



Länsförsäkringar AB

Annual Report

2022





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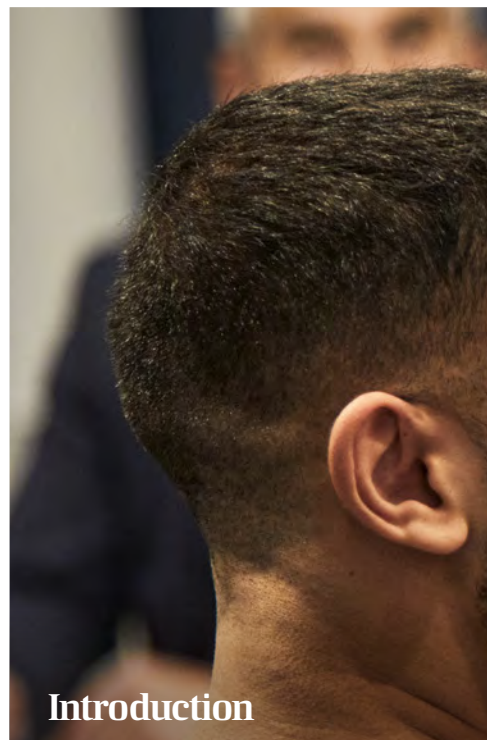
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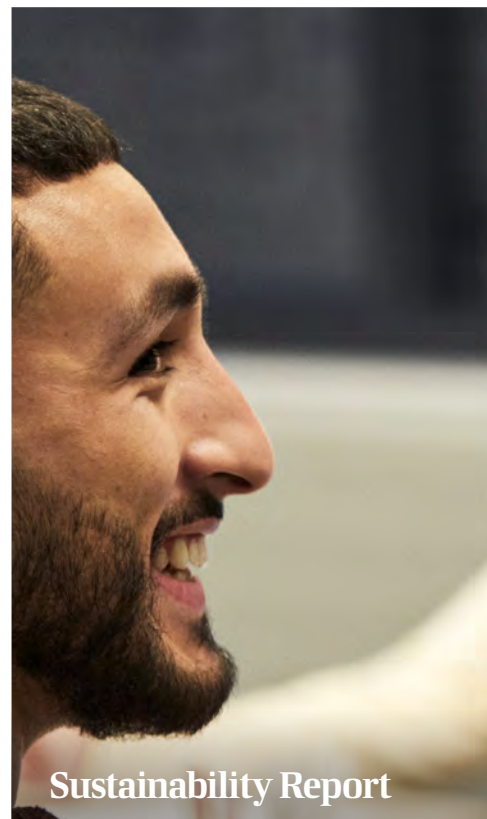
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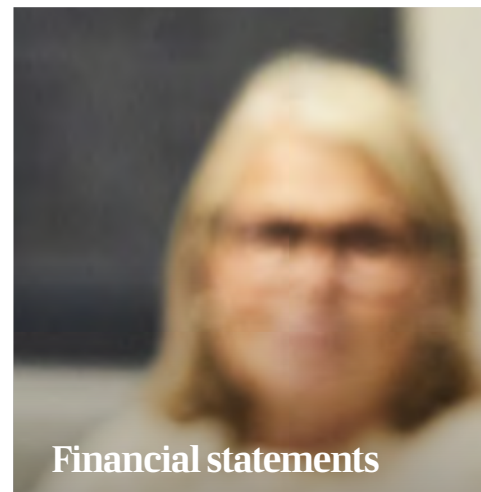
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**Länsförsäkringar AB's** 2022 Annual Report contains information about the operations conducted within the Länsförsäkringar AB Group. Länsförsäkringar AB's consolidated subsidiaries are: Länsförsäkringar Bank, Agria Djurförsäkring, Länsförsäkringar Fondliv, Länsförsäkringar Gruppliv and Länsförsäkringar Sak Fastighet. Länsförsäkringar Liv is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group. The Sustainability Report contains information about Länsförsäkringar's work on sustainability in its customer offering and operations and in terms of its social commitment. The scope of the sustainability report is described on page 173 and the statutory Sustainability Report according to the Swedish Annual Accounts Act (ÅRL) on page 197.



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# About Länsförsäkringar

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## Länsförsäkringar in brief

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 offering of banking, insurance, pension and real-estate brokerage services through the regional insurance companies. The regional insurance companies are owned by the insurance customers. There are no external shareholders and meeting customer needs and requirements is always the primary task. The Länsförsäkringar Alliance has 3.9 million customers and 8,500 employees.

3.9 million customers

23 local regional insurance companies

### Länsförsäkringar AB

Responsible for a large part of the Länsförsäkringar Alliance's joint development and service and conducts non-life insurance business in development areas to supplement the regional insurance companies' offering or to achieve economies of scale.

#### Länsförsäkringar Bank AB

Offers a broad range of banking services to the regional insurance companies' customers.

#### Agria Djurförsäkring

The Länsförsäkringar Alliance's specialist company for pet and crop insurance.

#### Länsförsäkringar Grupplivförsäkrings AB

Offers group life assurance and occupational group life insurance to the regional insurance companies' customers.

#### Länsförsäkringar Fondliv Försäkrings AB

Offers pension savings with fund and guarantee management and personal-risk insurance to the regional insurance companies' customers.

#### Länsförsäkringar Liv Försäkrings AB

Manages traditional life assurance taken out before September 2011 when the company closed for new business.

## Rating

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

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



## Länsförsäkringar AB

Länsförsäkringar AB is wholly owned by the regional insurance companies, together with 14 local insurance companies. 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 conducts banking, life assurance, pension insurance as well as some non-life insurance business. The task of the non-life insurance business is to complement the regional insurance companies' offering with specialist products, start new business and create economies of scale. Länsförsäkringar Liv is not consolidated in the Group since the company is operated according to mutual principles.



# The 2022 fiscal year

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## Earnings 2022 *Figures in parentheses pertain to 2021*

- The Länsförsäkringar AB Group's operating profit amounted to SEK 2,350 M (3,806). The return on equity amounted to 8% (9). Dividend to owners amounted to SEK 1,751 M (1,000).
- Länsförsäkringar AB Group's non-life insurance operations posted an operating profit of SEK 693 M (798). Premiums earned after ceded reinsurance rose 11% to SEK 8,485 M (7,662). The combined ratio was 91.0% (91.2).
- The Länsförsäkringar Bank Group's operating profit declined to SEK 2,067 M (2,296). Net interest income rose 14% to SEK 5,528 M (4,863). Return on equity amounted to 8.2% (9.8).
- Länsförsäkringar Fondliv's operating profit fell to SEK 566 M (625). Premium income amounted to SEK 18,362 M (24,682). Commission and fee income was SEK 2,080 M (2,201).

## Five-year summary

Länsförsäkringar AB Group <sup>1)</sup>	2022	2021	2020	2019	2018
Operating profit, SEK M	2,350	3,806	2,726	3,003	2,351
Equity per share, SEK	3,199	3,183	2,959	2,754	2,462
Total assets, SEK M	687,973	711,589	613,967	572,594	506,835
Return on equity, %	8	9	8	10	9
Own funds for the insurance group (FRL) <sup>2)</sup> , SEK M	59,099	65,203	57,412	50,220	43,870
Solvency capital requirement for the insurance group (FRL) <sup>2)</sup> , SEK M	41,836	45,368	39,186	37,966	33,874
Own funds for the financial conglomerate, SEK M	59,099	65,203	57,412	50,220	43,870
Capital requirement for the financial conglomerate, SEK M	41,836	45,368	39,186	37,966	33,874
Carbon emissions in own operations <sup>3)</sup> , tonnes CO <sub>2</sub> e	5,197	3,138	241	812	1,016
Carbon footprint for listed equities in investment portfolios <sup>4)</sup> , tonnes CO <sub>2</sub> e/SEK M	8	8	10	12	18
Share of sustainability-focused bonds in investment portfolios, % of managed assets	20	16	13	7	3
Employee Net Promoter Score (eNPS), index	34	39	37	31	26
Number of women/men in the Group <sup>5)</sup> , %	55/45	57/43	58/42	58/42	57/43

<sup>1)</sup> Excluding Länsförsäkringar Liv Försäkrings AB, which is operated in accordance with mutual principles.

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

<sup>3)</sup> 2022 includes more Scope 3 categories, affected by the ongoing office remodelling. 2021 was restated according to the GHG protocol's methods and includes more emissions categories.

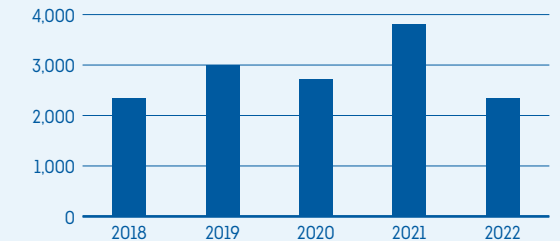
<sup>4)</sup> Reported according to "weighted average carbon intensity," which shows the exposure of the equities portfolio to carbon intense companies.

The company's carbon intensity measured as its greenhouse gas emissions (Scopes 1 and 2) in relation to its income.

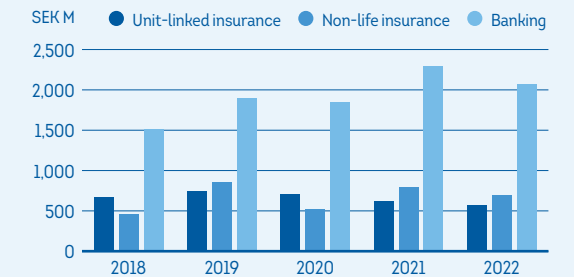
<sup>5)</sup> Including Länsförsäkringar Liv Försäkrings AB.

## Operating profit

# SEK 2,350 M

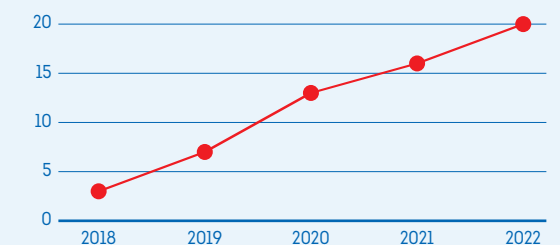


## Operating profit per business operation



## Share of sustainability-focused bonds

# 20% of managed assets





# 2022 in brief

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“  
**Länsförsäkringar’s customer promise is to simplify everyday life and contribute to a secure future.**



### Remodelling Länsförsäkringar AB’s office

More than a third of Länsförsäkringar’s employees work at the jointly owned Länsförsäkringar AB. The introduction of flexible and activity-based working continued in 2022. Länsförsäkringar AB’s office in Stockholm is undergoing extensive remodelling as part of this new work method. The materials and colours used in the premises are based on Swedish nature found in all parts of the country in which the regional insurance companies operate, complemented with a palette inspired by the Länsförsäkringar brand. Reuse and energy efficiency are key elements of the remodelling project.

### Länsförsäkringar in an uncertain world

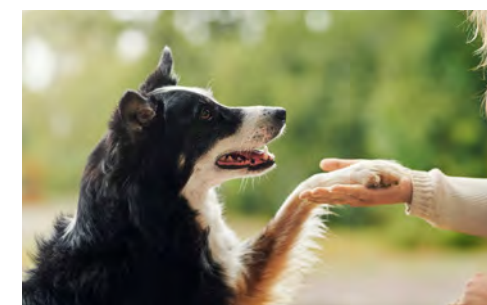
Heightened geopolitical tension, an energy crisis, rising inflation and climate change are a cause of concern for many customers. With advisory services, a broad offering tailored to customer needs and claims-prevention activities, Länsförsäkringar makes everyday life simple and increases security for our customers, which is even more important in an uncertain world.



### Social commitment

In 2022, Länsförsäkringar donated SEK 55 M in sponsorship to support sports clubs, other associations and local sustainability initiatives, and awarded grants totalling SEK 56 M as part of Länsförsäkringar’s long-term environmental and social commitment.

[Read more on pages 39–40.](#)



### Agria is growing

Agria’s international operations expanded into Ireland and the Netherlands with the acquisition of Capstone in February 2022. As such, Agria is represented in nine countries: Sweden, Norway, Denmark, Finland, the UK, France, Germany, Ireland and the Netherlands.



### New sustainable offering

Länsförsäkringar can help its customers make sustainable choices by offering sustainability-focused offerings and advice. Several new offers were launched in 2022, such as green mortgages, energy savings loans and an expanded sustainability-focused fund range. 95% of the unit-linked insurance fund range comprises sustainability-focused funds.

[Read more on pages 22–27.](#)





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**Länsförsäkringar is local and customer-owned, and offers security for its customers.**

**Mathias Collén**  
President and CEO of Länsförsäkringar AB

# Länsförsäkringar offers security in an uncertain world

## STATEMENT BY THE CEO

2022 was dominated by heightened geopolitical and macroeconomic turmoil. Higher costs of living and concern for the future affect us all. Länsförsäkringar's customer promise – to simplify everyday life and contribute to a secure future – is even more important in these uncertain times. Through leveraging the regional insurance companies' local presence, we understand the circumstances and needs of our customers. The regional insurance companies are customer-owned, meaning that customers are offered long-term stability. With our broad knowledge, customers are provided with a secure, complete offering of banking, insurance, pension and real-estate brokerage services. Rising interest rates, gloomier growth prospects and weaker stock markets led to negative investment income in 2022, although Länsförsäkringar AB reported healthy earnings in its business operations, resulting in operating profit of SEK 2.4 billion.

**I**n 2022, we focused on our advisory services, an expanded customer offering and claims prevention to increase security for our customers.

We offered advice in many areas, such as how customers can reduce their electricity costs in the home without causing frost damage or fire, how customers can best save for their pensions or how to speak to children worried about the economical situation. We launched the forecast tool, *Ekonomikollen* on Länsförsäkringar's website for customers to use to calculate and see how a variety of

different factors and choices would affect their personal finances.

Our customer offering was expanded with services that are in demand and relevant. Länsförsäkringar became a partner of the Baby Journey pregnancy app, we developed our own *Hälsa och vård* app that gives customers 24/7 access to the entire content of their health care insurance, and new functionality was added to the *Agria Vårdguide* app. Länsförsäkringar's cyber insurance is now better suited to meet the needs of corporate customers. There was widespread interest in



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cyber insurance in 2022 since geopolitical turmoil has resulted in higher contingency planning and a focus on IT security among corporate customers.

Avoiding claims is a gain for the environment, the individual and society at large. This is why Länsförsäkringar attaches great importance to claims-prevention activities, from offering free reflectors for children to more extensive measures for creating a safe society. Länsförsäkringar's Research Fund finances research into such topics as climate adaptation and secure homes that is then used in our own business development and in discussions with various stakeholders in society.

### Continued digitisation – key to Länsförsäkringar's customer promise

The key to continuing to deliver on Länsförsäkringar's customer promise is continuous digitisation of the operations. We have created the best conditions for efficient and innovative development. Länsförsäkringar AB drives much of Länsförsäkringar's joint development, in close collaboration with the 23 regional insurance companies that have extensive knowledge of their local markets and customers. All joint development is governed by the Alliance-wide marketing plan based on customer needs and our Lean Agile work method.

Länsförsäkringar's digitisation activities continued at a fast pace in 2022. For example, our system support was strengthened to increase the quality of in-person customer meetings, as were our digital channels for more flexible virtual customer meetings.

### New code of culture

Länsförsäkringar AB endeavours to be the best partner of the regional insurance companies. Our values and our culture need to be firmly estab-

lished among our employees in order to efficiently conduct joint development activities. All employees had the chance to participate in preparing the new code of culture during the year, which became a fantastic cultural journey that inspired new ways of thinking and new ideas! Our new code of culture provides us with a foundation to be an attractive employer with proud and dedicated employees who deliver peak performance.

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**Länsförsäkringar contributes to a sustainable society with its local and extensive social responsibility and sustainable business.**

**Mathias Collén**  
*President and CEO of Länsförsäkringar AB*

### Sustainability throughout the operations

Länsförsäkringar contributes to a sustainable society with its local and extensive social responsibility and sustainable business. In addition to continuing our claims-prevention activities, we launched many new sustainable offers in 2022, such as green mortgages, energy savings loans and an expanded sustainability-focused fund range. 99% of the savings of our unit-linked insurance customers is invested in funds that promote sustainability or have sustainable investment as

their objective according to the EU Sustainable Finance Disclosure Regulation. We also work systematically on anti-money laundering and financial crime.

Since 2021 Länsförsäkringar AB has been working towards the climate target for the operations to become climate-positive by 2045. We will assume our responsibility and reduce our climate impact, and also engage and help our partners and customers to reduce their climate impact.

Länsförsäkringar AB is working together with the 23 regional insurance companies towards the UN Sustainable Development Goals. UN initiatives such as the Global Compact, Principles for Responsible Investment (PRI), Principles for Responsible Banking (PRB) and Principles for Sustainable Insurance (PSI) continue to provide guidance in our day-to-day sustainability activities. We worked intensively to make changes to comply with the EU action plan on financing sustainable growth during the year.

### Healthy earnings in the business operations

The Länsförsäkringar AB Group's operating profit amounted to SEK 2.4 billion, despite negative investment income of SEK -0.8 billion due to the volatility in the financial markets.

The non-life insurance operations contributed operating profit of SEK 0.7 billion with a combined ratio of 91% and strong premium growth of 11%, primarily from Agria for which our target is to become the largest pet insurance company in Europe!

The banking operations reported a stable operating profit of SEK 2.1 billion with deposits increasing 5% and lending up 4%.

The unit-linked insurance operations contributed operating profit of SEK 0.6 billion with continuing healthy growth where premiums paid increased 8%. This shows that our customers are

continuing to choose Länsförsäkringar for their pension savings despite extended transfer rights since July.

