in all operations
- The risks in the investment assets managed by Agria are held at a relatively low level.

The figure below illustrates the relative specification of Agria's solvency capital requirement under the insurance rules as calculated by applying Länsförsäkringar's internal model. The specification is essentially unchanged compared with the preceding year-end.

Figure C(1): Specification of Agria's total capital requirement



C.1 Underwriting risk[3]

C.1.1 Risk exposure

Agria's business comprises insurance for Pets (dogs, cats and other pets), Horses and Livestock and Crop insurance, and is conducted in Sweden, Norway, Denmark, Finland and the UK. From a non-life insurance perspective, the business has very short lead times, meaning that the time from claim to final payout is short. As a result, claims reserves at any given time are very small in relation to the premium portfolio and reserve risk is relatively small. Instead, Agria's insurance risk is heavily dominated by premium risk.

A measure of the exposure to underwriting risk is the present value of the expected future cash flows from all insurance contracts, which is known as the "best estimate" under the Solvency II regulations. The measure reflects the company's commitments to its customers. Table C1(1) shows the consolidated best estimate for Agria's business areas. Data was collected from the company's insurance and claims system.

[3] Underwriting risk is known internally in the Länsförsäkringar AB Group as Insurance risk.

Table C1(1): Exposure to underwriting risk. The table shows the best estimate net, after ceded reinsurance

Business area (TSEK)	2017	2016
Horse and Livestock	239,101	237,328
Pets	695,888	648,762
Norway	180,584	179,770
Denmark	66,992	52,747
UK	259,069	210,032
Finland	18,375	20,303
Total	**1,460,009**	**1,348,942**

There are no material changes to the best estimate for non-life insurance risk to be reported for the reporting period.

C.1.2 Risk concentration

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific event threatening the solvency of the company or its financial position. Agria conducts insurance business activities in several countries, which provides sound business diversification.

The largest business area is Pets in Sweden, representing 50 percent of the premium volume. The fact that a large share of the business is linked to Pets in Sweden is taken into consideration in calculations of capital requirements and stress tests in order to highlight the dependence on and importance of the business area for the company. The offering contains a number of different products, divided into several different animal types without any clear risk correlation. There is no covariance in the significance between life assurance and veterinary care or between types of animals.

Agria's livestock and crop insurance business increase diversification since they have little covariance with other business lines. Sweden benefits from the fact that the country is sparsely populated and has a cold climate, which makes it difficult for infectious diseases in horses and livestock to spread.

Concentration risk is also taken into account today regarding the location of sensitive breeding plants for cattle, pigs and poultry.

C.1.3 Risk-reduction techniques

Reinsurance

The Business Area Reinsurance and Special Insurance in the Non-life Insurance business unit manages all reinsurance for the Länsförsäkringar Alliance through internal and external reinsurance. Agria's reinsurance programme is based on the calendar year and is renewed or renegotiated every year.

The programme provides cover for selected retention up to set limits, with the exception of certain types of risk. Discretionary reinsurance is purchased for insurance amounts exceeding the upper limits of the cover. The company's Actuarial function makes an annual statement on the suitability of the reinsurance cover, for which comments are provided in the actuarial report to the Board.

Agria's reinsurance cover comprises an important tool in providing protection from large individual claim incidents and high total claims costs in the more volatile businesses in the company. In addition to horse insurance, livestock and crop, Agria takes out reinsurance for Dogs (liability) in foreign branches.

Other risk-reduction techniques

Other factors that affect risks are the product composition including diversification, structure of insurance terms and conditions, risk selection rules and risk inspections.

C.1.4 Risk sensitivity

The table shows the sensitivity of Agria's own funds to changes in premium levels, claims frequency and claims inflation.

Table C1 (2): Sensitivity analysis, insurance risk

Effect on own funds (TSEK)	2017
10% lower premium level	-256,900
10% increased claims frequency	-167,200
1% higher claims inflation	-8,000

C.1.5 Use of special purpose vehicles

Agria does not make use of special purpose vehicles in accordance with Article 211 of the Solvency II Directive.

C.2 Market risk

Market risk pertains to the risk of loss arising that is directly or indirectly caused by changes in the level or volatility in the market price of assets, liabilities and financial instruments, including losses caused by shortcomings in the matching between assets and liabilities. A description of Agria's exposure to market risk is presented below.

C.2.1 Risk exposure

The Board of Agria decides on the framework for risk-taking, for example, by adopting investment guidelines and limits for maximum market risk, including up-to-date sub-limits for various market-risk categories in the company. In the management of Agria's investment assets, assessments are made of the potential for favourable returns and the risk level involved for investment strategies. The aim of the company's investments is to contribute to stable positive earnings. Assets are to be invested with a suitable risk diversification to ensure that the expected returns are sufficient for the company to be able to meet its obligations and generate additional returns on the investment assets based on the approved risk level. The risk level is to be adjusted to the available capital and approved risk tolerance.

Exposure[4] to market risk is measured at the total of the exposure from all of the company's assets and liabilities, including exposure via derivatives. The measure shows the total value of each class of asset that is exposed to risk and that forms the basis of the calculation of solvency capital requirements for market risk. Position data for measurement has been collected from the securities system of the Group-wide Asset Management Unit. Price information has been collected from several different sources, mainly Reuters with supplements from Bloomberg and directly from fund companies. Theoretic valuations of holdings are also used in the valuations of swaps and currency futures for example. Information about the credit quality of assets and counterparties has been collected from S&P Capital IQ LLC and Moodys Analytics and supplemented with an internal assessment in relevant cases. For liabilities, the exposure corresponds to the best estimate of liabilities to policyholders.

The interest-bearing asset portfolios include exposure to interest-rate risk from government bonds, credit bonds and derivative instruments. Interest-rate exposure is also inherent in insurance liabilities by provisions being discounted by the current market interest rate. The company has low exposure to the share index in developed markets. The equities exposure in 2016, refer to table C2(1), pertained to the subsidiary API for which disclosures are now presented, which has the effect of equities exposure disappearing and the risk being recognised directly in the subsidiary's balance sheet.

Table C2(1): Exposure per class of asset including derivatives and insurance liabilities measured under Solvency II

Class of asset/liability (TSEK)	31 Dec 2017	31 Dec 2016
Equities	**62,831**	**110,369**
Developed markets	61,405	0
Unquoted shares	1 426*	110,369
Interest-bearing	**726,385**	**672,182**
Bonds	1,304,090	1,320,754
Other interest-bearing**	-577,705	-648,572
Alternative investments	**2**	**26,637**
Insurance liabilities	**-1,460,009**	**-1,348,942**

* The subsidiary API now uses a look-through approach, which eliminates equities risk exposure.
** Including senior loans and derivative instruments.

Credit-spread risk is the risk of losses arising due to changes in the level or volatility of the difference between market interest rates on bonds with credit risks and government securities' rates. Agria also has spread-risk exposure in Swedish mortgage bonds and based on its holdings in mainly global and US Investment Grade and High Yield funds. Refer to exposure of credit-spread risk in the table below.

Table C2(2): Exposure to credit-spread risk according to market value

TSEK	31 Dec 2017	31 Dec 2016
Bonds and other interest-bearing*		
AAA - Swedish Government	274	169,707
AA - Other	1,012,193	1 012,443
AA	8,139	1,479
A	14,166	431,194
BBB or lower	30,981	108,413
No rating available	30,395	730
Total	**1,096,148**	**1,723,966**

* Including accrued interest for bonds.

Currency risk is the risk that the net value of assets, liabilities and insurance undertakings may decline due to changed exchange rates. The currency exposure that exists is due to insurance liabilities and investment assets in other currencies and the risk being limited by the use of currency derivatives.

[4] Note that since some of the investments are made via derivative instruments, the de facto exposure to an asset may differ significantly from exposure based on the market value of the assets. The market value of a share future, for example, reflects the result that the agreed futures contract has on the date of valuation, which is naturally only a fraction of the exposure that the futures contract provides to the underlying equities market value.

Table C2(3): Net exposure by currency

Currency (TSEK)	31 Dec 2017	31 Dec 2016
AUD	3,660	380
DKK	4 008	3,770
EUR	-3,750	2,710
GBP	-2,490	20,060
NOK	-1 4,030	49,520
USD	20,440	2,850
JPY	-2,570	0
CHF	-1,270	0

Investments in accordance with the prudence principle

Refer to section C.2.1 in the group-level report above.

C.2.2 Risk concentrations

Concentration risk pertains to the risk of the company's risk exposure not being sufficiently diversified, leading to a single exposure, homogeneous group of exposures or a specific market event threatening the solvency of the company or its financial position.

The company has exposure on 31 December 2017 that is so high that it generates solvency capital requirements for concentration risk and exceeds the Solvency II threshold.

Table C2(4): Exposure exceeding Solvency II threshold

Counterparty (TSEK)	31 Dec 2017	31 Dec 2016
Swedbank	224,773	220,654
SEB	0	224,631
Agria Pet Insurance (API)*	0	105,754
Total	**224,773**	**551,039**

* API now uses a look-through approach, which is why there was no concentration risk in 2017.

C.2.3 Risk-reduction techniques

Diversification

The main risk-reduction technique applied to the management of assets in the company is diversification. The company's investments are spread over several classes of assets and segment in these classes, leading to exposure to various risk factors that react in different ways to fluctuations in the financial markets. This means that as a whole the portfolio is less sensitive to market fluctuations than its portfolio components. The diversification effect is modelled using the internal model that the company has had approved by Finansinspektionen to use in calculations of capital requirements and is regularly measured as an integrated part of these calculations.