### Expectations for 2023

I became the President and CEO of Länsförsäkringar AB in December 2022 and I am delighted to have been entrusted with this role. I served as the President of Länsförsäkringar Fondliv for the past three years but have been working at Länsförsäkringar since 2014. Although market forecasts are gloomy I am looking forward, together with the regional insurance companies, to continue to deliver on our customer promise in 2023 and beyond. Together we create security and opportunities. And this is particularly what we need right now.

Stockholm, March 2023

**Mathias Collén**  
*President and CEO of Länsförsäkringar AB*



# Success lies in the balance between local and shared

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## ABOUT LÄNSFÖRSÄKRINGAR AB

Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking, non-life insurance, pension and life-assurance operations, strategic development activities and to 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.

**L**änsförsäkringar AB is wholly owned by the 23 regional insurance companies, together with 14 local insurance companies. In addition to the Parent Company, Länsförsäkringar AB, the Group consists of Länsförsäkringar Bank, Agria Djurförsäkring, Länsförsäkringar Fondliv, Länsförsäkringar Gruppliv, Länsförsäkringar Sak Fastighet and Länsförsäkringar Liv as well as the subsidiaries of these companies. Länsförsäkringar Liv is not consolidated in the consolidated financial statements, since the company is operated in accordance with mutual principles and the earnings accrue in their entirety to the policyholders.

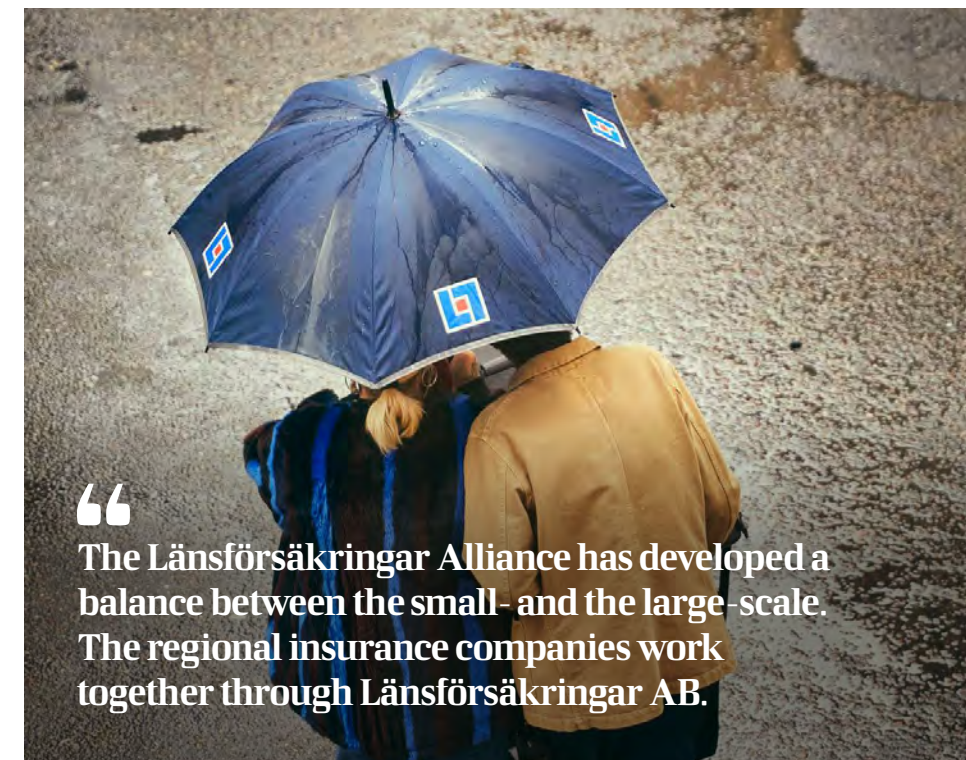
### Mission

Länsförsäkringar AB's task as the partner of the regional insurance companies is to deliver business, development and service. This ensures that the regional insurance companies can offer their customers the right range of products and enables private individuals, companies and agricultural customers in Sweden to live with a sense of security. Länsförsäkringar AB also manages the Länsförsäkringar Alliance's joint reinsurance cover.

### Balance between local and shared

The Länsförsäkringar Alliance has developed a balance between the small- and the large-scale. Cooperation between the regional insurance companies through Länsförsäkringar AB has emerged from a decentralised perspective, not the other way round. The local regional insurance companies cooperate to achieve economies of scale and to concentrate on the most important issues: meetings with customers and developing close customer relationships.

For Länsförsäkringar, the core concept is to meet and get to know customers, and this is best achieved on a small scale. Accordingly, essentially all customer contact takes place in the local regional insurance companies. Certain elements of the Länsförsäkringar Alliance are conducted on a large-scale through Länsförsäkringar AB and its subsidiaries to generate economies of scale, for example, product development and IT systems. Success lies in balancing these elements. Experience shows that local decision-making authority combined with joint strength creates substantial added value for customers.



“  
The Länsförsäkringar Alliance has developed a balance between the small- and the large-scale. The regional insurance companies work together through Länsförsäkringar AB.

### Governance of risk-taking and capital use

Länsförsäkringar AB's business activities are conducted to generate a profit so that the company can pay returns on equity at market levels. All capital that is not required for Länsförsäkringar AB's operations is returned, over time, to the owners in the form of dividends. Decisions on dividend payments are based on the Group's capital position in relation to its combined risks. Länsförsäkringar AB endeavours to maintain a balance between capital

strength and risk-taking to justify a minimum credit rating of A.

The regional insurance companies have strong capital position and thus are highly capable of contributing capital to the Group. Accordingly, the Länsförsäkringar AB Group's capital strength is assessed not only based on its own position but also includes the capital strength of the regional insurance companies. Rating agencies and other stakeholders take the same approach.





# Owner control

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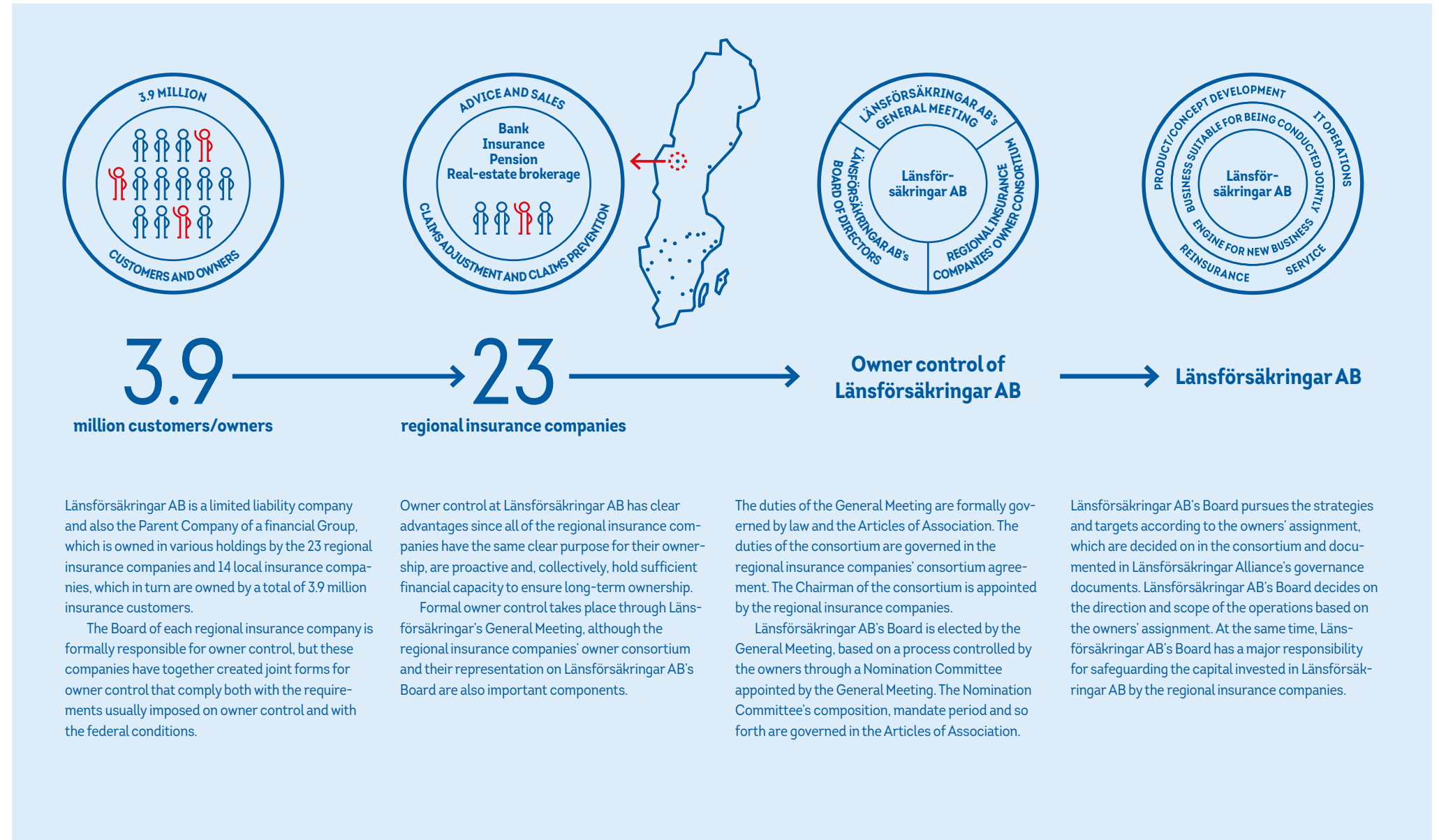
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Länsförsäkringar AB is a limited liability company and also the Parent Company of a financial Group, which is owned in various holdings by the 23 regional insurance companies and 14 local insurance companies, which in turn are owned by a total of 3.9 million insurance customers.

The Board of each regional insurance company is formally responsible for owner control, but these companies have together created joint forms for owner control that comply both with the requirements usually imposed on owner control and with the federal conditions.

Owner control at Länsförsäkringar AB has clear advantages since all of the regional insurance companies have the same clear purpose for their ownership, are proactive and, collectively, hold sufficient financial capacity to ensure long-term ownership.

Formal owner control takes place through Länsförsäkringar's General Meeting, although the regional insurance companies' owner consortium and their representation on Länsförsäkringar AB's Board are also important components.

The duties of the General Meeting are formally governed by law and the Articles of Association. The duties of the consortium are governed in the regional insurance companies' consortium agreement. The Chairman of the consortium is appointed by the regional insurance companies.

Länsförsäkringar AB's Board is elected by the General Meeting, based on a process controlled by the owners through a Nomination Committee appointed by the General Meeting. The Nomination Committee's composition, mandate period and so forth are governed in the Articles of Association.

Länsförsäkringar AB's Board pursues the strategies and targets according to the owners' assignment, which are decided on in the consortium and documented in Länsförsäkringar Alliance's governance documents. Länsförsäkringar AB's Board decides on the direction and scope of the operations based on the owners' assignment. At the same time, Länsförsäkringar AB's Board has a major responsibility for safeguarding the capital invested in Länsförsäkringar AB by the regional insurance companies.



# Joint business

*How do you contribute to Länsförsäkringar's customer promise to simplify everyday life and contribute to a secure future?*

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## OUR OFFERING

### Non-life insurance

Länsförsäkringar AB conducts non-life insurance operations, including personal-risk, pet and crop insurance, as assigned by the regional insurance companies. Its role is to complement the regional insurance companies' offering with specialist products to meet customer needs, and to start new business that can be channelled out to the regional insurance companies as well as to create economies of scale. Pet and crop insurance is conducted in the subsidiary Agria Djurförsäkring. Länsförsäkringar AB manages the Länsförsäkringar Alliance's joint reinsurance cover, and also underwrites some internationally assumed reinsurance.

#### Earnings 2022

Operating profit for the non-life insurance operations amounted to SEK 693 M (798). Of the Länsförsäkringar Alliance's premiums earned of SEK 32,768 M, Länsförsäkringar AB contributed SEK 8,485 M.

#### Combined ratio

# 91%

### Bank

Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales and service take place at the branches of the regional insurance companies, online and by telephone. Deposits and certain lending operations are conducted in Länsförsäkringar Bank, while most of the lending and funding operations are conducted through the subsidiary Länsförsäkringar Hypotek. The subsidiary Länsförsäkringar Fondförvaltning offers mutual funds. The subsidiary Wasa Kredit offers financing services to corporate customers and private individuals – primarily leasing, renting and hire purchase. Länsförsäkringar Bank is the fifth-largest retail bank in Sweden.

#### Earnings 2022

The Länsförsäkringar Bank Group's operating profit amounted to SEK 2,067 M (2,296). Return on equity amounted to 8.2% (9.8).

#### Business volumes

# SEK 820 bn



### A guide for parents in the Baby Journey pregnancy app

**Eleni Hagenström**, Head of Business Development Retail Customers, Personal Risk Business Area, Länsförsäkringar AB

Through Länsförsäkringar's partnership with Baby Journey, we offer expectant and new parents information about pregnancy and children's insurance and a guide for family finances and child safety. Free CPR courses are also offered.



### We now offer green mortgages and energy loans

**Maher Sharifi**, Head of Sustainability, Länsförsäkringar Bank

In 2022, we launched green mortgages that allow customers to choose housing that is both sustainable and energy efficient when buying a new home. We also launched an energy loan, a green private loan, for our mortgage customers to make energy savings, such as solar panels, geothermal heating or energy efficient windows.





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**OUR OFFERING (cont.)**

**Pension insurance**

Länsförsäkringar offers pension savings, primarily occupational pensions. Fund management, guarantee management and personal-risk insurance are offered through Länsförsäkringar Fondliv. Länsförsäkringar Fondliv is a leader in the unit-linked insurance market for individual occupational pensions, commanding a market share of 26% measured in premium income. A high-quality, attractive fund range that generates healthy, long-term returns on customers' pension capital is a central part of the Länsförsäkringar offering.

**Earnings 2022**

Länsförsäkringar Fondliv's operating profit amounted to SEK 566 M (625). Premium income amounted to SEK 18,362 M (24,682), but premiums paid rose 8% to SEK 10,574 M (9,780).

**Managed assets**

**SEK 198 bn**

**Management of traditional life assurance**

Länsförsäkringar Liv, which is closed for new business, manages traditional life assurance that was taken out before it was closed in 2011. Länsförsäkringar Liv conducts traditional life assurance for its customers divided into three portfolios: New Trad, Old Trad and New World. Customers with insurance policies under Old Trad have had the opportunity to transition their existing insurance to New Trad since 2013. Customers with New World have also received the offer to transition to New Trad since 2018.

**Earnings 2022**

Loss for Länsförsäkringar Liv amounted to SEK -2,409 M (11,691), impacted by volatile financial markets. These earnings are not consolidated in the Länsförsäkringar AB Group since the company is operated according to mutual principles.

**Managed assets**

**SEK 103 bn**



*How do you contribute to Länsförsäkringar's customer promise to simplify everyday life and contribute to a secure future?*



**All our health insurance customers receive preventative health insurance**

**Erica Svensson**, Head of Insurance Savings & Risk, Länsförsäkringar Fondliv

In order for our customers to have a sustainable and healthy life until they retire, we now include preventative health insurance in our health insurance. Health insurance pays compensation for any financial loss resulting from long-term illness and the preventative health insurance offers preventive and rehabilitation services.



**Positive bonus rates continued in 2022**

**Peter Marell**, CFO, Länsförsäkringar Liv

Despite volatile financial markets, bonus rates for our life-assurance portfolios New Trad and Old Trad remained positive in 2022. We could also twice award Old Trad customers with extra bonuses during the year, which shows the equalising function of the bonus rate.



# Drivers and trends

## OUR BUSINESS ENVIRONMENT

Drivers and trends in our business environment affect future customer requirements and thereby Länsförsäkringar's operations, business model and development needs. There are many challenges, but Länsförsäkringar has favourable conditions to optimally meet customer needs through a broad customer base, local knowledge and a unique business model that supports both local and digital customer meetings.

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## Climate change

Climate change will have global consequences for many decades to come. Extreme weather conditions such as hurricanes, torrential rain and drought are becoming more frequent and will have major socio-economic consequences. Climate change presents financial risks that can impact companies by transition risks and physical climate change. Avoiding claims is a gain for the environment, the individual and society at large.

Länsförsäkringar works to prevent natural catastrophes by analysing the external environment and monitoring scientific and technological developments. Dialogue on climate change and construction planning is conducted with decision-makers in society. Länsförsäkringar offers advice to customers about how to best protect their house and themselves from natural catastrophes. Länsförsäkringar AB pursues a climate-smart vision with the long-term aim of reducing its impact on the climate and climate risks. The target is to be climate-positive by 2045, and investments to align with the Paris Agreement by 2030. Länsförsäkringar AB reports climate risks according to the TCFD recommendations. The climate report for 2022 is an integral part of this annual report.

## Digitisation

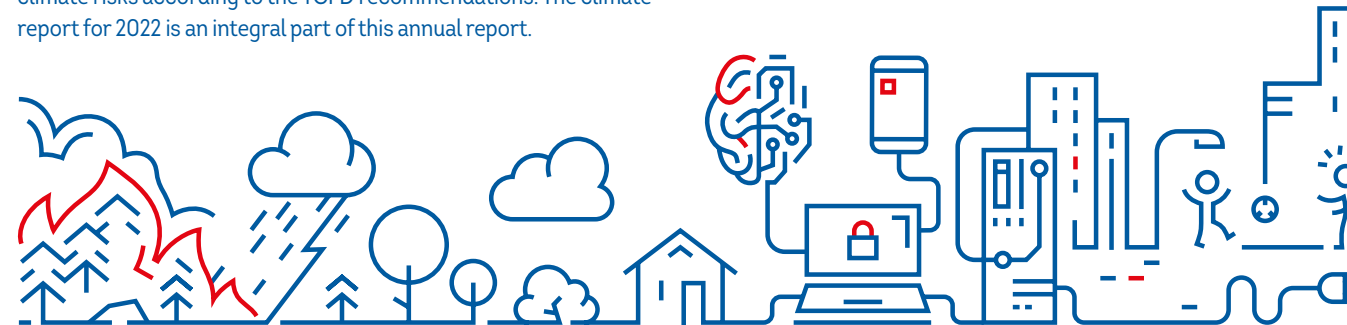
Rapid digitisation progress brings with it new banking and insurance solutions and new business opportunities. Traditional competition is being continuously challenged by new technology, new ecosystems and innovative companies. Continuous development is needed to ensure lasting competitiveness.