Reducing market risk by using derivatives.

Agria uses derivative instruments to a certain extent in the management of its assets to protect the company's balance sheet from undesired market risks. Each new type of derivative instrument undergoes an approval process before it can be used in management. In connection with this, assurances are made that there is understanding of the characteristics of the instruments in the relevant parts of the organisation, that valuations, risk measurement and follow-ups are satisfactory and that risks are adequately identified.

Fixed-income futures and forwards and interest-rate swaps are used in management to reduce interest-rate risk. By using these instruments, interest-rate sensitivity can be effectively reduced without needing to sell the underlying bonds and thus retaining any coupons and excess returns of spread exposure. The effect of these derivative strategies is continuously monitored by measuring the resulting interest-rate duration and interest-rate sensitivity (DV01) of the portfolio on a daily basis.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. This means that established limits on currency exposure can be considered without having to refrain from investing in desirable assets that have a different currency risk than SEK. Currency exposure (total and to individual currencies) is monitored on a daily basis.

C.2.4 Risk sensitivity

The impact of a selection of other sensitivity measures for market risks on own funds is presented in the table below:

Table C2(5): Sensitivity to market risks, effect on own funds (SEK 000s)

Sensitivity measures (TSEK)	2017	2016
1% higher interest rate	-18,346	-8,211
10% lower share prices	-5,784	-2,077
1% higher credit spread	-36,654	-24,951

1) Interest-rate sensitivity of a 1 percent change in the interest-rate level in assets and liabilities.
2) Includes 10 percent lower prices on hedge funds.

C.3 Credit risk

A description of Agria's exposure to credit risk, meaning counterparty risk, is presented below.

C.3.1 Risk exposure

Agria's exposure to counterparty risk primarily arises through ceded reinsurance and the use of financial derivatives.

The exposure to counterparty-related credit risks is measured as the summarised total of potential losses if these counterparties were to default. Exposure pertains to financial derivatives and cash balances, and to reinsurers. The calculation uses consolidated data from the securities system of the Group-wide Asset Management Unit and from actuarial systems.

Table C3(1) below shows the ratings for the counterparties included in the company's reinsurance cover. Reinsurance cover is to be taken out with counterparties with high credit ratings.

Table C3(1): Percentage specification of exposure to counterparty-related credit risks per credit quality level

Credit quality level	2017	2016
AA	90%	90%
A	10%	10%
Total	**100%**	**100%**

Investments in accordance with the prudence principle

Refer to section C.3.1 in the group-level report above.

C.3.2 Risk concentrations

Agria's largest exposure to a single external counterparty on 31 December 2017 was Barclays, which represented 34 percent of the total expected loss given default. All ten of the largest counterparty exposures, comprising 99.4 percent of the total exposure to external counterparties, had a rating of BB or higher.

C.3.3 Risk-reduction techniques

The credit risk that arises through counterparties in financial derivatives is primarily reduced by diversifying the counterparties that the company used for trading in financial derivatives, and is managed by applying limits to derivative exposures per counterparty and by signing agreements with all counterparties for OTC derivatives. These agreements regulate receivables in derivatives contracts between the contract parties, for example, the amount of receivables permitted, how they are to be paid and at what frequency. In practice, this means that for the majority of cases the collection and provision of collateral takes place on a daily basis. The size of the permitted exposure depends on the credit rating of the counterparty.

Credit risk from counterparties in ceded reinsurance is limited in the first instance by selecting counterparties with high credit ratings and by applying limits for maximum exposure to each counterparty.

C.3.4 Risk sensitivity

As presented in table C3(1) above, 100 percent of the expected loss given default for reinsurance counterparties has a credit quality level of A or higher.

C.4 Liquidity risk

Agria is exposed to liquidity risk in the event that its commitments cannot be fulfilled due to insufficient cash funds.

C.4.1 Risk exposure

A non-life insurance company' liquidity risks are low since premiums are received in advance and large individual claims payments and normal payment flows are known well in advance of their maturity dates. In addition, most of the investment assets in the company are available at short notice.

The company maintains a liquidity reserve to ensure a high level of short-term access to funds. Agria's Board has set limits for the minimum amount of this liquidity reserve that also take into account potential liquidity requirements for signed derivative agreements. The company also has clear rules regarding how assets are to be deposited to ensure that they are readily available to the company and can thus be realised as needed.

The specification of investment assets per class of asset with various liquidity is presented in the table below.

Table C4(1): Specification of assets per liquidity class, as a percentage of total investment assets

Liquidity class	Class of asset	2017	2016
1	Cash	16%	27%
2	Direct holdings of treasury bills, government bonds, covered bonds	61%	63%
3	Funds traded daily, quotes shares	18%	9%
4	Corporate bonds and other bonds	5%	0%
5	Funds with less frequent trading	1%	1%
6	Unquoted shares, Private Equity, Private Debt, directly owned properties, infrastructure, forest	0%	0%

C.4.2 Risk concentration

Agria believes that the company does not have, and will not have, any risk concentration in liquidity risk during the planning period.

C.4.3 Risk-reduction techniques

Investment assets are invested by taking into account the Agria's liquidity needs for meeting its commitments. Liquidity risk is managed by preparing a forecast of the company's short-term liquidity requirements (1-2 days), and daily forecasts that include both inward and outward payments. A liquidity reserve is always to be maintained to ensure a high level of short-term access to funds. Agria's medium-term liquidity requirements (up to one year) are determined based on actuarial cash-flow forecasts.

Agria identifies any scenarios where forced sales of assets must take place and estimates the expected loss in such scenarios.

The company is to strive to identify alternative financing sources. In the event of short-term liquidity shortages, repurchase agreements can be used within the framework of applicable regulations on permissible investment assets. The cost of any alternative financing sources is to be included in liquidity planning.

If major structural changes are to be made to Agria's operations in the future, the effect on liquidity requirements and available liquidity is to be analysed before any such changes are carried out.

C.4.4 Risk sensitivity

A non-life insurance company mostly receives payment of one-year premiums in advance. Combined with responsible management of these advance payments, given the liquidity flows of the business, this means that the company's liquidity risk is limited.

C.5 Operational risk

Agria's exposure to operational risk is aligned with the risk strategy and risk appetite that the Group has adopted for operational risk. Information about the company's operational risk is thus provided in the group-level report, section C.5.

C.6 Other material risks

Agria's exposure to other material risks is aligned with the risk strategy and risk appetite that the Group has adopted for other material risks. Information about the company's other material risks is thus provided in the group-level report, section C.6.

Agria has one branch office and one subsidiary in the UK. The general uncertainty surrounding the UK leaving the EU (Brexit), and particularly its post-Brexit trade relations, expose Agria to heightened business risk. Agria is managing this risk by monitoring developments in the Brexit process and communicating with relevant stakeholders and supervisory authorities. Various courses of action have been analysed and preparations are being made for the adjustments necessary according to the changes in business conditions that will arise in connection with Brexit, following the approach announced by the Prudential Regulation Authority (PRA) in December 2017.

C.7 Other information

There is not deemed to be any other relevant information to be provided in this section.

D | Valuation for solvency purposes

D.1 Assets

D.1.1 Valuation of assets

In accordance with QRT form s.02.01 (refer to Appendix 1.2), the following balance sheet shows the material asset items and an overview of total liabilities on 31 December 2017 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table D1(1): Assets and liabilities, 31 Dec 2017

Assets (TSEK)	Financial statements[11)]	Revaluation	Solvency II amount
Shares and participations in subsidiaries and associated companies	273,223	-157,777	115,446
Bonds	1,095,953	-	1,095,953
Mutual funds	303,568	-	303,568
Derivatives	3,927	-	3,927
Insurance	1,283,304	-	1 283 304
Cash and bank balances	263,812	-	263,812
Other assets	281,255	-177,101[12)]	104,154
Total assets	**3,505,042**	**-334,878**	**3,170,164**

[11)] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items and that investments are also included in accrued interest that according to IFRS is recognised in the item "accrued income."
[12)] Revaluation of other assets primarily refers to deferred acquisition costs of TSEK -162,690 and revaluation of intangible assets of TSEK -10,647.

Liabilities (TSEK)	Financial statements	Revaluation	Solvency II amount
Technical provisions total, gross before ceded reinsurance (refer to section D.2)	1,821,215	-331,392	1,489,823
Other liabilities (refer to section D.3)	534,142	111,996	646,138
Total liabilities	**2,355,357**	**-219,396**	**2,135,961**
Assets less liabilities	**1,149,685**	**-115,482**	**1,034,203**

D.1.2 Valuation principles in the solvency calculation of various classes of asset compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of material assets in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.1.2.

The wholly owned subsidiary Agria Pet Insurance brokers insurance and performs claims adjustment for Agria's branch in the UK. The subsidiary is valued at the difference between assets and liabilities under the rules for the Solvency II balance sheet and intangible assets in Agria Pet Insurance are valued at zero.

D.1.3 Other information about assets

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Refer to the group-level report, section D.1.4.

D.2 Technical provisions

A description of Agria's valuation of technical provisions is presented below. Supplementary information about the bases for calculation, methods and main assumptions including a description of the significantly simplified methods used in the calculation of the technical provisions is provided in the group-level report, section D.2.

D.2.1 Valuation of technical provisions

Agria divides its operations into two different lines of business, of which the most dominant is business line 7.