Introducing the Lean Agile work method has enhanced the efficiency of Länsförsäkringar's development activities and made them more innovative, resulting in rapid product development and testing, so as to provide the new services demanded by customers. Digital platforms, machine learning and an increasingly connected society mean that great potential exists to individualise services and prevent claims and crime as well as creating increased security for customers. Developments of automation, AI and the Internet of Things is continuing and this is where Länsförsäkringar has a major advantage with its broad customer base and offering.

## Society

Turmoil and uncertainty have risen in recent years, not least due to the COVID-19 pandemic, the war in Ukraine and a gloomier global economic outlook. Many find it stressful that they do not have a financial buffer, and growing interest to save can be seen particularly among young people due to their concern for the future, in terms of the economy, climate and risk of the collapse of society. Like in many countries, the pressure on welfare and public resources is increasing in Sweden. An ageing population and rising mental and physical illness mean high costs for society. Continued urbanisation is intensifying demographic challenges, particularly in rural areas. The differences in quality of life are widening due to social and political polarisation, meaning that vulnerable groups are finding it difficult to enter the labour market, buy a home and get a mortgage. Organised crime is continuing, and crime is spreading to people who are recruited at a young age. The difficult economic climate is driving crime. As digitisation increases so are digital fraud and cyber crime, meaning the security requirements are becoming stricter. Cyberthreats are now some of the main business risks.

Länsförsäkringar works both proactively and reactively to manage and analyse the effects of changes in society and how they impact customers. Measures include working together with municipalities and financing independent research projects studying social, economic and physical security for customers and society at large. With its local social commitment, Länsförsäkringar helps to improve the mental health of children and young people and support sports activities. Länsförsäkringar works every day to combat fraud, money laundering and financing of terrorism.





# Our initiatives

Three initiatives in which Länsförsäkringar has acted on driving forces and trends in our business environment to adapt products and services to customer needs.

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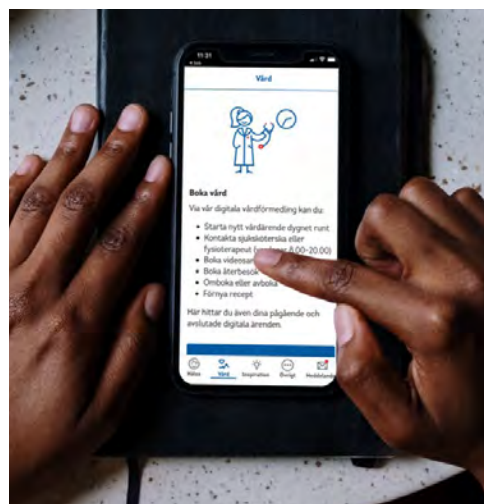
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### SOCIETY

## Ekonomikollen – a forecast tool for customers

Many people are concerned about the future due to their personal finances and lack a financial buffer. Ekonomikollen is a forecast tool available on Länsförsäkringar's website for customers to use to calculate and see how a variety of different factors and choices would affect their personal finances. Customers can calculate and see how their finances would be affected by working part-time, what their long-term household finances will be and how long it will take to achieve a savings goal.



### DIGITISATION

## Launch of Hälsa och vård app

In January 2023, Länsförsäkringar launched the Hälsa och vård (Health and care) app that provides customers with 24/7 access to all services in their health care insurance. It makes it easier for customers to get the right help at the right time. The Hälsa och vård app is part of Länsförsäkringar's digital initiatives to make it simpler for customers to prevent causes of claims in the area of health.



### CLIMATE CHANGE

## Claims prevention by identifying geographic risk areas

Extreme weather events are becoming more frequent, which increases the importance of claims-prevention activities. Länsförsäkringar works to identify geographic risk areas for weather-related insurance claims to be able to predict and prevent claims. Such a study provides opportunities to support and influence individual property owners and municipalities in how they handle natural-catastrophe risks. Länsförsäkringar's Research Fund also sponsors research projects into improved climate adjustments to residential areas, which study the climate vulnerability of various property portfolios and residential areas.



# Vision, values and targets

Länsförsäkringar AB's activities are guided by a vision and value-based planning of operations. This serves as a guiding principle for all operations in the Group in order to achieve set targets. Länsförsäkringar AB helps to fulfil the Länsförsäkringar Alliance's shared brand promise of simplifying everyday life for customers and contributing to a secure future.

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### VISION

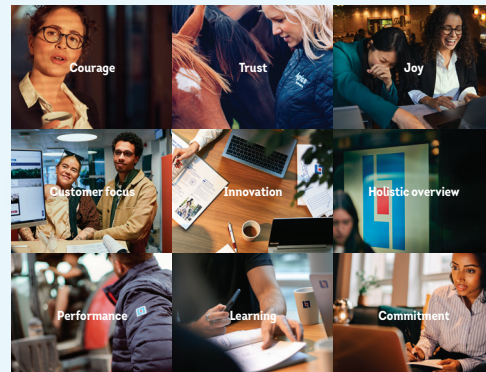
## Together we create security and opportunities

This vision must always be our key objective. The aim of all general and long-term work is that together we create security and opportunities for our customers and society in general.

### CORE VALUES

## Code of culture

Länsförsäkringar AB's code of culture is based on our corporate culture, conduct and leadership. With our culture we create the conditions to succeed with the changes we are facing and deliver on our mission, our business plan and our targets.



### TARGETS

Länsförsäkringar AB's target is, together with its owners – the 23 regional insurance companies – to realise its vision and fulfil Länsförsäkringar's customer promise of simplifying everyday life for customers and contributing to a secure future. To achieve this target Länsförsäkringar AB, together with the regional insurance companies, must:

- ⌚ Simplify everyday life for customers and regional insurance companies.
- ⌚ Conduct sustainable, profitable and growing business.
- ⌚ Realise cost efficiency and fast implementation.
- ⌚ Be an employer with proud and dedicated employees.

## Simplify everyday life for customers and regional insurance companies

Länsförsäkringar is to be close at hand, available, personal and dedicated in all channels. Customer expectations must be exceeded through a high level of service, expertise, and a secure, complete offering of banking, insurance, pensions and real-estate brokerage.

### OUTCOME 2022

- According to the 2022 Swedish Quality Index, Länsförsäkringar had Sweden's most satisfied customers in real-estate brokerage and the second highest customer satisfaction in non-life insurance, car insurance and mortgages for retail customers.
- Länsförsäkringar was named the strongest insurance brand at the Swedish Brand Award for the ninth year in a row.
- Länsförsäkringar is the most purposeful company among banks and insurance companies according to Lynxeye's 2022 study into how purposeful the general public perceives companies to be based on such criteria as sustainability, trust and visions of how the company wants to simplify everyday lives of Swedes and society as a whole.
- Länsförsäkringar's customer offering was expanded with several services in 2022, such as green mortgages, energy loans and a brand new type of dog insurance.
- Continuous improvements to quality and flexibility both for personal and for digital customer meetings in 2022 to meet customer needs and demands.





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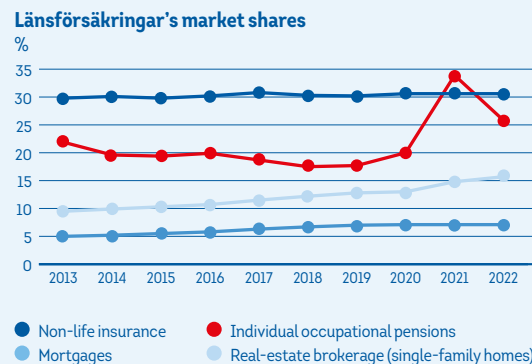
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### Conduct sustainable, profitable and growing business

Länsförsäkringar makes it easy for customers to choose sustainable and value-adding offerings and services, reduces sustainability risks, contributes to the positive development of society and ensures long-term profitable growth by incorporating sustainability throughout its operations.

OUTCOME 2022

- Länsförsäkringar AB's target is to be climate-positive by 2045.
- The carbon footprint of listed equities in the investment portfolios has declined 35% since 2019 (baseline).
- 95% of the unit-linked insurance fund range comprised sustainability-focused funds and Länsförsäkringar Bank launched a framework for green bonds.
- Länsförsäkringar was named Sweden's most sustainable insurance company by Sustainable Brand Index 2022.
- Länsförsäkringar has a market-leading position in Swedish non-life insurance and individual occupational pensions, with healthy growth in banking and real-estate brokerage.



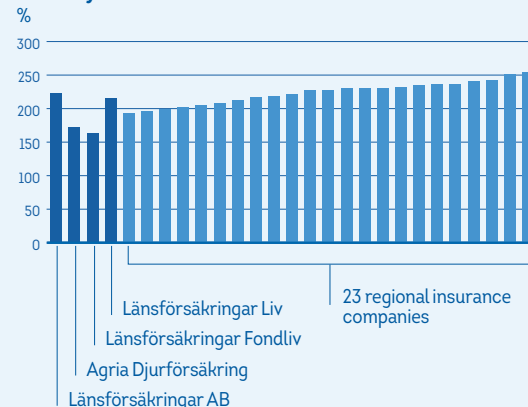
### Realise cost efficiency and fast implementation

By realising cost efficiency and fast implementation of development, service and business, Länsförsäkringar proactively improves its customer offering, grows profitably, meets future challenges, assumes its social responsibility and supports sustainable development.

OUTCOME 2022

- Effective joint development governed by Länsförsäkringar's Alliance-wide marketing plan.
- Länsförsäkringar's digitisation activities continued at a fast pace in 2022.
- Länsförsäkringar's Lean Agile work method involves increased efficiency and innovation.
- High cost efficiency helps enable the regional insurance companies to pay a total of SEK 1.2 billion in bonuses and discounts to their owners - the customers.
- The regional insurance companies, Länsförsäkringar AB and each subsidiary remained well-capitalised in 2022.

Solvency II ratio on 31 December 2022



### Employer with proud and dedicated employees

Proud and dedicated employees who drive and develop the operations are vital to achieving business objectives. By focusing on diversity, inclusion, skills development and health, Länsförsäkringar attracts new and retains current employees.

OUTCOME 2022

- Länsförsäkringar AB's Employee Net Promoter Score for 2022 continued to be a high 34 (39).
- The Commitment Index among Länsförsäkringar AB's employees for 2022 was 84 (83).
- A new code of culture, which constitutes the company's core values, was launched in Länsförsäkringar AB in 2022.
- Länsförsäkringar won several awards as an attractive employer in 2022: industry leader in Universum's Company and Career Barometer surveys, and best in industry according to Academic Works' Young Professional Attraction Index.





# Business model for long-term value creation...

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### HOW WE CREATE VALUE

With a clear focus on giving our owners – the 23 regional insurance companies – the best conditions for developing locally, Länsförsäkringar AB creates value for both our own operations and for our stakeholders.

### Example of stakeholders and their expectations

#### CUSTOMERS

Availability, service and quality, responsible insurance, savings and investment offerings, environmental and social responsibility integrated into customer offering, claims-prevention measures, transparency and tools to select sustainable products.

#### EMPLOYEES

Attractive occupational health and safety, good career opportunities, equality and an inclusive culture that safeguards diversity.

#### SOCIETY

Managing social challenges and sustainability risks such as climate change, responsible offering of products and services, transparency, claims-prevention initiatives.

#### REGIONAL INSURANCE COMPANIES (THE OWNERS)

Development of operational assignments, product development, a sustainable offering and digitisation.

### Länsförsäkringar AB

Länsförsäkringar AB's operates as the partner of its owners, the regional insurance companies, and is tasked with delivering business, development and service.



**Specialist knowledge, business development and innovation for increased value creation.**



**Joint, large-scale solutions for greater efficiency and lower expenses.**



**Comprehensive and strong customer offering in banking, non-life insurance and pensions.**



**Earnings are returned to our owners, the regional insurance companies, and thus to Länsförsäkringar's customers.**

**Business environment factors, vision, values, targets**

### Products and services

#### CUSTOMER

**Insurance** – insurance solutions that complement the regional insurance companies' offerings, for example, pet, crop, personal-risk, health, liability and cargo insurance.

**Bank** – broad selection of banking services for private individuals and companies, for example, mortgages, bank and mutual fund savings, financial services.

**Pension** – life assurance and pension savings in funds and traditional pension insurance.

#### REGIONAL INSURANCE COMPANIES

- An engine for new business – joint business development and innovation.
- Specialist knowledge in specific areas such as regulations, tax and risk management.
- Joint, large-scale solutions that create greater efficiency and lower expenses, such as joint IT operations and reinsurance.
- Joint service offerings.





# ... for all of Länsförsäkringar's stakeholders

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## Examples of the value Länsförsäkringar AB added in 2022

### CUSTOMERS

- Investment portfolios and own funds are to be aligned with the Paris Agreement by 2030 and climate-positive by 2045. The carbon footprint of listed equities in the investment portfolios declined 35% compared with 2019, 16 of our own funds had a carbon footprint in line with the Paris Agreement.
- Every claim that can be avoided is a gain. In 2022, claims prevention and health promotion work as well as research activities were carried out to increase security.

### EMPLOYEES

- Our attractiveness as an employer in 2022 remained high despite a decrease to 34 (39) according to the Employee Net Promoter Score (eNPS), and the Commitment Index was at the high and stable level of 84 (83).
- A new code of culture was launched in Länsförsäkringar AB in 2022, which forms the basis of our corporate culture, conduct and leadership.
- Skills-based recruitment and discrimination and diversity training were launched.

### SOCIETY

- In 2022, we were engaged in 36 research projects via Länsförsäkringar's Research Fund and Agria's Research Fund as part of our long-term environmental and social commitment.
- Länsförsäkringar AB awarded SEK 51 M to research into social challenges, secure homes and animal health.

### REGIONAL INSURANCE COMPANIES (THE OWNERS)

- In 2022, we continued to develop our investment offering by adding more sustainability-focused funds and 99% of the savings of our unit-linked insurance customers is invested in this type of fund.
- A sustainability-focused mortgage offering and energy efficiency loans were launched in 2022.

### ADDING FINANCIAL VALUE 2022

Regional insurance companies' bonuses and discounts to customers

**SEK 1.2 bn** (Decrease -51%)

Claims payments to customers

**SEK 5.3 bn** (Increase +9%)

Salaries and pensions for employees

**SEK 2.8 bn** (Increase +10%)

Tax, social security contributions and bank fees

**SEK 1.7 bn** (Increase +6%)

Payments to suppliers

**SEK 6.1 bn** (Increase +17%)

Research grants

**SEK 51 M** (Increase +2%)

Sponsorship

**SEK 2 M** (Increase +100%)





# “Sustainability is to be part of everything we do.”

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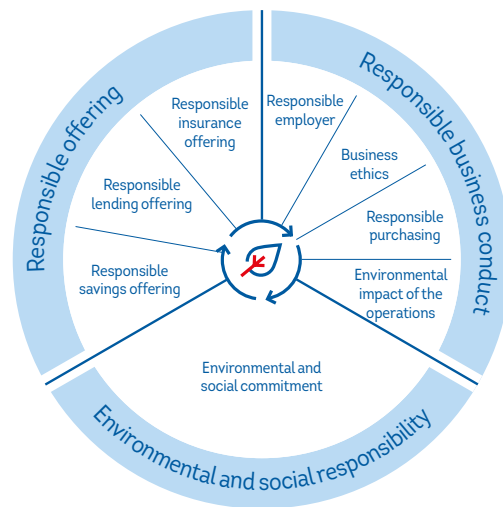
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## SUSTAINABILITY REPORT

We continued to make changes to comply with the EU action plan on financing sustainable growth during the year, which involves the entire company. Several new product offerings were also launched to help customers in the climate transition.

### PRIORITY SUSTAINABILITY TOPICS



**There is much going on in the sustainability field, particularly for players in the financial market. What did Länsförsäkringar AB focus on during the year?**

It was an intense year. We have spent a great deal of time this year on implementing the requirements of the Sustainable Finance Disclosure Regulation<sup>1)</sup> (SFDR) and IDD/Mifid in the EU action plan on financing sustainable growth. We strengthened the content of our customer meetings to include questions on customers' sustainability preferences and rolled out labelling of our fund and unit-linked insurance offering based on the Regulation's fund classifications. We continued to implement the Taxonomy Regulation following the EU's phased timeline.

We have also started to prepare for the future EU Corporate Sustainability Reporting Directive (CSRD)<sup>2)</sup>, applicable from 2024, and related European Sustainability Reporting Standard (ESRS)<sup>3)</sup>. The Directive significantly strengthens sustainability reporting requirements and will have a major impact on governance, strategies, monitoring and reporting when it is introduced. As part of these preparations we became involved through industry organisations and reviewed and commented on the drafts published by the EU.

**Climate is high on Länsförsäkringar AB's agenda. What key advances were made during the year toward the climate target of being climate-positive by 2045?**

One milestone we set for achieving our long-term climate target is for our investments to be in line with the Paris Agreement's goal of limiting global warming to 1.5°C by 2030. The carbon footprint of

listed equities in our institutional investment portfolios fell 35% in 2022 compared with 2019 (base-line) and 16 of our own funds had a carbon footprint that was in line with the Paris Agreement.