- Business line 7: *Insurance for fire and other property damage*
- Business line 8: *General liability insurance*

Technical provisions net after ceded reinsurance on 31 December 2017 are presented in the following table.

Table D2(1): Technical provisions net after ceded reinsurance on 31 Dec 2017

Business line (TSEK)	Best estimate, net	Risk margin	Technical provisions, net
Direct insurance	1,460,009	23,203	1,483,212
Insurance for fire and other property damage	1,447,973	22,586	1,470,559
General liability insurance	12,036	617	12,653
Total	**1,460,009**	**23,203**	**1,483,212**

The technical provisions cover expenses for claims incurred, the provision for claims payments, expenses for settling these claims, claims adjustment reserve and expense for future claims and other expenses for signed agreements and premium reserve.

The best estimate of the provision for claims payments is calculated using accepted actuarial methods after taking into account claims received but not yet processed. The most common methods used are:

- Traditional triangulation techniques, known as Development Factor Methods (DFM) based on the historic claims trend for claims paid, known claims costs and number of claims.
- Bornhuetter-Ferguson (B-F), which is a combination of DFM and experienced-based estimates of the claims costs and is used for claims periods in the near future.
- Cape Cod (C-C), which is very similar to B-F, where the estimate of claims costs is based on historical exposure data within the scope of the method.
- Naive Loss Ratio provides a provision for claims payments based on an assumed claims ratio. This method is typically used for claims periods in the very near future where the claims trend is short and for operations for which there is no internal claims history.

The method is applied to the various homogeneous risk groups that exist in the same business line. The method chosen for each homogeneous risk group is based on the circumstances and conditions at the time of each analysis. The methods are developed, evaluated, calibrated and adjusted continuously.

The best estimate of the claims adjustment reserve was calculated for most business lines by using Esbjörn Ohlsson's method (Esbjörn Ohlsson (2014): Unallocated loss adjustment expense reserving, Scandinavian Actuarial Journal) or the paid-to-paid method.

The best estimate of the premium reserve is consistently calculated by applying Technical Annex III - Simplification for premium provisions in Guidelines on the valuation of technical provisions EIOPA-BoS-14/166 EN, with the addition of cancellations.

Uncertainty regarding claims incurred could be significant since not all claims incurred are normally known and the cost for settling known claims can be highly uncertain. The same applies to future claims when the number of and amounts in claims are unknown. Solvency capital requirement based on the risk in the technical provisions amounted to TSEK 277,485. This figure refers to the amount that the assessment of the final claims costs for existing commitments, with a probability of 0.5 percent and over one year, could negatively deviate from current provisions and is thus an uncertainty measure for the technical provisions.

Material changes in valuation principles compared with preceding reporting period

Agria has no material changes to the assumptions used in the calculation of the technical provisions to report.

D.2.2 Valuation principles in the solvency calculation of various business lines compared with the financial statements

In the financial statements, technical provisions (gross) are valued in accordance with the Annual Accounts Act for Insurance Companies (ÅRFL) and Finansinspektionen's regulations and general guidelines.

Non-life insurance, premium reserve

Provisions for unearned premiums in the financial statements are calculated based on allocation of premium income. For most of the business, the calculation is made in relation to the remaining term of the contracts (pro rata temporis) and for business for which the costs are not assumed to be distributed in proportion to the terms, the calculation is based on the earnings curve. For unprofitable business, future costs for ongoing contracts are assessed and, if these costs exceed the allocated value, the difference (provision for unexpired risks) is added.

The premium reserve in the Solvency II balance sheet has essentially been calculated (using the simplification formula) as the percentage of unearned premiums corresponding to future expenses for signed contracts, discounted by and adding a risk margin.

Non-life insurance, provision for claims payments

The basis for the provisions for claims outstanding (provision for claims payments) is an estimate of the future cash flows performed by actuarial and statistical methods. In the financial statements, discounting is only permitted for business with long settlement periods, for which Agria has none.

In the Solvency II balance sheet, all business is discounted by the prescribed market interest rate. This normally leads to a lower value of the technical provisions than in the financial statements. In addition, the Solvency II balance sheet includes a risk margin calculated according to the Solvency II rules for risk margins. The financial statements contain an uncertainty margin based on the rules for financial statements. This margin is normally greater than the risk margin under Solvency II.

The revaluation of technical provisions can be summarised as follows. The total revaluation effect amounted to TSEK -331,403. The difference between the undiscounted best estimate and the carrying amount is TSEK 358,400, where TSEK 347,171 is from the premium reserve and TSEK 11,229 from the provision for claims payments. The discount effect on the technical provisions in the Solvency II balance sheet is TSEK -3,794 and the risk margin in the Solvency II balance sheet is TSEK 23,203. On the premium reserve side, the difference between the provision in the financial statements and the Solvency II balance sheet is primarily due to expected profits in the premium reserve and the discount effect. On the provision for claims payments side, the difference is primarily due to differences in the provision for the risk margin in the Solvency II balance sheet and the uncertainty margin in the financial statements as well as the discount effect.

The differences between the Solvency II balance sheet and the financial statements per business line on 31 December 2017 are presented below.

Table D2(2): Technical provisions net according to financial statements and Solvency II balance sheet per 31 Dec 2017

Business line (TSEK)	Technical provisions Financial statements, net	Revaluation	Technical provisions Solvency II balance sheet, net
Direct insurance	**1,814,615**	**331,403**	**1,483,212**
Insurance for fire and other property damage	1,801,046	330,487	1,470,559
General liability insurance	13,569	916	12,653
Total	**1,814,615**	**331,403**	**1,483,212**

D.2.3 Other information about technical provisions

Recoverables from reinsurance contracts and special purpose vehicles

The best estimate of the reinsurers' portion of the provision for claims payments has, where appropriate, been calculated based on the relevant ceded portion of known events discounted by and adjusted for default of the counterparty.

The reinsurers' portion of the premium reserve has been calculated by applying a degree of recovery on the reinsurers' portion of unearned premiums according to the financial statements, and by discounting of and adjustments for default of the counterparty.

Adjustments for default of the counterparty have been based on the company's rating, if it has one, and on the solvency ratio if it does not have a rating.

The reinsurers' portion of technical provisions per business line on 31 December 2017 is presented below.

Table D2(3): Reinsurers' portion of technical provisions, 31 Dec 2017

Business line (TSEK)	Best estimate
Direct insurance	**6,611**
Insurance for fire and other property damage	733
General liability insurance	5,878
Total	**6,611**

D.3 Other liabilities

The following section encompasses all categories of liabilities that are deemed to be material to Agria, except technical provisions.

D.3.1 Valuation of other liabilities

In accordance with QRT form s.02.01 (refer to Appendix 1.2), the following table shows the material liability items, excluding technical provisions, and an overview of total liabilities on 31 December 2017 for Agria with carrying amounts for the financial statements supplemented with reclassifications and Solvency II amounts.

Table: D3(1): Other liabilities, 31 Dec 2017

Other liabilities (TSEK)	Financial statements[13]	Revaluation	Solvency II amount
Deferred tax liabilities	-	111,996	111,996
Derivatives	2,370	-	2,370
Accrued expenses and deferred income	457,669	-	457,669
Other liabilities	74,103	-	74,103
Total other liabilities	**534,142**	**111,996**	**646,138**

[13] In the balance sheet, amounts are recognised according to IFRS but classified according to the Solvency II rules in the "financial statements" column. The difference in classification is that investments are distributed between other asset items and that investments are also included in accrued interest that according to IFRS is recognised in the item "accrued income."

D.3.2 Valuation principles in the solvency calculation of various liability items compared with the financial statements

A more detailed description of the bases for calculation, methods and main assumptions for valuations of material liabilities in the solvency calculation and how these differ from the financial statements is provided in the group-level report, section D.3.2.

The table below shows deferred tax liabilities in the Solvency II balance sheet. Deferred tax is calculated for temporary differences between carrying amounts and tax bases of assets and liabilities. The revaluation between the financial statements and Solvency II now also entails a calculation of deferred tax liabilities for applicable items. The differences between the financial statements and Solvency II are attributable to deferred tax on the revaluation amounts and certain untaxed reserves, and that deferred tax liabilities were recognised net against deferred tax assets in Solvency II.

Table D3(2): Deferred tax liabilities, 31 Dec 2017

TSEK	Financial statements	Revaluation	Solvency II amount	Date of maturity
Non-deductible pension costs	-536	-	-536	
Impaired loans	-3,239	-	-3,239	31 Dec 2018
Tax allocation reserve:				
-Reserve for 2012	-	7,987	7,987	31 Dec 2018
-Reserve for 2013	-	9,561	9,561	31 Dec 2019
-Reserve for 2014	-	16,163	16,163	31 Dec 2020
-Reserve for 2015	-	15,343	15,343	31 Dec 2021
-Reserve for 2016	-	13,200	13,200	31 Dec 2022
-Reserve for 2017		11,000	11,000	31 Dec 2023
Equalisation reserve		7,743	7,743	
Revaluation of intangible assets		-2,343	-2,343	
Revaluation DAC	-	-35,792	-35,792	31 Dec 2018
Revaluation technical provisions, net	-	72,908	72,908	
Total deferred tax liabilities	**-3,775**	**115,771**	**111,996**	

D.3.3 Other information about other liabilities

Assumptions and judgements, including those about future and other significant sources of estimation uncertainty

Regarding assumptions and judgements, including those about future and other significant sources of estimation uncertainty, refer to the group-level report, section D.1.4.