The launches of several sustainability-focused product areas during the year are other milestones for achieving our climate target. To achieve our climate target we must also measure all of our emissions to identify our climate impact. We started to measure more of our Scope 3 GHG emissions linked to the operations in 2022. We know that in the future we will also need to mea-

sure more Scope 3 emissions downstream in the value chain, meaning related to the business and what is known as financed and insured emissions. A challenge here is that there is no generally accepted reporting standard. It is a difficulty we share with the entire industry. We are closely monitoring developments to identify best practice.

**How has the customer offering been developed?**

Our goal is for sustainability to be part of everything we do. Both in our operations internally, and our business with customers. We also want to help



<sup>1)</sup> The Sustainable Finance Disclosure Regulation (SFDR) is an EU Regulation on how financial market participants must provide transparency and disclosures on the sustainability of their investment products.  
<sup>2)</sup> The Corporate Sustainability Reporting Directive (CSRD).  
<sup>3)</sup> The European Sustainability Reporting Standard (ESRS) and will be a compulsory reporting standard.



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our customers make sustainable choices. Put simply, doing the right thing should be easy.

We launched a green mortgage through the bank in the autumn. It is part of our future, larger green financing offering linked to energy efficiency, renewable energy, sustainable agriculture and transportation. With this green financing, we want to help our customers transition to a climate-smart society. We established a framework for green bonds and issued our first green bond. We changed the benchmark index of our index funds to Paris Aligned Indexes, which entails a 50% reduction in carbon intensity compared with a broad market index. We also reviewed our own unit-linked insurance offering. At the end of 2022, 95% of the unit-linked insurance funds was classified as light green or dark green according to the EU classification.

On the insurance side, we continued our focus on claims prevention. This is the best sustainability action we can take. Every claim that can be avoided is a gain for the environment, society and the people involved. But if a claim does occur, we want to repair it sustainably. In an effort to achieve

this, we added social sustainability requirements to our quality and environmental requirements at car workshops.

Our digital offering is increasingly important for meeting customer needs. One example is digital vet consultations and here we are delighted to help our customers in offering more security given the current vet shortage in Sweden. The importance of the digital offering in banking and insurance is increasing and constantly being developed.

**Dedicated and motivated employees are essential for getting the entire company onboard and creating long-term value. What were the internal focal areas during the year?**

A project we ran for the entire year, which involved all of our employees, was developing a new shared code of culture. It forms the basis of our corporate culture and core values. We held consultation meetings and invited all employees, and arranged leadership training courses to ensure a common understanding of the values that represent us, how we act and what leadership is for us. In addition, we remodelled our office to support develop-

ment towards more flexible and activity-based working. These are adjustments to today's more flexible working life. Both of these projects involved our employees and helped create greater commitment in the company.

We organised fund-raisers for the Red Cross and many employees took advantage of the chance to volunteer for the Red Cross during paid working hours. We focused on diversity with seminars and activities in May at which all employees could participate.

**What will the focus be in 2023?**

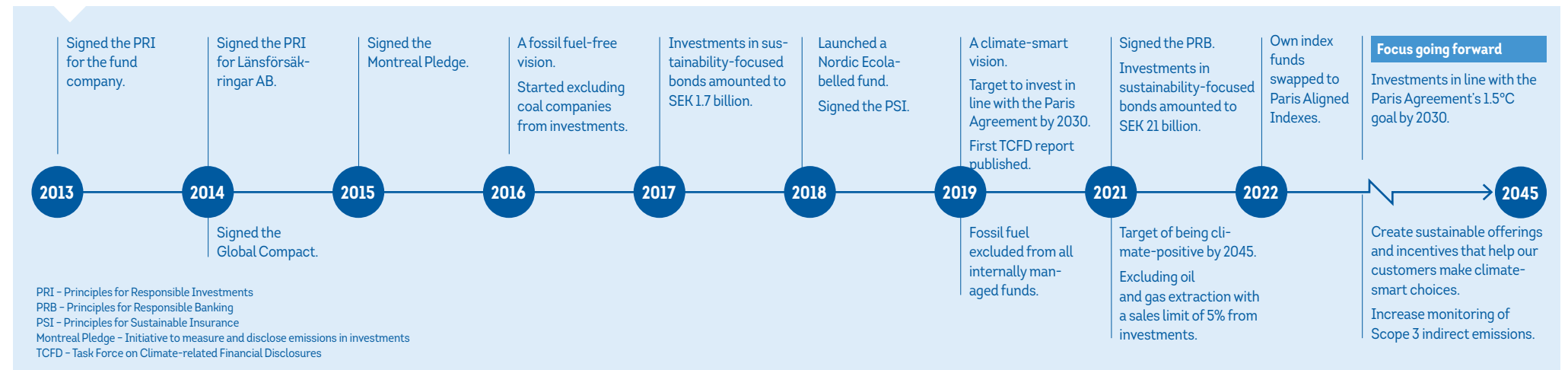
We are planning to carry out a new materiality analysis so that we can develop our sustainability activities further and continue to make changes to follow the new sustainability reporting requirements.

Climate change is the main area that we are focusing on since we consider this to be our most important sustainability risk. To reduce our carbon footprint in the value chain, we will continue to endeavour to reduce the carbon footprint in our operations and in our investments. We want to expand our product offering to include more sus-

tainability-focused loans and investment products and help customers in their transition by offering advice and transition finance. Another focus area is implementing the CSRD and the specific legal requirements and regulations that apply to us as a player in the financial market. There are strict requirements here. Many laws and regulations are being implemented that will come into force in the years ahead, and at fast pace. The lead time between publishing a new law and it coming into effect is short. We often work with material subject to change such as drafts in our preparations. The interdependence of legal requirements adds further complexity. There are also the extensive sustainability reporting regulations that set many requirements on governance, risk management, monitoring and system support.

I would like to take this opportunity to thank all employees who have contributed to our sustainability efforts over the past year. With our great commitment we have continued to strengthen the integration of sustainability in all parts of the operations and in our business, and we are contributing to the transition to a climate-neutral society.

CLIMATE JOURNEY TO 2045





# Focus on sustainability across the value chain

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### > Value chain

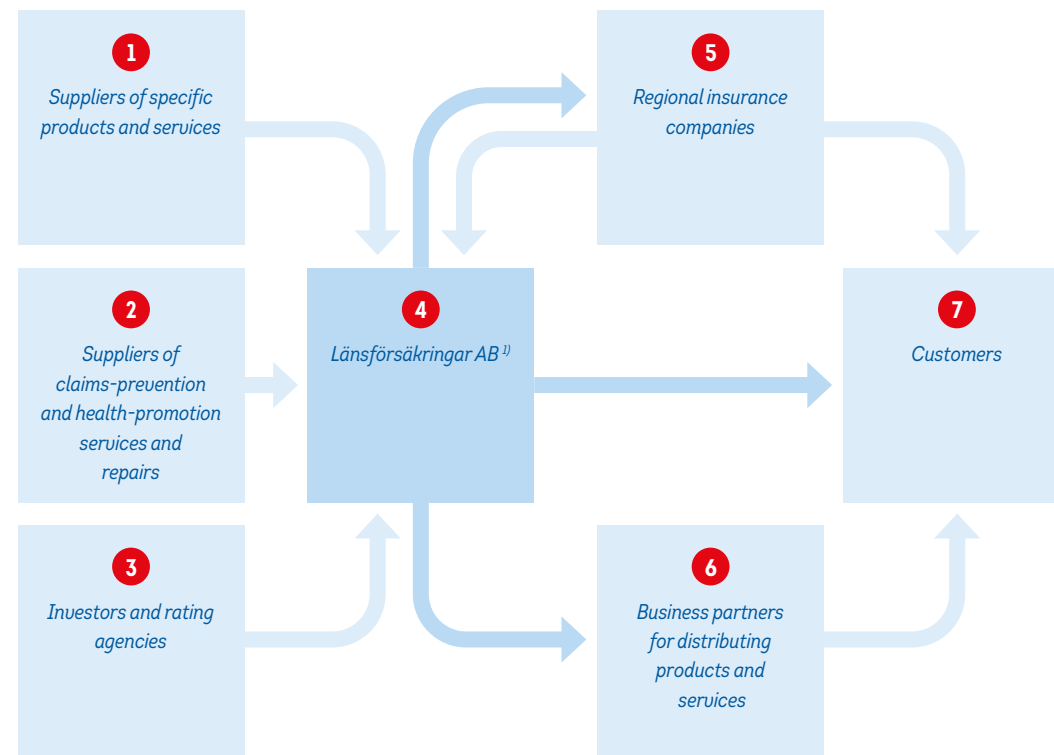
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Länsförsäkringar AB conducts active sustainability work across the value chain. The goal is to minimise the negative upstream and downstream impact, and at the same time actively contribute to sustainable development by increasing value for various stakeholders.



### 1 SUPPLIERS OF SPECIFIC PRODUCTS AND SERVICES

Länsförsäkringar AB's supply chain primarily includes service providers of information and data to perform credit assessments, investment analyses and to calculate insurance risks. Suppliers also include external fund and asset managers. Other suppliers include IT and telecom services, products and consultancy services required for conducting the operations. Agreements vary from one-off purchases to one- or multi-year contracts.

#### Impact on sustainability, including risks and opportunities

The largest sustainability risk associated with information and IT suppliers and consultants is the risk of shortcomings related to human rights and labour laws. This risk can be reduced by setting a requirement to comply with the Code of Conduct and by auditing major suppliers. ESG risks are reduced by requiring external managers to integrate ESG risks in their fund management, and conversely ESG requirements provide investment opportunities in sustainable companies.

**Influence**

High Medium Low

▲

### 2 SUPPLIERS OF CLAIMS-PREVENTION AND HEALTH-PROMOTION SERVICES AND REPAIRS

Länsförsäkringar AB engages suppliers to prevent claims and to promote health and veterinary services. Suppliers are also engaged to repair insurance damage and to care for people and animals. Agreements vary from one-off purchases to one- or multi-year contracts.

#### Impact on sustainability, including risks and opportunities

Länsförsäkringar works actively on claims prevention and health-promotion services to reduce the risk of damage, injury and illnesses. The environmental impact of repairs can be reduced by requiring claims adjusters to use sustainable materials and repair methods. Part repairs and using repurposed materials in repairs reduces materials consumption and climate emissions.

**Influence**

High Medium Low

▲

<sup>1)</sup>Länsförsäkringar AB comprises Länsförsäkringar Bank, Agria Djurförsäkring, Länsförsäkringar Fondliv, Länsförsäkringar Gruppliv and Länsförsäkringar Liv.



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3

INVESTORS AND RATING AGENCIES

Länsförsäkringar Bank issues bonds that are bought and sold by institutional investors. At the end of 2022, hundreds of institutional investors has invested in Länsförsäkringar's bonds. The issued volume of bonds was approximately SEK 260 billion. Rating agencies asses Länsförsäkringar's credit rating, including its sustainability activities.

Impact on sustainability, including risks and opportunities

Investors and rating agencies have sought transparency in Länsförsäkringar AB's sustainability work and Länsförsäkringar Bank's bonds. Transparency and continuously developing sustainability are key aspects of establishing a high credit rating and for making the bonds attractive to investors. Green bonds present an opportunity to attract new and retain existing investors who want to make sustainable investments. The initial focus of the green bonds is underlying loans for single-family homes with high energy classes. In the future, green buildings, energy efficiency, renewable energy, sustainable transportation, sustainable forestry and agriculture will be included in the green framework.

Influence

High Medium Low



4

LÄNSFÖRSÄKRINGAR AB

By jointly developing bank, non-life insurance, pension and life-assurance products and services in areas that generate economies of scale and efficiency, Länsförsäkringar AB's 2,800 employees help to reduce costs and enhance the competitiveness of the entire Länsförsäkringar Alliance. Länsförsäkringar AB also sells tailored insurance products and special products to companies. Agria's products are sold to private individuals. Länsförsäkringar AB manages the Länsförsäkringar Alliance's reinsurance cover and assumed international reinsurance. Länsförsäkringar AB also offers lease and hire purchase financing to corporate customers.

Impact on sustainability, including risks and opportunities

Länsförsäkringar AB integrates sustainability into its business plans, business strategies and its day-to-day work. The aim of sustainability is to identify and manage sustainability risks and opportunities and to achieve set sustainability targets, such as the target of becoming climate-positive by 2045. Integrating sustainability into the business provides many opportunities for sustainable product offerings. Sustainability is also important for being an attractive employer.

Influence

High Medium Low



5

REGIONAL INSURANCE COMPANIES

The 23 regional insurance companies own Länsförsäkringar AB. They offer banking, non-life insurance, pension and life-assurance products for private individuals and companies. There are 116 branches throughout Sweden.

Impact on sustainability, including risks and opportunities

The regional insurance companies can help their customers make sustainable choices by offering sustainability-focused offerings and advice. With their local social commitment, the regional insurance companies can help reduce sustainability risks in society, for example, those related to social sustainability. This social commitment includes measures for the mental health of children and young people, homework help and support for sports activities as well as preventive efforts to reduce road accidents, fires, natural catastrophes and water damage. Impact on the climate and environment is reduced by setting sustainability requirements for repairers, such as part repairs, choosing sustainable materials and circular damage repairs.

Influence

High Medium Low



6

BUSINESS PARTNERS FOR DISTRIBUTING PRODUCTS AND SERVICES

About 50% of sales of occupational pensions and 34% of non-life insurance take place via brokers. Länsförsäkringar AB offers lease and hire purchase financing through 5,500 partners in such industries as service, retail, construction and transportation.

Impact on sustainability, including risks and opportunities

Companies that procure pensions and non-life insurance via brokers are increasingly looking for sustainable occupational pension solutions and sustainable non-life insurance. Their requirements provide input for further developing the sustainable product offering. Länsförsäkringar can contribute to a sustainable society by offering financing solutions for the climate transition, such as solar panels, battery storage and heat pumps. In addition, Länsförsäkringar can, through its claims-prevention activities, help corporate customers to reduce the risk of a claim, which is a gain for the environment, the individual and society at large.

Influence

High Medium Low



7

CUSTOMERS

Customers comprise both private individuals and companies. Länsförsäkringar AB sells certain products and services directly to customers, while others are sold via the regional insurance companies or via brokers.

Impact on sustainability, including risks and opportunities

Customers are increasingly demanding sustainability-focused funds and pensions, green loans and insurance that covers sustainability risks, such as cyber protection, natural catastrophes and illness. Länsförsäkringar can help customers by offering claims-prevention measures, tips and advice on how to protect themselves from sustainability risks. There is also the opportunity to help customers by providing advice and product development to transition to a sustainable society. If Länsförsäkringar AB does not adjust or develop its range of products in a more sustainable direction, then it risks losing customers and missing business opportunities.

Influence

High Medium Low





# Responsible investments to continue the transition

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## RESPONSIBLE SAVINGS OFFERING

The goal of asset management is to create the highest possible value for customer savings and insurance premiums. The company's own investment portfolios and funds have the climate target of reducing emissions in line with the Paris Agreement and being climate-positive by 2045.

**C**limate change, reduced biodiversity and other sustainability challenges could present risks for the company, which ultimately could affect Länsförsäkringar AB as an investor. Conversely, there are investment opportunities in companies who are taking action to reduce these risks. Studies<sup>1)</sup> show that companies that integrate sustainability factors into their operations can reduce their risks and contribute to sustainable value creation.

### Responsible savings offering

Länsförsäkringar offers its own and externally managed funds on its fund platform. Länsförsäkringar Fondförvaltning (the "fund company") manages equities, fixed-income and mixed funds, some of which are managed by external managers. Länsförsäkringar Fondliv is responsible for the unit-linked insurance offering, which consists of internally and externally managed pension funds. In addition to funds, Länsförsäkringar offers tradi-

## Strategic sustainability targets

Target 2022	Outcome 2022	Targets 2023–2030
<p>Increase the share of sustainability-focused investments in investment portfolios to 18% of managed assets in 2022.</p> <p>Reduce carbon footprint in investment portfolios by an average of 7% per year by 2027 compared with 2019.</p>	<p>✔ The share of sustainability-focused investments increased to 21% of managed assets.</p> <p>✔ The carbon footprint for listed equities in the investment portfolios has decreased 35% since 2019, from 12.0 to 7.8 tonnes CO<sub>2</sub>e/SEK M income.</p>	<p>Increase the share of sustainability-focused investments in investment portfolios to at least 23% of managed assets in 2023.</p> <p>Halve the carbon footprint of the investment portfolio by 2027 compared with 2019.</p>
<p>Increase the number of own funds with a carbon intensity that is lower or in line with Paris Aligned Indexes from three to eight funds.</p> <p>Increase the share of assets in sustainability-focused funds in Länsförsäkringar's own range of total managed assets in 2022 compared with 2021.</p>	<p>✔ 16 own funds have a carbon intensity that is lower or in line with Paris Aligned Indexes.</p> <p>✔ The share of total capital in sustainability-focused funds increased from 16% to 20%.</p>	<p>Increase the share of own funds with a carbon intensity in line with the Paris Aligned Indexes.</p> <p>By 2030, all own funds are to have a carbon intensity in line with the Paris Aligned Indexes.</p> <p>Maintain the share of assets in sustainability-focused funds in Länsförsäkringar's own fund range.</p>
<p>Increase the share of sustainability-focused funds in the unit-linked insurance offering (Articles 8 and 9)<sup>2)</sup> to 95% by 2023.</p>	<p>✔ 95% of the unit-linked insurance range comprised sustainability-focused funds (99% of capital).</p>	<p>Maintain the share of sustainability-focused funds in our unit-linked insurance range.</p>

tionally managed life and guarantee products with guaranteed returns. Länsförsäkringar Liv is responsible for managing life-assurance and guarantee portfolios, as well as for managing premiums connected to portfolios for Länsförsäkringar AB, Länsförsäkringar Gruppliv and Agria's investment portfolios ("investment portfolios" below).

Länsförsäkringar AB's policy on responsible investments and corporate governance defines the direction, general objectives and application of various responsible investment strategies for its own investment portfolios and funds. Investments must also contribute to selected UN SDGs – Goals 3, 7, 11, 13 and 15 are prioritised.

**Climate-smart vision to reduce carbon emissions**  
Länsförsäkringar AB purses a climate-smart vision that stipulates the gradual reduction of carbon emissions from funds and investment portfolios. The goal is for own funds and investment portfolios to be climate-positive by 2045. One target is that investment portfolios and own funds are

With a sustainability-focused savings offerings, Länsförsäkringar can contribute to the UN SDGs.



Read more on pages 179–180

<sup>1)</sup> One example of a study is The Investor revolution by Harvard professor Robert G. Eccles. Shareholders Are Getting Serious About Sustainability ((hbr.org/2019/05/the-investor-revolution).)

<sup>2)</sup> Article 8 and 9 funds under the Sustainable Finance Disclosure Regulation (SFDR).



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to halve their carbon footprint by 2030 (baseline 2019) and thus achieve carbon reductions in line with the Paris Agreement.

The carbon footprint is measured and regularly monitored. During the year, a number of companies with scientific climate targets started to be monitored in investment portfolios and own funds. These measurements and related analyses are used as a basis for making investment decisions. The positive climate effects of investments are also included in the calculation, for example, the carbon dioxide absorbed by forestry companies or the contributions made by sustainability-focused bonds to reduce carbon dioxide emissions.

Forward-looking climate scenario analyses are being carried out following the TCFD's recommendation and compared with the emission reductions required to meet the emissions scenario in line with the Paris Agreement goal.

### Focus areas and responsible investment strategies

The different investment strategies of include, exclude and engage are used and combined to take sustainability factors into consideration and integrate them into the management of own funds and investment portfolios. A sustainability analysis forms the basis of applying these three investment strategies.

### Sustainability analysis of investments

Sustainability factors are integrated both in the analysis ahead of an investment decision and when following up existing investments. Funds and investment portfolios are regularly analysed against a variety of sustainability factors, including:

- Violations of the UN Global Compact's principles for responsible business conduct and the OECD Guidelines for Multinational Enterprises.
- Länsförsäkringar's exclusion and transition criteria, read more on page 188.
- Climate impact and climate targets in the Paris Agreement.

- Sustainable Finance Disclosure Regulation's indicators (PAI<sup>1)</sup>).
- Contribution to the UN Sustainable Development Goals (SDGs).

<sup>1)</sup> Principal Adverse Impact

If serious incidents or breaches are identified in the analysis, engagement activities are initiated with the company. The results also form the basis of follow-up with external managers.

### Inclusion

The sustainability analysis is integrated with the financial analysis and is central to the investments made. Funds or investment portfolios can invest in companies or bond issuers based on:

- Sustainability topics such as renewable energy and water infrastructure.
- Products or services that contribute to the UN's SDGs or the Paris Agreement.
- Whether the company is in a transition phase, for example, from fossil fuel to a more renewable energy mix.

During the year, Länsförsäkringar's index funds changed to an index aligned with the Paris Agreement. This means that the carbon intensity of the funds is 50% lower than a standard equities index, with a 7% intensity reduction every year, which is the rate required for meeting the Paris Agreement.

At the end of 2022, all of Länsförsäkringar's own funds and all of the traditionally managed life-assurance and guarantee products were classified as light green funds under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR).

The investments in sustainability-focused bonds in the investment portfolios amounted to SEK 25 billion on 31 December 2022, corresponding to 21% of the total managed assets.

### Exclusion

Criteria are applied to exclude companies and countries (government bonds) for various sustain-



## Managing climate-related risks and opportunities

### STRATEGY

- Support companies that have started to transition their operations.
- Increase exposure to companies that with their products and services support the transition to a more sustainable and climate-smart society.
- Engage with companies to set science based climate targets and follow up emissions outcomes.
- Reduce exposure to companies with significant climate emissions, particularly those unwilling to transition and those who risk having stranded assets<sup>2)</sup>.

### RISK MANAGEMENT

- Integrate climate risks and opportunities into the allocation and investment analyses, and into the choice of individual investments or external managers.
- Measure the carbon footprint of investments and carry out scenario analyses to use as a basis for investment decisions and owner control and engagement.
- Invest in sustainability-focused companies and issues that contribute to climate benefits.
- Manage own index funds compared with Paris Aligned Indexes.
- Vote at general meetings and conduct dialogues on climate issues.
- Reduce exposure to companies with fossil fuel activities and companies with high carbon emissions that do not have ambitious climate targets or measures to reduce emissions.



Read more in the TCFD index on page 198.

<sup>2)</sup> Stranded assets means available assets cannot be used for some reason and thus pose a financial risk.



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ability reasons, such as climate risk. Exceptions can be made if the company adapts its operations based on established transition criteria. Exclusion criteria are applied when other responsible investment strategies have been tested.

About ten state-run Russian companies and government bonds from Russia and Belarus were added to the exclusion list in 2022 as a result of the serious violations of human rights and international conventions by the invasion of Ukraine. These exclusion decisions affected two of the fund company's funds who had exposure to emerging markets. Other funds and investment portfolios had no exposure when the war broke out. Iran was also added to the list due to its abuse of human rights.

### Engagement

The engagement strategy includes voting at general meetings, participating in nomination committees, dialogues with boards and management

about sound corporate governance as well as reactive and proactive engagement regarding various sustainability factors. Engagement efforts are conducted internally, together with other investors or through suppliers of such services.

Reactive engagement is intended to guide the company away from breaching international conventions or the UN Global Compact's principles for responsible business conduct and towards taking preventative measures.

Proactive engagement is intended to encourage companies and sectors to work preventively on key sustainability risks and opportunities. Internal activities primarily focus on strategic holdings in forestry and properties in which Länsförsäkringar is a major and long-term owner. Länsförsäkringar AB participated in the following engagement activities carried out together with others via investor-led initiatives during the year:

- Climate Action 100+ - focus on climate emissions.

- FAIRR (Farm Animal Investment Risk & Return) – focus on climate and water risks in the food sector.
- Access to Medicine Foundation – focus on access to medicine.
- BBFAW (Business Benchmark on Farm Animal Welfare) – focus on animal welfare.
- Investor Mining and Tailings Safety Initiative – focus on handling mining waste.

During the year, Länsförsäkringar AB signed a number of investor letters and calls to action, such as the global investor statement to governments on the climate crisis ahead of the COP27 summit.

➔ *A focus list of ongoing dialogues can be found at [lansforsakringar.se](https://lansforsakringar.se)*

### Sustainability part of the selection process in unit-linked insurance

In unit-linked insurance, customers themselves choose which funds they want to invest in, unlike a traditional pension insurance where Länsförsäkringar handles management. Länsförsäkringar Fondliv's selection process focuses both on returns and sustainability to regularly include and exclude funds that have been deemed to have the preconditions to generate competitive returns in the future and a high level of sustainability so that customers can receive a pension that is as high and sustainable as possible.

The funds' sustainability work is analysed and assessed based on various sustainability criteria and followed up regularly. Holdings in the funds are analysed at least twice per year. The fund is placed on a watch list if deficiencies in sustainability or high sustainability risks are identified in the management of a fund, and the manager does not address them. A dialogue with the manager is initiated, and if there is no demonstrable improvement the fund can be excluded and the customers' capital transferred to another fund.

13 new externally managed funds, all of which are classified as light or dark green according to the SFDR, were launched in the unit-linked insurance offering during the year. Ten funds were replaced during the year since better return potential or sustainability shortcomings were identified. 95% of Länsförsäkringar Fondliv's range comprises sustainability-focused funds, of which 86 percentage points are light green and 9 percentage points dark green, and 99% of customer capital was invested in these funds.

## Investments focusing on more energy-efficient properties

Länsförsäkringar Liv and Fondliv invested in a new property company, Bohild, in partnership with Brunswick Real Estate during the year. Focus is on investing in residential properties and community service properties in Swedish growth cities. Properties were acquired in cities including Helsingborg, Älmhult and Östersund in 2022. The company is a long-term owner with the aim of developing its properties and enhancing energy efficiency and, thereby, reducing the carbon footprint. The investment in Bohild supplements Länsförsäkringar's existing unlisted property holdings in the investment portfolio. It already has holdings in Humlegården, Lansa and Svenska Handelsfastigheter.



👁️ *Read more about exclusion criteria and key figures for the responsible savings offering on pages 188-189.*





# Healthy lending with low sustainability risks

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## RESPONSIBLE LENDING OFFERING

Long-term respect for customers' security and finances is fundamental to Länsförsäkringar. Local customer knowledge contributes to low credit risk. New sustainability-focused loan and bond offerings that support customers in their transition were launched during the year.

**M**ost of Länsförsäkringar Bank's lending takes place using property as collateral. Climate change will probably affect the market value of certain properties. Through its lending, the bank also finances small businesses and agriculture which may involve social and environmental risks, meaning that the bank has an indirect exposure to such risks. Opportunities also exist in lending to finance properties and companies that meet future sustainability requirements and help customers in their climate transition.

### Loans are primarily granted to private individuals

Länsförsäkringar Bank is the fifth-largest retail bank in Sweden. Länsförsäkringar Bank's loans are granted in Sweden and in SEK. The bank's largest lending product is mortgages. The geographic spread of lending to both retail and corporate customers is diversified, with low average lending per customer. Lending to companies mainly comprises small businesses that are deemed to have limited environmental and social risks. There are no customers in energy- or emissions-intense sectors such as large-scale manufacturing, mining operations or fossil fuel extraction and energy production.

### Local knowledge reduces credit risk

Länsförsäkringar Bank's loans are based on standardised, centrally established credit regulations and most credit decisions are made by the local regional insurance companies. The high credit quality of the loan portfolio is the result of the low risk appetite, credit regulations and advisors' local customer and market knowledge.

The credit regulations impose strict requirements on customers' repayment capacity and the quality of collateral. In connection with the loan application process, the repayment capacity of borrowers is tested using "left to live on" calculations. These calculations apply a significantly higher interest rate than the actual rate. The loan portfolio and value of the collateral are continuously monitored and quality assured.

### Sustainability aspects in lending to companies

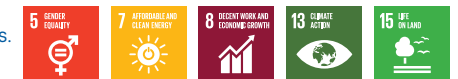
Environmental risks, environmental responsibility and livestock farming are governed by various legal requirements and rules controlled by supervisory authorities. The bank's credit scoring follows up such risks based on licensable and non-licensable operations. Additional aspects are also considered, such as ethical livestock farming, the climate impact of the

## Strategic sustainability targets

Target 2022	Outcome 2022	Targets 2023–2024
Launch green mortgages	✔ Sustainability-focused (green) mortgages were launched.	Analyse methods for measuring parts of the carbon footprint of the credit portfolio.
Launch green bonds, volume of green bonds: at least SEK 3 billion in 2022.	✔ Green framework and green bond launched. The volume of green bonds amounted to SEK 2.3 billion, slightly lower than the target due to the bank having lower financing requirements.	A sustainability-focused asset register as a basis for sustainability-focused bonds of at least SEK 15 billion.
The number of sustainability-focused products/services: 4	✔ 5	Develop new sustainability-focused financing products.

By concentrating on a sustainability-focused lending offering, Länsförsäkringar can contribute to the UN SDGs.

Read more on pages 179–180



## Tool for personal finances add value

During the year, Länsförsäkringar Bank created a forecast tool, **Ekonomikollen**, that customers can use to calculate how a variety of different factors and choices would affect their personal finances. Customers can calculate and see how their finances would be affected by working

part-time, what their long-term household finances will be and how long it will take to achieve various savings goals. The tool also provides support when meeting with customers to help make their finances sustainable and equitable.



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borrower's operations, potential climate risks that could affect the borrower's operations and solvency.

Loans are not granted if a business is considered to have climate or environmental risks that the borrower cannot manage correctly, or if there are shortcomings in the environmental responsibility of the operations.

The industry, operations and forms of employment are also analysed for lending to businesses so as to assess risks associated with human rights, discrimination, labour, child labour, forced labour, corruption or other criminal activities. No loans are granted to businesses that the bank believes has the risk of the borrower being unable to comply with laws and regulations in these areas.

#### Länsförsäkringar Bank does not offer loans or financing to the following sectors:

- Extraction and prospecting of fossil fuels (oil, coal and gas).
- Energy production from thermal coal.
- Production of tobacco products.
- Gambling for money (commercial online gambling and gambling companies with land-based casinos).
- Manufacturing of controversial weapons.
- Production of pornographic material.

### Sustainability-focused offering to support the transition

Two new sustainability-focused products were launched during the year:

- A sustainability-focused mortgage offering for single-family homes was launched to benefit customers who have low-energy homes, energy class A and B, by providing interest-rate discounts.

- An energy efficiency loan at a lower interest rate that supports customers who want to transition to a better energy class, for example, by installing solar panels or other environmentally friendly sources of heating, or by remodelling, renovating or insulating their home.

The subsidiary Wasa Kredit offers lease and hire purchase financing to companies, and loans and credit card loans to private individuals. The offer is distributed to partners and direct customers. The main target group is properties, construction, retail, motor vehicles and industry. The transition finance offering includes solar panels, battery storage and heat pumps. At the end of 2022, transition finance amounted to 1.2% (1.1) of Wasa Kredit's total loan portfolio.

### Funding at low credit risk

Länsförsäkringar Bank's main financing sources are deposits and funding through covered bonds. These covered bonds have the highest credit rating from Moody's and S&P Global Ratings, which indicates a low credit risk. The bank invests in green bonds and on 31 December 2022 its holdings amounted to SEK 3.4 billion (3.6).

### Green bonds

A green bond framework was prepared during the year for issuing sustainability-focused bonds that aim to direct capital towards sustainable purposes such as low carbon use, climate resilience and an environmentally sustainable society. The framework was produced in accordance with the ICMA's<sup>1)</sup> principles and was independently assessed by Sustainalytics<sup>2)</sup>. The framework has been developed with a breadth to allow the inclusion of several green EU Taxonomy projects in the bonds in future. The focus of the first sustain-

<sup>1)</sup> The ICMA's (International Capital Market Association) mission is to promote resilient, well-functioning international and globally coherent cross-border debt securities markets, which are essential to fund sustainable economic growth and development.

<sup>2)</sup> Morningstar Sustainalytics provides ratings and data for institutional investors and companies.

<sup>3)</sup> The buildings that were among the best 15% of the national portfolio in terms of energy performance.



## Managing climate-related risks and opportunities

### STRATEGY

- Diversified loan portfolio with low average lending per customer.
- Loans are primarily granted to retail customers.
- Lending to companies mainly comprises small businesses that are deemed to have limited climate risks.
- Low risk appetite and local customer and market knowledge contribute to low credit risks.
- Help customers in their transition by providing advice and sustainability-focused offerings.

### RISK MANAGEMENT

- The effect of climate- and sustainability-related risks on repayment and collateral is to be assessed when granting loans.
- A diversified loan portfolio and strict customer repayment capacity requirements to reduce credit risks.
- Transition finance such as for solar panel solutions for companies and agriculture.
- Offer sustainability-focused mortgages and energy efficiency loans to retail customers.
- No loans are granted to companies in fossil energy production.
- No lending to energy- or emissions-intense sectors such as large-scale manufacturing, mining operations or energy production.
- Carry out scenario analyses of the impact of climate change on the mortgage portfolio.



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ability-focused bonds is single-family homes that are in the top 15%<sup>3)</sup> of the national housing stock. Other categories included in the framework are green buildings, energy efficiency, renewable energy, sustainable transportation, sustainable forestry and agriculture. At year-end 2022, SEK 13 billion of the bank's total loan portfolio comprised green assets.

### Availability and digitisation

With the 23 regional insurance companies, Länsförsäkringar's customers have access to 116 branches throughout Sweden as well as telephone and digital banking services. 88% (73) of bank customers use Länsförsäkringar's app or Internet bank.

Länsförsäkringar Bank can increase availability by providing access to its services for people without a Swedish personal identity number.

An important area for enhancing efficiency and improving the customer experience is digitisation. New digitisation initiatives were carried out in 2022, such as digitally signing agreements. Digitisation means a lower impact on the environment by reducing paper consumption, postal services and the need for customers to travel. The percentage of digitally distributed customer documents was 85% (83) in 2022.

### Strategic commitments and stakeholder dialogue

Länsförsäkringar Bank has committed to the UN Principles for Responsible Banking (PRB) and the Swedish Bankers' Association's climate roadmap that was established in 2021. The roadmap is based

on the PRB, EU standards and regulations and the Swedish government's climate target. A central aspect of these commitments is to support and enable the bank customers to transition.

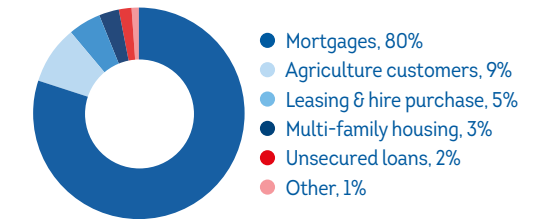
A review and improvement of the bank's strategy and sustainability agenda was initiated in 2021 and a new strategy was laid out in 2022. The strategy, which is part of the business plan, is based on the external expectations of banks, the PRB, the UN SDGs, EU regulations, dialogue with the Swedish Bankers' Association, dialogue with central partners and civil society organisations. Customer expectations have been identified by the Board and the local regional insurance companies.