Leases and pension provisions

For information on leases and forms of employment, refer to the group-level report, section D.3.4.

D.4 Alternative valuation methods

Information about the alternative valuation methods is provided in the group-level report, section D.4.

D.5 Other information

Other information about the valuation for solvency purposes is provided in the group-level report, section D5.

E | Capital management (financing)

Agria's own funds at year-end amounted to TSEK 984,203 comprised of capital of the highest quality. The minimum capital requirement amounted to TSEK 253,467 which covers own funds by a very healthy margin. The solvency capital requirement amounted to TSEK 563,260 provides a solvency ratio (own funds divided by the solvency capital requirement) of 175 percent at year-end.

Own funds increased TSEK 164,578 during the year, while the solvency capital requirement increased TSEK 47,647. The reasons for the changes are presented under the relevant sections below. In total, Agria's solvency ratio increased compared with 159 percent at the end of the preceding year.

E.1 Own funds

E.1.1 Management of own funds: Targets, governance and processes

Information about own funds is provided in the group-level report, section E.1.1.

E.1.2 Composition of own funds

Own funds comprise Tier 1 capital and ancillary own funds. More detailed information about this is provided in the group-level report, section E.1.2. All capital in Agria comprises Tier 1 capital, which is capital of the highest quality.

The following table shows the composition of own funds for Agria at the end of the reporting period and at the beginning of the period, and specifies the composition of the reconciliation reserve. For further information on the composition of own funds at the end of the reporting period (including the composition of the reconciliation reserve), refer to QRT form s.23.01 in Appendix 1.2.

No own funds instruments were issued or redeemed during the reporting period.

For a specification of the items encompassed by Revaluation of items from the financial statements to the Solvency II balance sheet, refer to table E1(2) which presents a bridge from recognised equity to own funds.

Table E1(1): Composition of own funds and reconciliation reserve

Own funds (TSEK)	31 Dec 2017	31 Dec 2016
Ordinary share capital	40,000	40,000
Reconciliation reserve	944,203	779,625
Total own funds	**984,203**	**819,625**

Specification of composition of reconciliation reserve (TSEK)	31 Dec 2017	31 Dec 2016
Other equity than ordinary share capital	276,596	462,489
Predictable dividends	-50,000	-350,000
Untaxed reserves	833,089	783,089
Revaluation of items from the financial statements to the Solvency II balance sheet	-115,482	-115,953
Total reconciliation reserve	**944,203**	**779,625**

All items comprise level 1 Tier 1 capital.

Own funds in Agria increased TSEK 164,578 during the reporting period to TSEK 984,203. Net profit for the year in the insurance operations together with other changes in equity resulted in a positive effect of TSEK 170,449 on own funds. Solvency II revaluations were essentially unchanged. The planned dividend of TSEK 50,000 had an adverse effect on own funds. In total, this resulted in higher own funds net from 2016.

E.1.3 Own funds to cover solvency capital requirement and minimum capital requirement

Information about the eligibility criteria of own funds is provided in the group-level report, section E.1.3.

E.1.4 Bridge from recognised equity to own funds

The following table presents a bridge from recognised equity to own funds for Agria. The table refers to own funds available to cover solvency capital requirements. See the reference in the preceding section on the difference compared with own funds available to cover minimum capital requirements.

More detailed explanations for items revalued from the financial statements to the Solvency II balance sheet according to the table below are presented in sections D.1.2 and D.3.2 in the group-level report.

Table E1(2): Bridge from recognised equity to own funds

TSEK	31 Dec 2017
Equity according to statutory accounts including untaxed reserves	1,149,685
Predictable dividends	-50,000
Revaluation of intangible assets	-10,647
Revaluation of deferred acquisition costs	-162,690
Revaluation of technical provisions	331,403
Revaluation of deferred tax	-115,771
Revaluation of shares in subsidiaries and associated companies	-157,777
Total own funds	**984,203**

Agria has relatively high deferred acquisition costs that are allocated over periods. These costs are valued at zero in own funds, which gave rise to a revaluation of TSEK -162,690.

Revaluation of technical provisions, net, amounted to TSEK 331,403. The largest portion refers to revaluation of premium reserves and a smaller portion refers to the provisions for claims payments. The revaluation of premium reserves is positive since the expected profits are included in the Solvency II balance sheet when the insurance contract is signed. The revaluation effect gradually reduces when the premium reserve is dissolved and the actual profits are accrued in the income statement.

The adjustment of the value of equities in subsidiaries and associated companies of TSEK -157,777 primarily pertains to the subsidiary Agria Pet Insurance.

Revaluation of deferred tax was TSEK -115,771 and primarily derives from the positive revaluation item for technical provisions and from untaxed reserves.

E.2 Solvency and minimum capital requirements

E.2.1 Amount of solvency capital requirement and minimum capital requirement

In accordance with QRT form s.25.02 and s.28.01 (refer to Appendix 1.2), the company's solvency and minimum capital requirements are presented in the table below. Agria's capital requirements increase over the year mainly as a result of the insurance business growing in both Sweden and the foreign branches.

Table E2(1): Capital requirement per risk category and minimum capital requirements

TSEK	31 Dec 2017	31 Dec 2016
Market risk	76,712	97,668
Non-life insurance risk	592,152	526,096
Counterparty risk	23,001	29,243
Operational risk	94,217	86,869
Diversification	-63,954	-78,834
Adjustment, risk absorption tax	-158,868	-145,429
Solvency capital requirement (SCR), Agria	**563,260**	**515,613**
Minimum capital requirement (MCR), Agria	**253,467**	**232,026**

E.2.2 Reason for use of simplified calculations

Agria does not use any such simplification in its calculation of solvency capital requirements that are permitted under certain conditions in accordance with European Commission Delegated Regulation (EU) 2015/35.

E.2.3 Use of undertaking-specific parameters

Agria does not use undertaking-specific parameters for calculating the solvency capital requirement for insurance risk.

E.2.4 Capital add-on

Finansinspektionen has not decided on any capital add-on for Agria.

E.2.5 Data used for calculating minimum capital requirement

Information regarding the data used for calculating the minimum capital requirement is provided in the group-level report, section E.2.5.

E.2.6 Material changes to capital requirements during the reporting period.

The reduced market risk, refer to table E2(1), is due to a correction of the capital requirement calculation for equities risk whereby the subsidiary was previously categorised as an equity but disclosures are now provided. In other respects, the solvency capital requirement increased 9 percent due to a growing business in Sweden and in the company's branches abroad.

E.3 Use of duration-based equity risk in calculation of solvency capital requirement

The company does not use the duration-based method for calculating the solvency capital requirement for equity risk.

E.4 Partial internal model in calculation of solvency capital requirement

Information regarding the internal model for calculating the solvency capital requirement is provided in the group-level report, section E.4.

E.5 Infringements of minimum capital requirement and solvency capital requirement

Neither the minimum capital requirement nor the solvency capital requirement were infringed during the reporting period.

E.6 Other information

There is not deemed to be any other relevant information to be provided in this section.

Appendix

Appendix 1: Quantitative reporting templates

- **Appendix 1.1: Länsförsäkringar Group under the insurance rules**
- **Appendix 1.2: Agria Djurförsäkring**

Insurance operations at group level

Appendix 1.1: Länsförsäkringar Group under the insurance rules

The following quantitative reporting templates (QRT) for Länsförsäkringar Group under the insurance rules can be found as follows

Explanation:

denotes that the cell is not intended for quantitative data.

All amounts are in TSEK unless otherwise stated.

S.02.01.02: Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	R0010	✕
Deferred acquisition costs	R0020	✕
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	2,919,773
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	25,039,521
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	13,619,997
Equities	R0100	929,349
Equities - listed	R0110	
Equities - unlisted	R0120	929,349
Bonds	R0130	6,680,574
Government Bonds	R0140	217,829
Corporate Bonds	R0150	6,457,678
Structured notes	R0160	5,067
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	3,748,926
Derivatives	R0190	56,695
Deposits other than cash equivalents	R0200	3,980
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	124,729,507
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	8,007,567
Non-life and health similar to non-life	R0280	6,693,478
Non-life excluding health	R0290	6,633,826
Health similar to non-life	R0300	59,652
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	1,314,089
Health similar to life	R0320	28,579
Life excluding health and index-linked and unit-linked	R0330	1,285, 509
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	51,986
Insurance and intermediaries receivables	R0360	2,209,751
Reinsurance receivables	R0370	282
Receivables (trade, not insurance)	R0380	706,164
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	2,121,409
Any other assets, not elsewhere shown	R0420	243,788
Total assets	**R0500**	**166,029,748**

S.02.01.02: Balance sheet, cont.

Liabilities		Solvency II value C0010
Technical provisions – non-life	R0510	11,223,486
Technical provisions – non-life (excluding health)	R0520	10,160,020
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	10,063,033
Risk margin	R0550	96,986
Technical provisions - health (similar to non-life)	R0560	1,063,466
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	1,024,621
Risk margin	R0590	38,846
Technical provisions - life (excluding index-linked and unit-linked)	R0600	4,987,078
Technical provisions - health (similar to life)	R0610	322,395
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	205,196
Risk margin	R0640	117,199
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	4,664,682
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	4,538,657
Risk margin	R0680	126,025
Technical provisions – index-linked and unit-linked	R0690	114,709,104
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	112,638,314
Risk margin	R0720	2,070,790
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	59,357
Pension benefit obligations	R0760	45,975
Deposits from reinsurers	R0770	44,726
Deferred tax liabilities	R0780	641,851
Derivatives	R0790	20,840
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	984,539
Reinsurance payables	R0830	321,714
Payables (trade, not insurance)	R0840	816,332
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	1,812,170
Total liabilities	**R0900**	**135,667,172**
Excess of assets over liabilities	**R1000**	**30,362,576**

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**
Premiums written							
Gross - Direct Business	R0110	754,236	448,553		52,377	151,640	114,690
Gross - Proportional reinsurance accepted	R0120		1,176		0	4,303	21,654
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	0	2,151		6,139	35,793	6,684
Net	R0200	754,236	447,578		46,238	120,150	129,660
Premiums earned							
Gross - Direct Business	R0210	743,408	515,895		49,376	139,273	113,285
Gross - Proportional reinsurance accepted	R0220		1,128		0	4,390	18,335
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	0	2 151		6,139	10,037	6,747
Net	R0300	743,408	514,872		43,237	133,626	124,873
Claims incurred							
Gross - Direct Business	R0310	430,093	151,021		34,873	116,489	2,676
Gross - Proportional reinsurance accepted	R0320		532		-11,811	3,548	12,283
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	0	0		1,645	10,257	-79
Net	R0400	430,093	151,553		21,417	109,780	15,038
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0		0	0	0
Gross - Proportional reinsurance accepted	R0420		0		0	0	0
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	0	0		0	0	0
Net	R0500	0	0		0	0	0
Expenses incurred	**R0550**	**174,551**	**133,610**		**25,328**	**24,680**	**44,162**
Other expenses	**R1200**						
Total expenses	**R1300**						

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110	3,327 623	174,164	6,583	3, 223		
Gross - Proportional reinsurance accepted	R0120	233,148	9,626				
Gross - Non-proportional reinsurance accepted	R0130						
Reinsurers' share	R0140	75,807	10,535	5,121	204		
Net	R0200	3,484,964	173,255	1,462	3,019		
Premiums earned							
Gross - Direct Business	R0210	3,163,436	158,255	1,640	3,318		
Gross - Proportional reinsurance accepted	R0220	194,015	9,313				
Gross - Non-proportional reinsurance accepted	R0230						
Reinsurers' share	R0240	78,252	10,318	1,252	187		
Net	R0300	3,279,199	157,250	388	3,131		
Claims incurred							
Gross - Direct Business	R0310	2,014,028	162,283	1,033	1,885		
Gross - Proportional reinsurance accepted	R0320	123,797	2,413				
Gross - Non-proportional reinsurance accepted	R0330						
Reinsurers' share	R0340	48,846	2,742	691	0		
Net	R0400	2,088,979	161,954	342	1,885		
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0	0	0		
Gross - Proportional reinsurance accepted	R0420	0	0				
Gross - Non-proportional reinsurance accepted	R0430						
Reinsurers' share	R0440	0	0	0	0		
Net	R0500	0	0	0	0		
Expenses incurred	**R0550**	**928,694**	**57,100**	**2,158**	**921**		
Other expenses	**R1200**						
Total expenses	**R1300**						

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					5,033,089
Gross - Proportional reinsurance accepted	R0120					269,907
Gross - Non-proportional reinsurance accepted	R0130	49,314	345,209	23,803	1 420,327	1,838,653
Reinsurers' share	R0140	39,059	338,803	0	1 104,706	1,625,002
Net	R0200	10,255	6,406	23,803	315,621	5,516,647
Premiums earned						
Gross - Direct Business	R0210					4,887,886
Gross - Proportional reinsurance accepted	R0220					227,181
Gross - Non-proportional reinsurance accepted	R0230	49,373	345,351	24,360	1 416,384	1,835,468
Reinsurers' share	R0240	39,059	338,803	0	1 104,244	1,597,189
Net	R0300	10,314	6,548	24,360	312,140	5,353,346
Claims incurred						
Gross - Direct Business	R0310					2,914,381
Gross - Proportional reinsurance accepted	R0320					130,762
Gross - Non-proportional reinsurance accepted	R0330	-69,957	401,773	8,822	712,582	1,053,220
Reinsurers' share	R0340	-82,651	388,312	0	444,912	814,675
Net	R0400	12,694	13,461	8,822	267,670	3,283,688
Changes in other technical provisions						
Gross - Direct Business	R0410					0
Gross - Proportional reinsurance accepted	R0420					0
Gross - Non-proportional reinsurance accepted	R0430	0	0	0	0	0
Reinsurers' share	R0440	0	0	0	0	0
Net	R0500	0	0	0	0	0
Expenses incurred	**R0550**	**854**	**611**	**4,725**	**82,262**	**1,479,656**
Other expenses	**R1200**					**470,009**
Total expenses	**R1300**					**1,949,665**

S.05.01.02: Premiums, claims and expenses by line of business – Life insurance

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Occupational injury annuities[1]	Annuities[2]	Health insurance	Life insurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	163,940	388,826	8,541,024	299,230	0	1,000			**9,394,020**
Reinsurers' share	R1420	18,247	0	460	1,263	0	1,000			**20,970**
Net	R1500	145,693	388,826	8,540,564	297,967	0	0			**9,373,050**
Premiums earned										
Gross	R1510	0	0	0	0	0	1,000			**1,000**
Reinsurers' share	R1520	0	0	0	0	0	1,000			**1,000**
Net	R1600	0	0	0	0	0	0			**0**
Claims incurred										
Gross	R1610	74,541	91,661	4,780,998	167,828	-8	19,145			**5,134,165**
Reinsurers' share	R1620	14,962	0	0	19	0	21,060			**36,041**
Net	R1700	59,579	91,661	4,780,998	167,809	-8	-1,915			**5,098,124**
Changes in other technical provisions										
Gross	R1710	0	-164,431	-10,187,926	-8,186	0	0			**-10,360,543**
Reinsurers' share	R1720	0	0	0	0	0	0			**0**
Net	R1800	0	-164,431	-10,187,926	-8,186	0	0			**-10,360,543**
Expenses incurred	R1900	78,310	38,583	896,477	62,342					**1,075,712**
Other expenses	R2500	×	×	×	×	×	×	×	×	**73,600**
Total expenses	R2600	×	×	×	×	×	×	×	×	**1,149,312**

[1] Annuities stemming from non-life insurance contracts and relating to health insurance obligations.
[2] Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations.

S.05.02.01: Premiums, claims and expenses by country – Life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) – life obligations				
	R1400	×	×					
		C0220	C0280	C0230	C0230	C0230	C0230	C0230
Premiums written								
Gross	R1410	9,394,020	**9,394,020**					
Reinsurers' share	R1420	20,970	**20,970**					
Net	R1500	9,373,050	**9,373,050**					
Premiums earned								
Gross	R1510	1,000	**1,000**					
Reinsurers' share	R1520	1,000	**1,000**					
Net	R1600	0	**0**					
Claims incurred								
Gross	R1610	5,134,165	**5,134,165**					
Reinsurers' share	R1620	36,041	**36,041**					
Net	R1700	5,098,124	**5,098,124**					
Changes in other technical provisions								
Gross	R1710	-10,360,543	**-10,360,543**					
Reinsurers' share	R1720	0	**0**					
Net	R1800	-10,360,543	**-10,360,543**					
Expenses incurred	R1900	1,075,712	**1,075,712**					
Other expenses	R2500	×	73,600	×	×	×	×	×
Total expenses	R2600	×	**1,149,312**	×	×	×	×	×

S.05.02.01: Premiums, claims and expenses by country – Non-life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010	X	X	(GB) United Kingdom	(NO) Norway	(DK) Denmark	(FI) Finland	(US) United States
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	3,920,361	**5,031,922**	542,617	409,622	136,928	22,394	0
Gross - Proportional reinsurance accepted	R0120	17,828	**88,028**	8,706	34,375	6,858	15,859	4,402
Gross - Non-proportional reinsurance accepted	R0130	1,547,785	**1,617,291**	6,815	14,416	6,566	6,241	35,468
Reinsurers' share	R0140	1,554,771	**1,581,143**	6,849	1,797	2,125	2,464	13,137
Net	R0200	3,931,203	**5,156,098**	551,289	456,616	148,227	42,030	26,733
Premiums earned								
Gross - Direct Business	R0210	3,856,767	**4,886,691**	499,198	391,618	122,990	16,118	0
Gross - Proportional reinsurance accepted	R0220	16,147	**74,425**	8,254	26,807	6,506	12,397	4,314
Gross - Non-proportional reinsurance accepted	R0230	1,547,385	**1,617,354**	6,257	15,127	6,702	6,355	35,528
Reinsurers' share	R0240	1,520,983	**1,549,416**	6,899	1,797	2,316	2,342	15,079
Net	R0300	3,899,316	**5,029,054**	506,810	431,755	133,882	32,528	24,763
Claims incurred								
Gross - Direct Business	R0310	2,228,013	**2,914,480**	324,329	268,955	78,450	14,733	0
Gross - Proportional reinsurance accepted	R0320	26,404	**54,250**	-1 033	15,578	4,548	8,672	81
Gross - Non-proportional reinsurance accepted	R0330	843,725	**917,676**	397	31,035	1,158	7,348	34,013
Reinsurers' share	R0340	753,571	**784,201**	16,508	-47	6,098	2,900	5,171
Net	R0400	2,344,571	**3,102,205**	307,185	315,615	78,058	27,853	28,923
Changes in other technical provisions								
Gross - Direct Business	R0410	0	**0**	0	0	0	0	0
Gross - Proportional reinsurance accepted	R0420	0	**0**	0	0	0	0	0
Gross - Non-proportional reinsurance accepted	R0430	0	**0**	0	0	0	0	0
Reinsurers' share	R0440	0	**0**	0	0	0	0	0
Net	R0500	0	**0**	0	0	0	0	0
Expenses incurred	R0550	1,134,125	**1,437,996**	160,524	85,213	39,869	17,191	1,074
Other expenses	R1200	X	**470,009**	X	X	X	X	X
Total expenses	R1300	X	**1,908,005**	X	X	X	X	X