### Climate target

The bank's target is to be climate-positive by 2045 and contribute to the Länsförsäkringar Alliance's

shared sustainability targets. The Bank Group's focus is Scope 3 (customers' impact on the environment and society). Scopes 1 and 2 are handled centrally for the Group by Länsförsäkringar AB. A method for calculating the carbon footprint of the credit portfolio started to be prepared in 2022 and measurements are scheduled to be taken.

### Loan portfolio 31 December 2022 \*



\* Excluding deposits with the Swedish National Debt Office and similar items





# Focus on claims prevention in the insurance offering

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## RESPONSIBLE INSURANCE OFFERING

Reducing the risk of claims helps create security for Länsförsäkringar's customers. For this reason, claims prevention is of major importance since every claim that can be avoided is a gain for the environment, the individual and society at large. Strict requirements are set for sustainable repairs if a claim occurs.

**G**lobal warming and the resulting extreme weather events, such as storms, torrential rain, flooding and drought, have huge socioeconomic consequences and can lead to higher claims costs for insurance companies.

Urbanisation, digitisation, demographic changes, a higher rate of mental illness and lifestyle diseases are challenging the welfare system while also fueling demand for new insurance products for private individuals, companies and employers. Society, companies and individuals stand to gain economic and social benefits by taking preventive measures to protect their health and taking early action in the event of an injury or a risk of sick leave.

Länsförsäkringar AB supplements the regional insurance companies' offering with specialist products to meet customer needs, initiates new business that can be channelled through the regional insurance companies, and manages the Länsförsäkringar Alliance's total reinsurance cover. Claims-prevention methods and methods to repair claims sustainably are developed jointly with the regional insurance companies. This process is conducted in the Non-life Insurance and Agria business units.

## Strategic sustainability targets

Target 2022	Outcome 2022	Target 2023
Continue climate risk activities and develop an informative folder for cargo insurance customers.	✔ Educate stakeholders and internal skills development on climate risks completed. Folders for cargo insurance postponed until 2023.	Continue climate risk activities and develop a folder for cargo insurance customers.
Continue claims-prevention activities and expand the number of claims-prevention initiatives to at least 20 in the Non-life Insurance business unit.	✔ 93 claims-prevention and health-promoting activities were carried out by providing advice and tips to customers, digital health services and research activities.	Carry out 100 claims-prevention activities in the Non-life Insurance business unit.
Launch #stoppahältan in Denmark and continue to spread knowledge about how horse owners can reduce lameness in Sweden and Norway. Develop services in Agria Vårdguide.	✔ #stoppahältan was launched in Denmark. Know-how on lameness was communicated in Sweden and Norway. Continued growth for Agria Vårdguide.	Claims-prevention services by continuing to develop products and further develop the Trygg Hästgård and Säker gård projects. Launch Agria Vårdguide in the UK and Ireland.
Implement identified measures based on analysis <sup>1)</sup> , Non-life Insurance business unit 60%. Agria 55%.	<ul style="list-style-type: none"> <li>➔ Non-life Insurance business unit 53%</li> <li>✔ Agria 55%<sup>2)</sup></li> </ul>	Launch at least one green insurance policy that gives the customer an incentive to choose renewable energy.  Integrate sustainability aspects into product development and business processes.

<sup>1)</sup> A sustainability analysis of all product information was carried in 2019 linked to sustainability commitments and targets in the Non-life Insurance and Agria business units, which resulted in a list of proposed activities. The activities were prioritised and then carried out.

<sup>2)</sup> In 2021 and 2022, Agria carried out 100% of the proposed activities in the analysis.

## Preventive measures to reduce natural-catastrophe claims

To reduce the risk of higher claims costs for weather-related insurance claims, risk management in the non-life insurance operations focuses on predicting and preventing such claims.

Länsförsäkringar AB works together with the Länsförsäkringar Alliance to provide information and training to employees, customers, authorities

and decision-makers in society to steer developments towards a more robust society. Advice is provided on how to best prepare property, forests, oneself and family to minimise the risk of natural catastrophes.

Risk areas can be identified with statistics and climate scenarios from Länsförsäkringar. Länsförsäkringar AB investigates opportunities to introduce better resources to identify risk expo-

sure geographically. Such a study provides opportunities to support and influence individual property owners and municipalities in how they handle natural-catastrophe risks.

## Risk diversification through reinsurance

Insurance companies need to protect their operations from costs for large individual claims and natural catastrophes and often turn to specialist

By concentrating on a sustainability-focused insurance offering, Länsförsäkringar can contribute to the UN SDGs.



Read more on pages 179-180



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reinsurance companies in the international market to insure some of their risks. Länsförsäkringar AB conducts a small amount of reinsurance business whereby the company reinsures external insurance companies in the international market and thus has global risk exposure to extreme weather events and climate change.

The regional insurance companies in the Länsförsäkringar Alliance can naturally share risk among themselves. The regional insurance companies pay a reinsurance premium to Länsförsäkringar AB, which manages the Länsförsäkringar Alliance's internal reinsurance and in the event of significant risk arranges external reinsurance. This premium is based on, for example, risk exposure to natural catastrophes, claims history and the level of retention chosen by the company. This retention can be compared with the deductible that private individuals and companies pay for non-life insurance. As a result, most of the reinsurance premium is retained within the Länsförsäkringar Alliance and the costs for external reinsurance are thus lower and more stable, thereby benefiting customers.

### No underwriting coal companies

Principles were prepared during the year stipulating that no underwriting is to take place for companies whose primary operations are coal extraction or production. These principles apply from 2023.

### Claims prevention - a gain for the environment

By providing information about common types of claims and claims-prevention measures, Länsförsäkringar AB together with the regional insurance companies can help customers to minimise the risk of claims themselves. This results in lower claims costs and insurance premiums.

Natural-catastrophe claims, water and fire damage claims, and motor insurance claims have the greatest impact on the environment. Claims-prevention activities help reduce the impact on the environment by avoiding carbon

emissions, emissions to water and land, waste, energy use, new materials, transportation and other resources. Claims statistics are regularly analysed to further refine claims prevention. Claims-prevention tips are offered to customers via the website, newsletters, dialogue meetings and films.

Länsförsäkringar works actively to increase road safety. Activities were carried out during the year to improve driving skills for all-terrain vehicles and young drivers of category A tractors. Activities were also arranged to increase the use of bicycle helmets and reduce bicycle accidents, and Länsförsäkringar's Research Fund financed helmet tests.

A new claims-prevention folder was written for the transportation market in 2022, specifically providing tips and advice to customers who load, transport and unload temperature-sensitive goods. This advice included how the transporter could reduce the risk of discrepancies and disruptions to the temperature chain during transport, and what action the transporter and owner should take if a claim is incurred.

Länsförsäkringar participated in efforts with the Police and Swedish Association of Road Transport Companies to reduce claims and increase security for truck drivers. Claims-prevention films were made as part of this collaboration.

Information campaigns on electrical safety when charging electric cars and installing charging stations were run to reduce the risk of electrical fires.

Länsförsäkringar's cyber insurance offering includes incident handling services. Claims-prevention services were added to cyber insurance in 2022, which enable customers to test how secure their websites are, ensure that incoming e-mails are checked against approved servers and receive warnings about password leaks.

### Strict requirements for sustainable repairs

Strict quality requirements are set after a claim occurs for companies who repair damage to build-



## Managing climate-related risks and opportunities

### STRATEGY

- External reinsurance to ensure our risk exposure.
- Internal reinsurance pool for spreading risks across Länsförsäkringar Alliance.
- Preventive measures and exchange of know-how to reduce the risks caused by natural catastrophes in society.
- Financing climate research through Länsförsäkringar's Research Fund.
- Agria's Research Fund supports the climate and environmental projects of the Swedish farmers' foundation for agricultural research.

### RISK MANAGEMENT

- Claims-prevention activities that include preventing natural-catastrophe claims.
- Climate risk and claims-prevention information and training for employees, customers, authorities and decision-makers in society.
- Advice for protecting properties, forests and people to reduce the risk of natural-catastrophe claims.
- Improving know-how among employees on the topics of sustainability, natural catastrophes and climate change.
- Scenario analyses and modelling for physical climate risks, pricing and terms.
- Not underwriting insurance for companies in coal extraction and production.



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ings. These companies are engaged in a dialogue regarding construction methods, recycling and materials that reduce adverse environmental impacts. Länsförsäkringar's Research Fund finances studies into repair methods so as to provide know-how and the right conditions for making repairs in a climate-smart and sustainable manner.

### Sustainability-certified car workshops

Länsförsäkringar environmentally and quality certifies car workshops and vehicle recovery companies, and 1,500 workshops and 33 salvage companies have been certified. The workshops are required to work on environmental issues and have environmental targets that are monitored, and repairs must be carried out to a professional standard. Used spare parts are to be used and damaged parts are to be repaired rather than replaced as far as possible, thus reducing the impact on the environment.

Several social sustainability indicators were added to the certification process in 2022, for example, further training and occupational health

By repairing 415,000 windshields instead of replacing them Länsförsäkringar Alliance saved in 2022:

# 2 tonnes CO<sub>2</sub>e

care services for employees. In addition, a sustainability rating based on 25 indicators was introduced. Each indicator is monitored and rated, which provides Länsförsäkringar and customers with information about how sustainable the workshop is. The rating also informs the workshops about the areas that can be improved.

### Sustainability requirements for marine workshops

Sweden has about 500 marine workshops, 240 of which are members of the Swedish Marine Indus-

tries Federation (Sweboat). The process of certifying Sweboat's workshops that Länsförsäkringar works together with started during the year. These certified companies are better employers, have more satisfied customers, can account for their environmental impact and comply with environmental legislation. At year-end 2022, two workshops had been certified and about 20 had started the certification process.

### Promoting health for people

Länsförsäkringar is one of Sweden's leading players in health and health care insurance with the mission of creating a healthier Sweden by contributing to a sustainable lifestyle, working life and society. The insurance policies supplement other employment security solutions to promote health and reduce sickness absence. Mental health is the most common cause of sick leave. Preventive and early measures at the workplace are key to breaking this trend.

Customers are offered a digital Health Portal of preventive health-promotion services and personal counselling, as well as support tailored to employers for their work on the organisational and social work environment, including counselling for managers. Health care insurance also includes work-oriented rehabilitation and treatment for addiction. Systematic data-driven customer communication takes place to ensure that customers make use of the Health Portal, giving them health-promotion tips on well-being and health.

Customers can report their health claim digitally and are put in digital contact with a doctor, should such care be needed.

The number of digital services was increased during the year to make remote health care more available. Digital health care increases customer value, for example, for those who live far away from health care facilities, and also helps reduce the impact on the environment since travel is avoided. A new *Health and care app* featuring health-promotion services, self-care programmes

and appointment booking was prepared during the year and launched in January 2023.

### Health-promotion efforts for animals

Agria develops insurance products in close collaboration with animal-owner organisations. Claims-prevention information and health-promotion activities for animals are provided in various digital channels.

A new dog insurance policy was launched during the year, which includes health-promotion services such as digital check-ups and vaccinations against kennel cough. Customers can also influence their premium levels by completing courses about protecting their dog from illnesses and injuries.

Agria continued to communicate know-how about how to avoid lameness, for example, with the Agria Naturbana natural riding ground in Norway and a research project in collaboration with the Swedish University of Agricultural Sciences and Peder Fredricsson into barefoot horses.

### Digital vet consultations

The Agria Vårdguide app offers customers cost-free consultations with a vet. One advantage for the customer is being able to quickly contact a digital vet at any time of day, and receive advice on whether or not a visit to the vet clinic is needed, which creates security for the customer.

Digital consultations are even more important given the current shortage of vets and huge difficulties in getting an appointment. The shortage of vets is a cause of concern for Agria's customers and at the Almedalsveckan political week Agria participated in discussions about this together with representatives from the veterinary care system, a representative of the government inquiry into the matter, representatives from the Swedish Kennel Club and the Swedish University of Agricultural Sciences.

Agria Vårdguide is offered in Sweden, Norway, Denmark and Finland. The total number of users of the Agria Vårdguide app in 2022 was 252,000

## Agria donates to charity

Agria carries out different activities to support animal health charities and animal organisations. Agria donates an amount for each participant/team.

**Agriaritten** – digital event for horse riding in Sweden, Norway and the UK, SEK 113,000 was raised for horses in need.

**Cat Parade** – SEK 250,000 was raised for homeless cats.

**Dog Walk** – SEK 480,000 was raised for homeless dogs.

**Glädjehoppet** – SEK 70,000 was raised for the Swedish Childhood Cancer Fund.

(95,000) and 108,000 vet consultations were held. The goal for 2022 was 145,000 consultations. 34% of customers are registered in the app and the goal for 2023 is 40% and to launch the app in the UK and Ireland.

An important part of Agria's Research Fund supports research into animal health and the relationship between animals and people. This contributes to a sustainable lifestyle for animals and animal owners and helps advance veterinary care. Research results are shared through digital research seminars, lectures and clinics. In 2022, Agria contributed SEK 11.4 M (10.8) to research via Agria's research fund.

Agria has a globally unique material – Agria BreedProfiles – that analyses dog and cat diseases and injuries using diagnoses from more than 300,000 dogs and 125,000 cats. Statistics are used by researchers, breeders and pedigree clubs to support sustainable pedigrees and healthy animals. 30 digital seminars on sustainable breeding were held for pedigree clubs in 2022.



# Being a responsible employer

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### RESPONSIBLE EMPLOYER

The code of culture is the foundation of Länsförsäkringar AB's corporate culture. Talented and dedicated employees who drive and develop the operations are vital to achieving business objectives. An inclusive culture makes it possible to benefit from diversity.

New forms of working and employment, rapid technological advances and globalisation and the right skills in a changed working life require an effective and active supply of skills. Attracting, retaining and developing the right skills are prerequisites for Länsförsäkringar AB's competitiveness. Mental illness and stress-related illnesses are on the rise in society. Digital technology and flexible working hours increase the risk of never-ending work, which presents risks and costs for individuals, employers and society.

#### Diversity, inclusion and equality

For Länsförsäkringar AB, working on diversity, inclusion and equality is a matter of business value. It helps strengthen competitiveness and increases profitability. Increasing diversity and equality is one of the targets in Länsförsäkringar AB's business plan. The importance of an inclusive workplace characterised by equal treatment is critical for benefiting from diversity and welcoming different perspectives and approaches. Diversity initiatives play an important role in being an attractive employer to broaden the recruitment pool. One of the results of this is being able to better meet and understand current and future customers. Länsförsäkringar AB's diversity agenda reflects the law

prohibiting discrimination and everything that makes people different and unique.

A new equality and diversity plan was decided on for 2022-2024 and includes standpoints, promotion activities and action plans. Progress is monitored annually.

Several diversity measures were carried out for all employees in 2022 to raise awareness of diversity and inclusion and to engage and increase participation. The EU Diversity Month was celebrated with lectures and preparing new educational and diversity information for the intranet.

A digital training course on skills-based recruitment with respect to discrimination and diversity was launched for managers and recruiters. Training in interview techniques and unprejudiced recruitment is planned for 2023. The aim of the recruitment process is to ensure a more even gender distribution in working groups and managerial positions. The share of working groups with a 40-60 ratio of men and women was 28% (31) in 2022.

Länsförsäkringar AB has been a certified employer by the Swedish Migration Agency since 2019, which expedites work permit processing times, thus simplifying recruitment of people without permanent residence permits. Partnerships continue as needed with Swedish for profession-

### Strategic sustainability targets

Target 2022	Outcome 2022	Targets 2023-2027
Introduce digital recruitment training that highlights the skills-based perspective.	✔ Skills-based recruitment and discrimination and diversity training was implemented.	Arrange training on basic labour law and guidance.
Percentage of equal working groups 33% 2022.	✖ Percentage of equal working groups 28%.	Percentage of equal working groups 37% 2027.

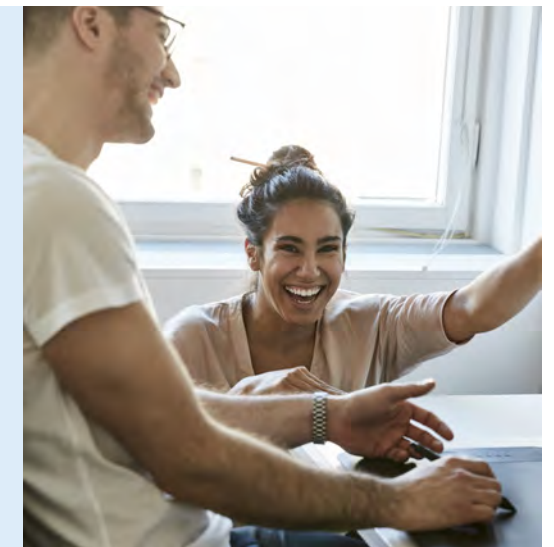
By focusing on being a responsible employer, Länsförsäkringar can contribute to the UN SDGs.

Read more on pages 179-180



## Länsförsäkringar's Universum ranking

In the Universum survey 2022 *Most Attractive Employers in Sweden*, company employees rate their own employer. Länsförsäkringar made it to the top 50 list, coming in 29th. Employees respond to questions in the following areas in the survey: internal identity, satisfaction/recommendation and loyalty.





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als, which offers Swedish-language courses to English-speaking employees and Novare Potential, which aims to help new arrivals enter the Swedish labour market.

The internal network Qnet develops and coaches women managers as part of structured equality measures.

Employees have the option of receiving supplementary salary as a complement to the state parents' allowance.