S.22.01.22: Effects of long-term guarantees and transitional measures

Länsförsäkringar Group under the insurance rules has no long-term guarantees or transitional measures and thus not report QRT s.22.01.22

S.23.01.22: Own funds

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector		**C0010**	**C0020**	**C0030**	**C0040**	**C0050**
Ordinary share capital (gross of own shares)	R0010	1,042,459	1,042,459			
Non-available called but not paid in ordinary share capital at group level	R0020					
Share premium account related to ordinary share capital	R0030	5,483,958	5,483,958		0	
Iinitial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Non-available subordinated mutual member accounts at group level	R0060					
Surplus funds	R0070					
Non-available surplus funds at group level	R0080					
Preference shares	R0090					
Non-available preference shares at group level	R0100					
Share premium account related to preference shares	R0110					
Non-available share premium account related to preference shares at group level	R0120					
Reconciliation reserve	R0130	23,400,219	23,400,219			
Subordinated liabilities	R0140					
Non-available subordinated liabilities at group level	R0150					
An amount equal to the value of net deferred tax assets	R0160					
The amount equal to the value of net deferred tax assets not available at the group level	R0170					
Other items approved by supervisory authority as basic own funds not specified above	R0180					
Non available own funds related to other own funds items approved by supervisory authority	R0190					
Minority interests (if not reported as part of a specific own fund item)	R0200					
Non-available minority interests at group level	R0210					
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	13,572,401	13,572,401	0	0	0
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240					
Deductions for participations where there is non-availability of information (Article 229)	R0250					
Deduction for participations included by using D&A when a combination of methods is used	R0260					
Total of non-available own fund items	R0270	0	0	0	0	0
Total deductions	**R0280**	**13,572,401**	**13,572,401**	**0**	**0**	**0**
Total basic own funds after deductions	**R0290**	**16,354,235**	**16,354,235**	**0**	**0**	**0**
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Non available ancillary own funds at group level	R0380					
Other ancillary own funds	R0390					
Total ancillary own funds	**R0400**					
Own funds of other financial sectors						
Credit Institutions, investment firms, financial insitutions, alternative investment fund manager, financial institutions	R0410	15,649,518	11,857,818	1,200,000	2,591,700	
Institutions for occupational retirement provision	R0420					
Non regulated entities carrying out financial activities	R0430					
Total own funds of other financial sectors	R0440	15,649,518	11,857,818	1,200,000	2,591,700	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	12,170,418	12,170,418	0	0	0
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	12,170,418	12,170,418	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	16,354,235	16,354,235	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	16,354,235	16,354,235	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	16,354,235	16,354,235	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	16,354,235	16,354,235	0	0	
Minimum consolidated Group SCR	**R0610**	**2,715,154**				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**6.02**				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**44,174,171**	**40,382,471**	**1,200,000**	**2,591,700**	**0**
Group SCR	**R0680**	**33,443,227**				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	**1.32**				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	30,362,576
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	300,000
Other basic own fund items	R0730	6,526,417
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Other non available own funds	R0750	135,940
Reconciliation reserve before deduction for participations in other financial sector	R0760	23,400,219
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	
Total EPIFP	R0790	

S.25.02.22: Solvency Capital Requirement – for groups using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	C0020	C0030	C0070	C0090	C0120
1	Market risk	6,377,497	6,377,455		
2	Counterparty default risk	146,983	0		
3	Life underwriting risk	3,179,321	0		
4	Health underwriting risk	369,572	190,375		
5	Non-life underwriting risk	740,803	701,421		
6	Intangible asset risk	0	0		
7	Operational risk	428,217	0		
9	LAC Deferred Taxes (negative amount)	–422,582	0		

Solvency Capital Requirement – for groups using the standard formula and partial internal model

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	R0110	10,819,811
Diversification	R0060	–2,653,774
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-on	**R0200**	**8,166,038**
Capital add-ons already set	R0210	0
Solvency capital requirement for undertakings under consolidated method	**R0220**	**21,272,809**
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	–422,582
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Minimum consolidated group solvency capital requirement	R0470	2,715,154
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	13,106,771
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	13,106,771
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities	R0530	
Capital requirement for non-controlled participation requirements	R0540	
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	12,170,418
Solvency Capital Requirement	**R0570**	**33,443,227**

S.32.01.22: Undertakings in the scope of the group

Country	Identification code and type of code of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)
C0010	C0020	C0040	C0050	C0060	C0070
(SE) Sweden	LEI/549300C6TUMDXNOVXS82	Länsförsäkringar Bank AB (publ)	8 Credit institution, investment firm and financial institution	bankaktiebolag	2 Non-mutual
(SE) Sweden	LEI/549300DVNMHS8M33J723	Wasa Kredit AB	8 Credit institution, investment firm and financial institution	aktiebolag	2 Non-mutual
(SE) Sweden	LEI/549300FOASW7JFUQV048	Länsförsäkringar Sak Försäkrings AB (publ)	2 Non life insurance undertaking	försäkringsaktiebolag	2 Non-mutual
(SE) Sweden	LEI/549300M8P0LTMZZSMQ10	Länsförsäkringar Fondliv Försäkrings AB (publ)	4 Composite undertaking	försäkringsaktiebolag	2 Non-mutual
(SE) Sweden	LEI/549300Y3H3YIK6S2H942	Försäkringsaktiebolaget Agria (publ)	2 Non life insurance undertaking	försäkringsaktiebolag	2 Non-mutual
(SE) Sweden	LEI/5493000M8THYN8D5I395	Länsförsäkringar Liv Försäkrings AB (publ)	4 Composite undertaking	försäkringsaktiebolag	1 Mutual
(SE) Sweden	LEI/5493000PQMGYILN5JL39	Länsförsäkringar Grupplivförsäkrings AB	1 Life insurance undertaking	försäkringsaktiebolag	2 Non-mutual
(SE) Sweden	LEI/5493001P7BX1N0JAG961	Länsförsäkringar Hypotek AB (publ)	8 Credit institution, investment firm and financial institution	aktiebolag	2 Non-mutual
(SE) Sweden	LEI/5493002JSD764TTOB380	Länsförsäkringar AB (publ)	7 Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	aktiebolag	2 Non-mutual
(SE) Sweden	LEI/54930025SK6LRZC6QF89	Länsförsäkringar Fondförvaltning AB (publ)	8 Credit institution, investment firm and financial institution	aktiebolag	2 Non-mutual
(SE) Sweden	SC/22024SE00183	Utile Dulci 2 HB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	handelsbolag	2 Non-mutual
(SE) Sweden	SC/22024SE00196	LF Sak Fastighets AB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(GB) United Kingdom	SC/22040SE00101	Agria Pet Insurance Ltd	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(CH) Switzerland	SC/5493002JSD764TTOB380CH00214	European Alliance Partners Company AG	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00256	CAB Group AB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00281	Svenska Andelshästar AB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00343	Länsförsäkringar Komplement AB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE00344	Fastighets KB Automobilpalatset	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Kommanditbolag	2 Non-mutual
(SE) Sweden	SC/5493002JSD764TTOB380SE556482-4471	Försäkringsgirot Sverige AB	10 Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	aktiebolag	2 Non-mutual

S.32.01.22: Undertakings in the scope of the group, cont.

		Criteria of influence						Inclusion in the scope of group supervision		Group solvency calculation
Legal name of the undertaking	**Supervisory Authority**	**% capital share**	**% used for the establishment of consolidated accounts**	**% voting rights**	**Other criteria**	**Level of influence**	**Proportional share used for group solvency calculation**	**YES/NO**	**Date of decision if art. 214 is applied**	**Method used and under method 1, treatment of the undertaking**
C0040	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
Länsförsäkringar Bank AB (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		4 Method 1: Sectoral rules
Wasa Kredit AB	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		4 Method 1: Sectoral rules
Länsförsäkringar Sak Försäkrings AB (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
Länsförsäkringar Fondliv Försäkrings AB (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
Försäkringsaktiebolaget Agria (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
Länsförsäkringar Liv Försäkrings AB (publ)	Finansinspektionen	1.000	1.000	1.000	Mutual	2 Significant	1.000	1 Included in the scope		5 Method 2: Solvency II
Länsförsäkringar Grupplivförsäkrings AB	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
Länsförsäkringar Hypotek AB (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		4 Method 1: Sectoral rules
Länsförsäkringar AB (publ)								1 Included in the scope		1 Method 1: Full consolidation
Länsförsäkringar Fondförvaltning AB (publ)	Finansinspektionen	1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		4 Method 1: Sectoral rules
Utile Dulci 2 HB		1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
LF Sak Fastighets AB		1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
Agria Pet Insurance Ltd		1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		1 Method 1: Full consolidation
European Alliance Partners Company AG		0.125	0.125	0.125	None	2 Significant	0.125	1 Included in the scope		3 Method 1: Adjusted equity method
CAB Group AB		0.288	0.288	0.288	None	2 Significant	0.288	1 Included in the scope		3 Method 1: Adjusted equity method
Svenska Andelshästar AB		0.400	0.400	0.400	None	2 Significant	0.400	1 Included in the scope		3 Method 1: Adjusted equity method
Länsförsäkringar Komplement AB		1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		5 Method 2: Solvency II
Fastighets KB Automobilpalatset		1.000	1.000	1.000	None	1 Dominant	1.000	1 Included in the scope		5 Method 2: Solvency II
Försäkringsgirot Sverige AB		0.250	0.250	0.250	None	2 Significant	0.250	1 Included in the scope		3 Method 1: Adjusted equity method

Agria Djurförsäkring

Appendix 1.2: Agria Djurförsäkring

The following quantitative reporting templates (QRT) for Agria can be found as follows

Explanation:

⨯ denotes that the cell is not intended for quantitative data.

All amounts are in TSEK unless otherwise stated.

S.02.01.02: Balance sheet

		Solvency II value
Assets		**C0010**
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	6,858
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,518,924
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	115,446
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	1,095,953
Government Bonds	R0140	4,403
Corporate Bonds	R0150	1,091,550
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	303,568
Derivatives	R0190	3,927
Deposits other than cash equivalents	R0200	30
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	
Reinsurance recoverables from:	R0270	6,611
Non-life and health similar to non-life	R0280	6,611
Non-life excluding health	R0290	6,611
Health similar to non-life	R0300	
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	
Health similar to life	R0320	
Life excluding health and index-linked and unit-linked	R0330	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance receivables	R0360	1,283,304
Reinsurance receivables	R0370	282
Receivables (trade, not insurance)	R0380	66,465
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	263,812
Any other assets, not elsewhere shown	R0420	23,908
Total assets	R0500	**3,170,164**

S.02.01.02: Balance sheet, cont.

		Solvency II value
Liabilities		**C0010**
Technical provisions – non-life	R0510	1,489,823
Technical provisions – non-life (excluding health)	R0520	1,489,823
Technical provisions calculated as a whole	R0530	
Best Estimate	R0540	1,466,620
Risk margin	R0550	23,203
Technical provisions - health (similar to non-life)	R0560	
Technical provisions calculated as a whole	R0570	
Best Estimate	R0580	
Risk margin	R0590	
Technical provisions - life (excluding index-linked and unit-linked)	R0600	
Technical provisions - health (similar to life)	R0610	
Technical provisions calculated as a whole	R0620	
Best Estimate	R0630	
Risk margin	R0640	
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	
Technical provisions calculated as a whole	R0660	
Best Estimate	R0670	
Risk margin	R0680	
Technical provisions – index-linked and unit-linked	R0690	
Technical provisions calculated as a whole	R0700	
Best Estimate	R0710	
Risk margin	R0720	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	2,751
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	
Deferred tax liabilities	R0780	111,996
Derivatives	R0790	2,370
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	18,174
Reinsurance payables	R0830	211
Payables (trade, not insurance)	R0840	52,967
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	457,669
Total liabilities	R0900	**2,135,961**
Excess of assets over liabilities	R1000	**1,034,203**

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0010	C0020	C0030	C0040	C0050	C0060
Premiums written							
Gross - Direct Business	R0110						
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130	✕	✕	✕	✕	✕	✕
Reinsurers' share	R0140						
Net	**R0200**						
Premiums earned							
Gross - Direct Business	R0210						
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230	✕	✕	✕	✕	✕	✕
Reinsurers' share	R0240						
Net	**R0300**						
Claims incurred							
Gross - Direct Business	R0310						
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330	✕	✕	✕	✕	✕	✕
Reinsurers' share	R0340						
Net	**R0400**						
Changes in other technical provisions							
Gross - Direct Business	R0410						
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430	✕	✕	✕	✕	✕	✕
Reinsurers' share	R0440						
Net	R0500						
Expenses incurred	R0550						
Other expenses	R1200	✕	✕	✕	✕	✕	✕
Total expenses	**R1300**	✕	✕	✕	✕	✕	✕

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0070	C0080	C0090	C0100	C0110	C0120
Premiums written							
Gross - Direct Business	R0110	3,289,010	10,218				
Gross - Proportional reinsurance accepted	R0120						
Gross - Non-proportional reinsurance accepted	R0130	X	X	X	X	X	X
Reinsurers' share	R0140	4,229	676				
Net	R0200	3,284,781	9,542				
Premiums earned							
Gross - Direct Business	R0210	3,130,754	9,799				
Gross - Proportional reinsurance accepted	R0220						
Gross - Non-proportional reinsurance accepted	R0230	X	X	X	X	X	X
Reinsurers' share	R0240	4,234	676				
Net	R0300	3,126,520	9,123				
Claims incurred							
Gross - Direct Business	R0310	1,983,048	8,252				
Gross - Proportional reinsurance accepted	R0320						
Gross - Non-proportional reinsurance accepted	R0330	X	X	X	X	X	X
Reinsurers' share	R0340	-1,011	3,755				
Net	R0400	1,984,059	4,497				
Changes in other technical provisions							
Gross - Direct Business	R0410	0	0				
Gross - Proportional reinsurance accepted	R0420						
Gross - Non-proportional reinsurance accepted	R0430	X	X	X	X	X	X
Reinsurers' share	R0440	0	0				
Net	R0500	0	0				
Expenses incurred	R0550	879,424	2,010				
Other expenses	R1200	X	X	X	X	X	X
Total expenses	R1300	X	X	X	X	X	X

S.05.01.02: Premiums, claims and expenses by line of business – Non-life insurance, cont.

		Line of business for: accepted non-proportional reinsurance				
		Health	Casualty	Marine, aviation, transport	Property	Total
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross - Direct Business	R0110					3,299,228
Gross - Proportional reinsurance accepted	R0120					
Gross - Non-proportional reinsurance accepted	R0130					
Reinsurers' share	R0140					4,905
Net	R0200					3,294,323
Premiums earned						
Gross - Direct Business	R0210					3,140,553
Gross - Proportional reinsurance accepted	R0220					
Gross - Non-proportional reinsurance accepted	R0230					
Reinsurers' share	R0240					4,910
Net	R0300					3,135,643
Claims incurred						
Gross - Direct Business	R0310					1,991,300
Gross - Proportional reinsurance accepted	R0320					
Gross - Non-proportional reinsurance accepted	R0330					
Reinsurers' share	R0340					2,744
Net	R0400					1,988,556
Changes in other technical provisions						
Gross - Direct Business	R0410					0
Gross - Proportional reinsurance accepted	R0420					
Gross - Non-proportional reinsurance accepted	R0430					
Reinsurers' share	R0440					0
Net	R0500					0
Expenses incurred	R0550					881,434
Other expenses	R1200					0
Total expenses	R1300					881,434

S.05.01.02: Premiums, claims and expenses by line of business – Life insurance

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Occupational injury annuities[1)]	Annuties[2)]	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Other expenses	R2500									0
Total expenses	R2600									**0**

1) Annuities stemming from non-life insurance contracts and relating to health insurance obligations
2) Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations

S.05.02.01: Premiums, claims and expenses by country – Life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - life obligations				
	R1400							
		C0220	C0280	C0230	C0240	C0250	C0260	C0270
Premiums written								
Gross	R1410							
Reinsurers' share	R1420							
Net	R1500							
Premiums earned								
Gross	R1510							
Reinsurers' share	R1520							
Net	R1600							
Claims incurred								
Gross	R1610							
Reinsurers' share	R1620							
Net	R1700							
Changes in other technical provisions								
Gross	R1710							
Reinsurers' share	R1720							
Net	R1800							
Expenses incurred	R1900							
Other expenses	R2500		0					
Total expenses	R2600		**0**					

S.05.02.01: Premiums, claims and expenses by country – Non-life insurance

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(GB) United Kingdom	(NO) Norway	(DK) Denmark	(FI) Finland	
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	2,188,813	**3,299,228**	542,511	409,227	136,555	22,122	
Gross - Proportional reinsurance accepted	R0120							
Gross - Non-proportional reinsurance accepted	R0130							
Reinsurers' share	R0140	3,999	**4,905**	0	230	676	0	
Net	R0200	2,184,814	**3,294,323**	542,511	408,997	135,879	22,122	
Premiums earned								
Gross - Direct Business	R0210	2,111,788	**3,140,553**	499,094	391,218	122,605	15,848	
Gross - Proportional reinsurance accepted	R0220							
Gross - Non-proportional reinsurance accepted	R0230							
Reinsurers' share	R0240	3,999	**4,910**	0	235	676	0	
Net	R0300	2,107,789	**3,135,643**	499,094	390,983	121,929	15,848	
Claims incurred								
Gross - Direct Business	R0310	1,304,908	**1,991,300**	324,329	268,955	78,375	14,733	
Gross - Proportional reinsurance accepted	R0320							
Gross - Non-proportional reinsurance accepted	R0330							
Reinsurers' share	R0340	-1,011	**2,744**	0	0	3,755	0	
Net	R0400	1,305,919	**1,988,556**	324,329	268,955	74,620	14,733	
Changes in other technical provisions								
Gross - Direct Business	R0410	0	**0**	0	0	0	0	
Gross - Proportional reinsurance accepted	R0420							
Gross - Non-proportional reinsurance accepted	R0430							
Reinsurers' share	R0440	0	**0**	0	0	0	0	
Net	R0500	0	**0**	0	0	0	0	
Expenses incurred	R0550	592,671	**881,434**	159,713	76,681	38,255	14,114	
Other expenses	R1200		**0**					
Total expenses	R1300		**881,434**					