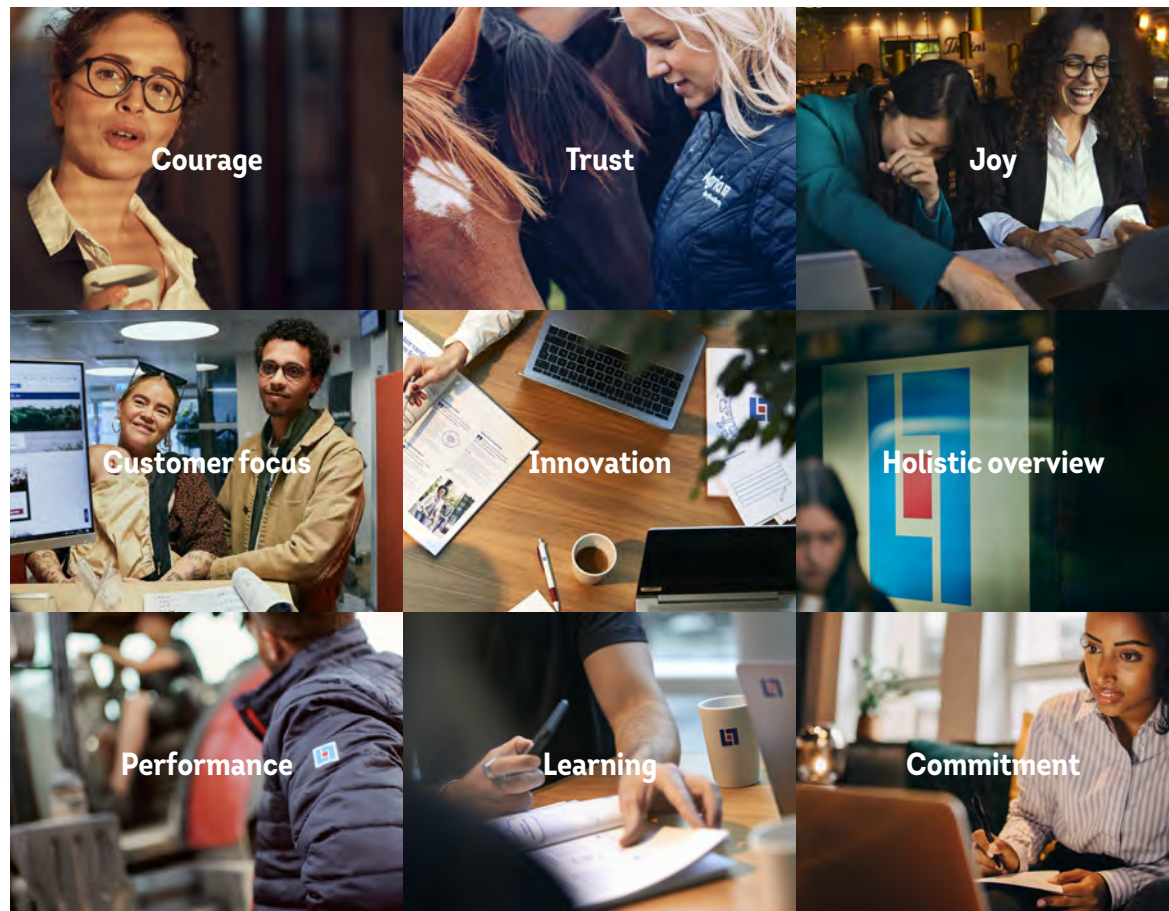
Attractive employer

Ongoing work is taking place to create the conditions for an attractive employee experience, which involves structured development to clarify and digitalise processes. Strategic activities have been initiated to strengthen the employer brand to increase recognition and attractiveness. Länsförsäkringar was named one of Sweden's 100 most attractive employers in Universum's annual Career Barometer survey. Länsförsäkringar's ranking in business/economics improved from number 36 to 22, and in law from 36 to 18.

Länsförsäkringar came in first place in the bank and insurance company category of strategic consultancy Lynxeye's study into how purposeful the general public perceives companies to be based on a number of criteria, such as sustainability, trust and visions of how the company wants to simplify everyday lives of Swedes and society as a whole. Länsförsäkringar came 11th on the total list of 150 companies.

Performance, development and strategic skills supply

Länsförsäkringar AB wants to build a culture that nurtures a high level of commitment, continuous learning and excellent performance. The definition of performance is what has been attained based on business goals and how the performance has been achieved in line with the code of culture.



THE FOUNDATION OF THE CODE OF CULTURE IS THE CORPORATE CULTURE, CONDUCT AND LEADERSHIP.

A new code of culture was launched in Länsförsäkringar AB in 2022. Work with the code of culture is based on co-creation, a high level of involvement among all employees and a focus on dialogue. All managers and employees were involved in the code of culture during the year and contact meetings were held in all work groups.



Employees are responsible for their learning and development.

Managers and employees share a joint responsibility for following up performance, skills, the work environment and health at regular and structured talks during the year. Clarity, follow-ups and feedback are key elements of such talks. This model is also part of systematic work environment activities and includes documenting secondary employment and ensuring that internal guidelines are followed up.

An analysis is performed every year to identify future and current needs for resources and skills based on strategies and business plans. Short- and long-term action plans are set to cover any gaps. Developing leadership that is business-oriented and coaching-based, in which continuous learning, innovation and diversity are key parts, is continuing. Statutory and compulsory Group-wide courses have been arranged, with requirements set based on the employee's occupation, role and work tasks. The skills development

department also offer employee and leadership training courses.

During the year, 9,341 (5,617) in-house training courses were completed by Länsförsäkringar AB employees. A leadership programme related to the new code of culture was also prepared, and action plans were developed for strategic skills supply and talent frameworks.

A recruitment project has been carried out since 2021 to employ more people in IT/Tech and more than 100 positions are to be filled by replac-





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## Responsible employer

ing consultants and recruiting. 143 IT roles were filled via external recruitment.

### Health and work environment

Länsförsäkringar AB applies a long-term approach to health and the organisational, social and physical work environment. Proactive work is undertaken to create the conditions to ensure well-being and job satisfaction among employees in a healthy work environment that allows everyone to contribute their commitment, good performance and efficiency in order to attain our business targets. Taking preventive action and striking a healthy work/life balance is important to reducing such stress-related risks.

Managers are responsible for addressing employee work environment and health according

to the systematic work-environment process, as well as equality, diversity and discrimination. Employers, managers, employees and health and safety representatives work together on work-environment issues. The organisational and social work environment is regularly monitored to prevent stress and unhealthy workloads in accordance with the Swedish Work Environment Authority's provisions (AFS 2015:4).

The Work Environment and Equality Committee is responsible for overall monitoring of the equality and diversity plan, sickness absence, occupational injuries and rehabilitation, and the employee survey. One occupational injury was reported during the year due to accidents on the way to or from the workplace. Four near-accidents were reported.



All employees of Länsförsäkringar AB in Sweden are represented by the Work Environment and Equality Committee.

A new work environment course was launched that includes basic occupational health and safety skills and methods to work on these issues. It is primarily intended for managers and health and safety representatives, but is available to all employees. A lecture on alcohol and drug abuse was held for all managers, and a mandatory course on fire safety for all employees was also prepared.

Occupational health care services provide support for rehabilitation, work-related illness, as well as ergonomic advice, regular medical check-ups and counselling for managers in managerial matters. Länsförsäkringar AB has its own health centre for exercise and treatment. All employees are offered one hour of fitness activities during work hours every week as well as a fitness subsidy.

Flexible and activity-based working continued to be rolled out in 2022, enabling employees to work in the way, with the technology and in the place that offer the best support for them to perform their work duties efficiently and sustainably. Länsförsäkringar AB's office in Stockholm is undergoing extensive remodelling as part of this new work method, and is scheduled for completion in 2023.

### Collective bargaining agreements

Länsförsäkringar AB follows the laws, agreements and regulations that govern how the company acts under the Employment Protection Act, Discrimination Act, Work Environment Act and collective and co-determination agreements. These apply to all employees, including Group management teams, in Sweden. 100% of all permanent employees in Sweden are covered by the national insurance scheme and collective agreements on remuneration for sick leave, termination of employment, work accidents, parental leave and

pensions. Equivalent agreements are in place for employees outside Sweden.

Cooperation with trade unions takes place through regular meetings and dialogue. Agria's international operations follow the laws and applicable regulations in each respective country.

### Remuneration model and salary survey

Länsförsäkringar AB's remuneration model must promote sound and efficient risk management and counteract excessive risk-taking. Länsförsäkringar AB is restrictive in its application of other forms of cash remuneration than fixed remuneration, which promotes sound risk-taking using customers' assets. Sustainability-related risks are considered in the reimbursement system based on how these risk have been integrated in the risk-management system. In practice, this means that employees, wherever relevant, may have sustainability targets in their performance documents.

Salary reviews take place every year at salary discussions. Such discussions are talks between a manager and an employee about salary based on an overall assessment of performance, set salary criteria and conditions for the employee's salary trend. Salary criteria form a natural basis for non-discriminatory salary setting whereby managers are responsible for ensuring that all employees have the same rights and opportunities. A salary survey is performed every year to ensure equal salaries for equal work. Immediate adjustments are made if non-objective salary differences are identified. Länsförsäkringar AB always pays at least the minimum wage.

Read more about personnel statistics and the results of the employee survey on pages 185-186.

# High business ethics required for sustainable operations

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## BUSINESS ETHICS

Länsförsäkringar AB works for the customers' best, for example by continuing to ensure the integration of a high level of business ethics, which involves the key element of continuous learning. Courses are offered in business ethics, sustainability, the Code of Conduct and security.

**N**on-ethical business behaviour, money laundering and financing of terrorism are international problems that pose serious threats to the financial system and its institutions, and ultimately the real economy and national safety. Confidence in the financial system is quickly tarnished if financial institutions are associated with non-ethical business behaviour, illegal assets and money laundering or if the institutions are used to finance terrorism.

The finance industry is subject to regulations that seek to prevent and counteract the financial system being utilised for money laundering and financing of terrorism. Corruption risk, such as bribery, conflict of interest and abuse of power, is a risk found in all companies regardless of industry and country. Every day, Länsförsäkringar works on preventing this type of behaviour, which is vitally important for meeting regulatory requirements, contributing to a stable financial system and for Länsförsäkringar to uphold its good reputation.

### Anti-money laundering and countering financing of terrorism

Systematic work is conducted to reduce the risk of the banking and life-assurance operations being used for money laundering, financing of terrorism and fraud, such as building up in-depth knowledge

of customers and their businesses and through active transaction monitoring. The banking and life-assurance operations have central function managers who monitor and check compliance with procedures and guidelines. The Länsförsäkringar Alliance also has a system for reporting deviations.

All employees and contractors working in the banking and life-assurance operations must be familiar with the content of the governance documents and the relevant procedures for anti-money laundering and financing of terrorism. Employees in the banking and life-assurance operations undergo mandatory anti-money laundering training and receive additional training. Slightly more than 260 employees completed anti-money laundering training in 2022.

An annual analysis is carried out for customers, products and services and how these could be used for money laundering or financing of terrorism. This is summarised in a general risk assessment that forms the basis of our measures to prevent money laundering and financing of terrorism. An update and review of the general risk assessment is also carried out when new products, services and distribution channels are introduced and re-organisations are implemented.

## Strategic sustainability targets

Target 2022	Outcome 2022	Target 2023
Carry out annual compulsory e-course on security, sustainability and the Code of Conduct for all employees.	— 81% of employees completed the course.	All employees are to complete annual compulsory e-courses on security, sustainability and the Code of Conduct.

By focusing on business ethics, Länsförsäkringar can contribute to the UN SDGs.

Read more on pages 179-180



## Insurance fraud

Länsförsäkringar's aim is to ensure that its policyholders are treated correctly and that the right compensation is paid to the right person. Each regional insurance company has a complaints officer whom customers can contact if they are unhappy with a decision or their claim.

It is vitally important to counteract insurance fraud to protect the policyholders, keep premiums down and reduce the risk of money laundering. Länsförsäkringar's own investigation organisation works actively on counteracting suspicions of fraud and on preventive measures. The investigation organisations are increasingly cooperating with the claims-prevention initiatives in the Länsförsäkringar Alliance. For example, Länsförsäkringar is part of Vägsmamman, a partnership between the Police, the Swedish Association of Road Transport Companies and Larmtjänst aimed at reducing theft in the transportation industry. About 3,000 suspected cases, at a value of about SEK 200 M, are stopped every year. Länsförsäkringar follows Insurance Sweden's guidelines on insurance fraud.





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Customer risk profiles are assessed based on customer knowledge data and ongoing business relationships or transactions are monitored to identify any deviations. If, after an examination, an activity or individual transaction is suspected of involving money laundering or financing of terrorism, it is immediately reported to the Financial Intelligence Unit of the police and a decision is made as to whether the customer commitment is to be discontinued.

In 2022, Länsförsäkringar Bank received a remark from the FSA and was ordered to pay an administrative fine of SEK 90 M related to the investigation that the FSA conducted into how the bank complied with the regulations on monitoring and reporting, with a focus on fast transactions and international payments. Action has been taken and further measures will be implemented to protect customers and society.

Risks associated with money laundering also occur in the non-life insurance operations. Länsförsäkringar AB takes preventive action to manage and minimise these risks.

### Sanctions

It is vitally important to Länsförsäkringar AB that issued sanctions are followed. Sanctions that apply as Swedish law comprise the sanctions decided by the EU and/or UN and entail restrictions on freedom of action for a state, group or private individuals. This means that Länsförsäkringar AB is not to maintain a business relationship with the sanctioned parties and is to ensure, through internal guidelines and procedures, that payments do not contravene applicable sanctions. Customers, their actual beneficial owners and also contractual partners are regularly checked against EU and UN sanction lists to ensure that financial services and funds are not being provided to or benefiting a sanctioned party.



### Anti-corruption efforts continuing

Länsförsäkringar AB takes a stand against all forms of corruption and improper benefits, which is stated in the Code of Conduct and the policy on improper benefits. The overall aim of Länsförsäkringar AB's anti-corruption work is to guide employees in avoiding giving and receiving gifts and representation that could arouse suspicions of promoting private interests or those of a third party.

A risk and vulnerability analysis is regularly performed to evaluate the risk of bribery or other forms of improper influence. The most recent analysis was carried out in 2021 and showed a low risk of Länsförsäkringar AB and its subsidiaries being exposed to bribery. These analyses take into consideration each company's operations, size and organisation, market, customers, distribution channels, partners, sponsoring and purchasing.

### Annual training in business ethics, sustainability and the Code of Conduct

All employees and consultants are also to complete a mandatory e-course every year that includes the Code of Conduct, security and sustainability. The aim of the course is to increase know-how and security, and to contribute to business-like, professional and sustainable working. The course is updated every year. Employees also undergo other external sustainability-related training linked to their professional roles.

### Whistle-blowing procedure available to all

To combat and stop wrongdoing and improprieties in the operations, employees, people seeking work with Länsförsäkringar, interns, consultants and Board members can report such suspicions using a whistle-blowing procedure. Reports can be

made verbally or in writing internally (via the intranet) or externally on Länsförsäkringar's website.

The informant has the right to anonymity and will not suffer any repercussions due to the report. The report is processed by Compliance and may be referred to internal or external investigators depending on its nature. The whistle-blowing procedure is an alternative to other reporting channels. The Code of Conduct and intranet contain information about the whistle-blowing procedure. One case of whistle-blowing was reported in 2022.

# Responsible purchasing promotes a sustainable supply chain

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## RESPONSIBLE PURCHASING

Länsförsäkringar AB works actively to set sustainability requirements for new and existing suppliers. This helps advance both Länsförsäkringar's and the suppliers' contributions to the sustainable development of society.

The purchasing organisation is responsible for procuring, renegotiating and coordinating supplier contracts. Suppliers' sustainability risks and activities are to be included in procurement processes. Based on responsible procurement, Länsförsäkringar AB can positively influence suppliers in terms of work conditions, human rights, healthy competition and environment. Sustainability risks related to a specific country, industry and company are assessed in procurement processes and meetings with suppliers.

### Code of Conduct part of purchasing agreements

Länsförsäkringar AB's Code of Conduct for Suppliers is based on the UN Global Compact and defines requirements regarding human rights, labour conditions, environment and business ethics. The Code of Conduct for Suppliers also includes general and IT-specific security guidelines and guidelines for managing conflicts of interest. The Code of Conduct is to be included in the purchasing agreement with new suppliers. On 31 December 2022, 88% (86) of the 100 largest existing suppliers had signed the Code of Conduct, and these 100 suppliers accounted for 81% (83) of the total purchase volume.

### Sustainability risks

The largest sustainability risk is deemed to be in the area of work conditions since Länsförsäkringar AB mainly makes purchases from service providers.

Purchases are mainly made from suppliers in Sweden. IT purchases are made from suppliers operating in Sweden, but also other countries, such as India.

A survey of the climate impact related to IT operations and IT equipment was initiated in 2021 and was completed in 2022. Read more on page 37.

### Supplier sustainability audits

An external audit system, Ecovadis, has been used since 2021 to assess suppliers' sustainability efforts and identify sustainability risks. The review includes the supplier's work on the environment, labour, human rights, business ethics and purchasing.

Suppliers whose purchase volumes exceed SEK 5 M or suppliers in more risk-exposed countries have their sustainability activities examined in procurement processes before an agreement is signed. Such evaluations are used to assess whether any sustainability risks exist and in order to select sustainable suppliers.

The sustainability activities of existing suppliers were monitored by business managers, for example, by holding meetings and conducting visits. The 100 largest current suppliers have also been audited since 2021 in collaboration with Ecovadis. The results of the evaluations are used to identify risks and follow up with the supplier on areas for improvement. At the end of 2022, 49 of the 100 largest existing suppliers had been audited via Ecovadis.