S.12.01.02: Life and Health SLT Technical Provisions

			Index-linked and unit-linked insurance			Other life insurance		
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees
		C0020	C0030	C0040	C0050	C0060	C0070	C0080
Technical provisions calculated as a whole	R0010			X	X		X	X
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020			X	X		X	X
Technical provisions calculated as a sum of BE and RM								
Best Estimate								
Gross Best Estimate	R0030		X			X		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080		X			X		
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090		X			X		
Risk margin	R0100			X	X		X	X
Amount of the transitional on Technical Provisions								
Technical provisions calculated as a whole	R0110			X	X		X	X
Best Estimate	R0120		X			X		
Risk margin	R0130			X	X		X	X
Technical provisions - total	R0200			X	X		X	X

					Health insurance (direct business)		
		Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees
		C0090	C0100	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					X	X
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020					X	X
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	R0030				X		
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080				X		
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090				X		
Risk margin	R0100					X	X
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0110					X	X
Best Estimate	R0120				X		
Risk margin	R0130					X	X
Technical provisions - total	R0200					X	X

S.12.01.02: Life and Health SLT Technical Provisions, cont.

		Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0190	C0200	C0210
Technical provisions calculated as a whole	R0010			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020			
Technical provisions calculated as a sum of BE and RM				
Best Estimate				
Gross Best Estimate	R0030			
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080			
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090			
Risk margin	R0100			
Amount of the transitional on Technical Provisions				
Technical provisions calculated as a whole	R0110			
Best Estimate	R0120			
Risk margin	R0130			
Technical provisions - total	R0200			

S.17.01.02: Non-life Technical Provisions

		Direct business and accepted proportional reinsurance					
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance
		C0020	C0030	C0040	C0050	C0060	C0070
Technical provisions calculated as a whole	R0010						
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Premium provisions							
Gross	R0060						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140						
Net Best Estimate of Premium Provisions	R0150						
Claims provisions							
Gross	R0160						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240						
Net Best Estimate of Claims Provisions	R0250						
Total Best estimate - gross	R0260						
Total Best estimate - net	R0270						
Risk margin	R0280						
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0290						
Best Estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320						
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330						
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340						

S.17.01.02: Non-life Technical Provisions, cont.

		Direct business and accepted proportional reinsurance					
		Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
		C0080	C0090	C0100	C0110	C0120	C0130
Technical provisions calculated as a whole	R0010	0	0				
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050						
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Premium provisions							
Gross	R0060	1,207,711	3,730				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0				
Net Best Estimate of Premium Provisions	R0150	1,207,711	3,730				
Claims provisions							
Gross	R0160	240,994	14,185				
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	733	5,878				
Net Best Estimate of Claims Provisions	R0250	240,262	8,307				
Total Best estimate - gross	R0260	1,448,706	17,915				
Total Best estimate - net	R0270	1,447,973	12,036				
Risk margin	R0280	22,586	617				
Amount of the transitional on Technical Provisions							
Technical provisions calculated as a whole	R0290						
Best Estimate	R0300						
Risk margin	R0310						
Technical provisions - total							
Technical provisions - total	R0320	1,471,292	18,532				
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	733	5,878				
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	1,470,559	12,653				

S.17.01.02: Non-life Technical Provisions, cont.

		Accepted non-proportional reinsurance				
		Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010					0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0050					
Technical provisions calculated as a sum of BE and RM						
Best Estimate						
Premium provisions						
Gross	R0060					1,211,441
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140					0
Net Best Estimate of Premium Provisions	R0150					1,211,441
Claims provisions						
Gross	R0160					255,179
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240					6,611
Net Best Estimate of Claims Provisions	R0250					248,568
Total Best estimate - gross	R0260					1,466,620
Total Best estimate - net	R0270					1,460,009
Risk margin	R0280					23,203
Amount of the transitional on Technical Provisions						
Technical provisions calculated as a whole	R0290					
Best Estimate	R0300					
Risk margin	R0310					
Technical provisions - total						
Technical provisions - total	R0320					1,489,823
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330					6,611
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340					1,483,212

S.19.01.21: Non-life insurance claims payments

Total Non-Life Business

Accident year / Underwriting year Z0020 (1) Accident year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											-4
N-9	R0160	730,941	71,725	6,679	1,519	779	2,477	1,008	709	0	250	
N-8	R0170	759,350	78,262	5,367	1,214	324	162	173	2	2		
N-7	R0180	855,453	74,670	2,605	269	874	18	2	-5			
N-6	R0190	976,819	103,035	2,766	1,213	537	44	-23				
N-5	R0200	1,157,806	110,664	3,599	1,199	416	783					
N-4	R0210	1,248,998	129,045	4,018	1,617	1,628						
N-3	R0220	1,369,006	131,492	3,756	1,271							
N-2	R0230	1,478,721	149,377	8,508								
N-1	R0240	1,650,825	181,523									
N	R0250	1,826,109										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	-4	-4
	R0160	250	816,087
	R0170	2	844,856
	R0180	-5	933,887
	R0190	-23	1,084,391
	R0200	783	1,274,467
	R0210	1,628	1,385,306
	R0220	1,271	1,505,525
	R0230	8,508	1,636,606
	R0240	181,523	1,832,348
	R0250	1,826,109	1,826,109
Total	R0260	**2,020,041**	**13,139,578**

Gross undiscounted Best Estimate Claims Provisions

(absolut belopp)

Year		Development year 0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											0
N-9	R0160	0	0	0	0	0	0	0	0	559	324	
N-8	R0170	0	0	0	0	0	0	0	369	367		
N-7	R0180	0	0	0	0	0	0	0	119			
N-6	R0190	0	0	0	0	0	5	22				
N-5	R0200	0	0	0	0	4,725	1,482					
N-4	R0210	0	0	0	2,860	1,382						
N-3	R0220	0	0	9,406	9,606							
N-2	R0230	0	18,787	5,437								
N-1	R0240	226,587	10,173									
N	R0250	225,898										

		Year end (discounted data)
		C0360
	R0100	0
	R0160	324
	R0170	367
	R0180	119
	R0190	22
	R0200	1,483
	R0210	1,383
	R0220	9,633
	R0230	5,453
	R0240	10,201
	R0250	226,193
Total	R0260	**255,179**

S.22.01.21: Effects of long-term guarantees and transitional measures

Agria has no long-term guarantee or transitional measures and thus does not report QRT s.22.01.21

S.23.01.01: Own funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	**40,000**	40,000			
Share premium account related to ordinary share capital	R0030					
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	**944,203**	944,203			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160					
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	**984,203**	984,203			

Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300					
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400					
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	**984,203**	984,203			
Total available own funds to meet the MCR	R0510	**984,203**	984,203			
Total eligible own funds to meet the SCR	R0540	**984,203**	984,203			
Total eligible own funds to meet the MCR	R0550	**984,203**	984,203			
SCR	R0580	**563,260**				
MCR	R0600	**253,467**				
Ratio of Eligible own funds to SCR	R0620	**1,75**				
Ratio of Eligible own funds to MCR	R0640	**3,88**				

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	1,034,203
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	50,000
Other basic own fund items	R0730	40,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	944,203
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	
Total EPIFP	R0790	

S.25.02.21: Solvency Capital Requirement – for undertakings using the standard formula and partial internal model

Unique number of component	Components description	Calculation of the Solvency Capital Requirement	Amount modelled	USP	Simplifications
C0010	**C0020**	**C0030**	**C0070**	**C0090**	**C0120**
1	Market risk	76,712	76,692		
2	Counterparty default risk	23,001	0		
3	Life underwriting risk	0	0		
4	Health underwriting risk	0	0		
5	Non-life underwriting risk	592,152	564,718		
6	Intangible asset risk	0	0		
7	Operational risk	94,217	0		
9	LAC Deferred Taxes (negative amount)	-158,868	0		

Calculation of Solvency Capital Requirement		**C0100**
Total undiversified components	R0110	627,213
Diversification	R0060	-63,954
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	
Solvency capital requirement, excluding capital add-on	R0200	563,260
Capital add-ons already set	R0210	0
Solvency Capital Requirement	R0220	563,260
Other information on SCR		
Amount/estimate of the overall loss-absorbing capacity of technical provisions	R0300	0
Amount/estimate of the overall loss-absorbing capacity ot deferred taxes	R0310	-158,868
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirements for ring fenced funds (other than those related to business operated in accordance with Art. 4 of Directive 2003/41/EC (transitional))	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	

S.28.01.01: Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	384,958

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	0	0
Fire and other damage to property insurance and proportional reinsurance	R0080	1,447,973	3,284,781
General liability insurance and proportional reinsurance	R0090	12,036	9,542
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCR_{L} Result	R0200	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		**C0070**
Linear MCR	R0300	384,958
SCR	R0310	563,260
MCR cap	R0320	253,467
MCR floor	R0330	140,815
Combined MCR	R0340	253,467
Absolute floor of the MCR	R0350	24,354
Minimum Capital Requirement	R0400	**253,467**

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