## Strategic sustainability targets

### Target 2022

The 100 largest current suppliers and all new suppliers with a purchase volume of more than SEK 5 M will be subject to a sustainability audit.

### Outcome 2022

- 49 of the 100 largest current suppliers were audited.
- ✓ All new suppliers exceeding SEK 5 M underwent sustainability audits.

### Target 2023

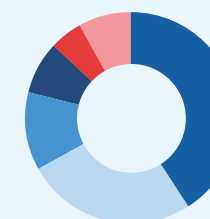
- Audit all new suppliers for purchases exceeding SEK 5 M.
- Audit all existing strategic suppliers and suppliers in risk countries or suppliers with low scores in previous analyses.

By focusing on responsible purchasing, Länsförsäkringar can contribute to the UN SDGs.

Read more on pages 179-180



### Purchases in 2022



- IT and telecommunications, 41%
- Consultancy services, 26%
- Health and medical care, 12%
- Marketing and communication, 8%
- Finance, banking & investments, 5%
- Other, 8%

The Code of Conduct for Suppliers is available in English and Swedish at [lansforsakringar.se/code-of-conduct-suppliers](https://lansforsakringar.se/code-of-conduct-suppliers).



# Reduced environmental impacts of own operations

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### ENVIRONMENTAL IMPACT OF THE OPERATIONS

Länsförsäkringar AB works actively to reduce the impact on the environment from the company's operations, concentrating on business travel, energy efficiency and purchasing with a low environmental impact. Reducing emissions is part of Länsförsäkringar AB's aim is to be climate-positive by 2045. All units have set activities and goals for reducing environmental impact in their business plans.

#### Reducing air travel

The guidelines for business travel recommend that digital meetings be used in the first instance, and rail rather than air travel. Business travel that takes less than 3.25 hours must always be by rail. Eco-friendly taxis are to be used. Bikes and travel cards for public transport can be borrowed from the office. Emissions from business travel reduced dramatically during the pandemic but increased in 2022 since we could take more of the business trips we had postponed. In particular, the number of international flights increased. The goal is to reduce emissions from business travel over the next few years.

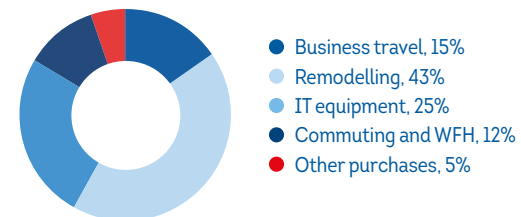
#### Energy efficiency and reuse - part of the remodelling project

The office properties that Länsförsäkringar AB leases from Humlegården Fastigheter AB are environmentally classified as energy efficient and have a rating of Very Good under the BREEAM certification system. 100% renewable electricity and district heating are used in these properties. Work methods are continuously reviewed to bring about more energy-efficient electricity consumption and heating. LED lighting and energy management

methods are used as part of this. Continuous efforts are made to enhance efficiency in order to reduce the negative environmental impact as regards materials, recycling and waste.

Remodelling of the office property started in 2021 and is expected to be completed in 2023. The aim of the remodelling is to create an activity-based office. Choice of materials, reuse and energy efficiency are key elements of the remodelling project. Floor plans featuring existing rooms and open spaces have been kept to preserve the finishes of floors and ceilings. The air treatment system has been expanded to include new air treatment units that meet current strict requirements for energy consumption and choice of materials.

Scope 1-3 emissions from Länsförsäkringar's own operations 2022



### Strategic sustainability targets

Target 2022	Outcome 2022	Target 2023
15% reduction in carbon emissions from business travel compared with 2019 when emissions totalled 694 tonnes CO <sub>2</sub> e.	Emissions amounted to 784 tonnes CO <sub>2</sub> e, which entails a 13% increase compared with 2019.	Reduce carbon emissions from air travel and company cars by 15% in 2023 compared with 2022. The target for 2024 is a 10% reduction compared with 2023, and the target for 2025 is a 10% reduction compared with 2024. Reduce emissions from the operations (excluding remodelling and business travel) by 5% compared with 2021. Emissions in 2022 amounted to 2,188 tonnes CO <sub>2</sub> e.

By focusing on reducing emissions and the climate impact of the operations, Länsförsäkringar can contribute to the UN SDGs.



[Read more on pages 179-180](#)



The ventilation system has been designed with a variable flow system that adjusts the flow of air according to the number of people present, the temperature and air quality. The windows in the facade of the building have been replaced to improve their energy rating in terms of sunlight penetration and transmission loss from heat loss. More charging stations were installed in the garage in 2022.

#### Greater scope for measuring climate emissions

A survey of the climate impact of IT operations and hardware suppliers, and purchases of office materials and remodelling was carried out in 2022. Opportunities for reducing climate impact were identified, including stricter requirements in procurements, extended service lives for IT equipment and changed processes for computers on loan.

Several Scope 3 GHG emissions were measured for 2021 and 2022. The largest emissions were from the office remodelling, IT equipment and business travel. The operations' emissions for 2022 amounted to 5,197 tonnes (3,138), of which 43% was attributable to the remodelling. Purchases of IT equipment for office workspaces also increased.

#### Initiatives to reduce the office's climate impact

Several initiatives are underway to reduce the climate impact of the office, for example:



[Read more about key figures for the environmental impact of the operations and a specification of emissions on page 187.](#)



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### Environmental impact of the operations

- Reusing paper towels.
- Using environmental friendly cleaning detergents.
- Vegetarian options and climate-calculated menus in the staff restaurant.
- Measuring food waste and running campaigns to reduce food waste.
- Replacing single-use plastic with paper.

Double climate compensation for Länsförsäkringar AB's 2021 emissions was paid in 2022 via South Pole. Emissions for 2022 will be climate compensated in 2023.

### Reusing and recycling computers

The Länsförsäkringar Alliance partners with a company that reuses and recycles the computers used in the operations. 89% (92) of obsolete computers were sold for reuse in 2022. 11% (8) went to material recycling due to their condition or because the content could not be reused.



## Climate compensation protects forests and animals

Double climate compensation for Länsförsäkringar AB's 2021 emissions was paid in 2022 via South Pole. Climate compensation was paid to a project that protects 785,000 hectares of forest and wild animals at Lake Kariba in Zimbabwe. This project binds carbon dioxide and the important

### Digital communication replacing paper

Paper-based communication is being reduced and customers are instead being offered digital solutions. Lower volumes of paper-based communication reduces environmental impact while making information more accessible to customers. The focus on digital signing of bank customer agreements using BankID continued in 2022. More than 280,000 agreements were signed digitally in 2022. This has saved about 13 million sheets of paper and 130,000 hours of work for the bank's employees.

Furthermore, a number of companies initiated a pilot project with the aim of digitalising agreements and invoices for existing customers who receive these documents in paper form. The project is to establish processes for selecting and communicating with customers and also analysing customer reactions and reception. The project will be scaled up to include more customers in 2023.

biodiversity is preserved. One of the animal species protected is the endangered black rhino. The project creates local jobs in agriculture, brick manufacturing, ecotourism and cultivating fast-growing trees. It contributes to UN SDGs 3, 4, 13 and 15.



## Managing climate-related risks and opportunities

### STRATEGY

- Reduce our emissions from business travel.
- Reduce our emissions from electricity and heating consumption.
- Reduce food waste in staff restaurants.
- Recycle and reuse office material and furniture.
- Increase digital communication.

### RISK MANAGEMENT

- Business travel guidelines and monitoring compliance at unit level.
- Switch to hybrid or electric cars when leases expire on older company cars.
- Install charging stations for electric cars in the garages of office properties.
- Switch to more efficient ventilation systems, LED lighting and energy controls to reduce electricity consumption.
- Information campaigns in staff restaurants to reduce food waste.

Read more in the TCFD index on page 198.



# Long-term environmental and social commitment

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## ENVIRONMENTAL AND SOCIAL COMMITMENT

Länsförsäkringar finances scientific research to gain knowledge about how claims in society can be prevented and security created in people's everyday lives. The research results are made public and used widely in society.

**U**rbanisation, digitisation and the sharing economy are giving rise both to risks and to opportunities in our growing society. Climate adaptation is an important research area where new expertise is needed to understand the changes taking place. Other priorities include research into home security and road safety.

### Research focusing on security

In the 1970s, some of the regional insurance companies started to finance various research projects at Swedish colleges and universities. A joint research foundation, Länsförsäkringar's Research Fund, was formed in 1994 and is awarded funds by the Länsförsäkringar Alliance every year. The foundation investigates society's current and future security challenges by financing research into the following areas: Secure Homes, Tomorrow's Society, Road Safety, Climate Adaptation and Mutual Business Models.

Calls for proposals are distributed to researchers at Swedish universities, colleges and independent research institutions. Grants are awarded to projects at an advanced scientific level that are highly relevant to Länsförsäkringar. Länsförsäkringar's Research Fund also finances other scientific tests and pilot studies that aim to highlight and reduce risks and to advance the development of sustainable and beneficial products.

### Research results used by society

The results of this research are used in Länsförsäkringar's own business development and in discussions with customers and other stakeholders in society, such as municipalities, county administrative boards, the Swedish Transport Administration and various industry organisations. One channel for spreading the results is the regular panel talk forum called "Framåtblick" which is organised together with the regional insurance companies in various locations in Sweden. Local organisations are also invited to participate.

"Framåtblick Sverige" was arranged for the third consecutive year in 2022, with participation from decision makers at the regional and local level from across Sweden. The conference was later broadcast by SVT. "Framåtblick Debatt" was a new addition for this year and comprised a series of seminars with a focus on current social issues. Decision-makers and researchers met through this forum to discuss the best options for safe and sustainable neighbourhoods. Both of these forums serve as a bridge between research and practice by spreading know-how to strengthen the regions.

By making the research results available in the public domain, Länsförsäkringar contributes to knowledge-based development of security in society.

Refer to pages 183-184 for a list of research projects.

## Strategic sustainability targets

### Target 2022

Finance research and communicate research results about the security challenges of today and tomorrow.

### Outcome 2022

Grants to Länsförsäkringar's Research Fund amounted to SEK 40 M. Research results were communicated through various forums such as seminars, webinars and newsletters.

### Target 2023

Finance research and communicate research results about the security challenges of today and tomorrow.

By focusing on Environmental and social commitment, Länsförsäkringar can contribute to the UN SDGs.

Read more on pages 179-180



## Social sustainability for the Red Cross

As a part of strengthening social sustainability efforts, Länsförsäkringar AB is a corporate partner with the Red Cross and donates funding every year. All Länsförsäkringar AB employees are given the opportunity to volunteer with the Red Cross one workday per year. In 2022, Länsförsäkringar AB also organised the collection of clothing and donations for the Red Cross, who distribute them to those in need and sell the items in Red Cross stores.





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## Labelling increases the probability of investing in sustainability-focused funds

Länsförsäkringar's Research Fund is financing the "Financial effects of climate policy" research project at the University of Gothenburg. The opportunities for Swedish pension savers to make socially responsible investments within the national pension system (PPM) is being analysed. An analysis of the approximately 20,000 pension savers in the research team's sample who made active choices in 2018 found that the likelihood of investing in low carbon funds increased significantly following the implementation of Morningstar's carbon footprint labelling for funds. Investors in low carbon footprint funds primarily comprised younger people and women. High income individuals with post-secondary education tended to invest less in these funds.



## Sustainable labour markets

Länsförsäkringar's Research Fund is financing the "Mobility, choice and flexibility" project at the University of Gothenburg, which studies labour market inequalities. The preliminary results show that the cities are good sources for those looking for the very best and most qualified jobs in the labour market, but are not necessarily as good for those who want to improve their work situation. The results showed that those working in the most simple jobs in business are no more locked-in to these jobs than what applies generally for the labour market as a whole.

## Climate vulnerability of the property portfolio

Länsförsäkringar's Research Fund is financing the "Improved climate adaptation to residential areas" research project at Linköping University, which studies the climate vulnerability of various property portfolios and residential areas. The results show that schools experience flooding more often than health care facilities and pre-schools. The results show the importance of property owners and operators working together to minimise risks and consequences.



## Trust in society

Länsförsäkringar's Research Fund has financed the "Trust in local society in a changing Sweden" research project at Marie Cederschiöld University since 2006, which studies the impact of various conditions in local society on trust among citizens. The study was carried out in 2009, 2017 and 2020. The results showed a downward trend in most municipalities included in the study. The trend over time also shows a clear correlation between trust and perceived insecurity.





# Board of Directors' Report

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The Board of Directors and the President and CEO of Länsförsäkringar AB (publ), Corporate Registration Number 502010-9681, hereby submit the Annual Report and consolidated financial statements for the 2022 fiscal year.

### Ownership and Group structure

Länsförsäkringar AB is wholly owned by the 23 regional insurance companies and 14 local insurance companies.

Länsförsäkringar AB is the Parent Company of Länsförsäkringar Bank AB (referred to below as Länsförsäkringar Bank) and its subsidiaries, Försäkringsaktiebolaget Agria (referred to below as Agria Djurförsäkring or Agria) and its subsid-

aries, Länsförsäkringar Fondliv Försäkrings AB (referred to below as Länsförsäkringar Fondliv), Länsförsäkringar Grupplivförsäkrings AB (referred to below as Länsförsäkringar Gruppliv) and Länsförsäkringar Sak Fastighets AB.

Länsförsäkringar Liv Försäkrings AB (referred to below as Länsförsäkringar Liv) is wholly owned by Länsförsäkringar AB but is not consolidated in the consolidated financial statements since the

company is operated in accordance with mutual principles and its surplus accrues to the policy-holders.

### Focus of operations

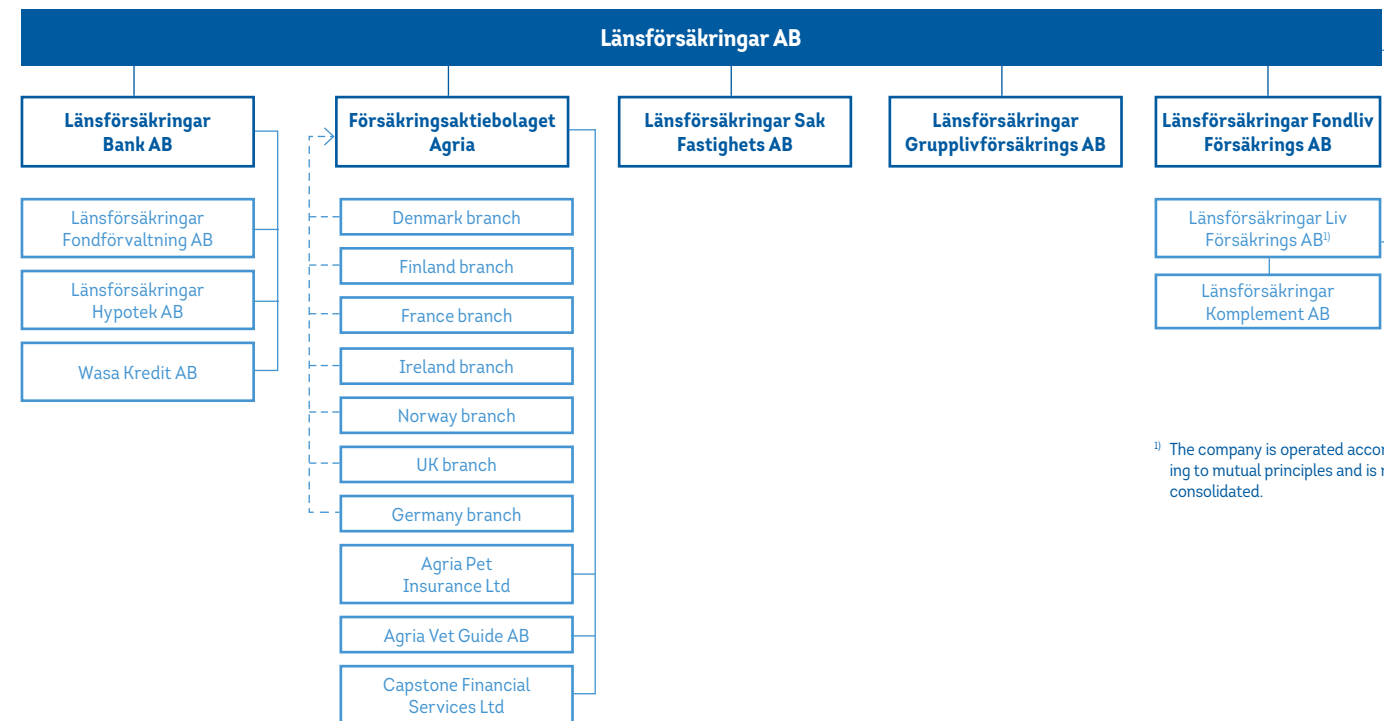
Länsförsäkringar AB has three primary tasks: to conduct business activities in banking, non-life insurance and pensions; to provide business service to the regional insurance companies in areas

in which economies of scale and efficiency arise, and to conduct Länsförsäkringar's joint strategic development activities.

The business activities are carried out in the Non-life Insurance, Agria, Banking, Unit-linked Insurance and Traditional Life Assurance business units, whose task is to conduct business and assume responsibility for direct product-related support for the regional insurance companies. Financial governance is primarily based on the owners' requirements for effective capital use and a balanced and market-based return on equity according to each subsidiary's operations and risk.

Business service and Länsförsäkringar's joint development activities for non-life insurance are conducted in the Non-life Insurance business unit. The Change Management and Communication unit is responsible for pursuing and creating the conditions for Länsförsäkringar AB's change agenda to meet the requirements from the regional insurance companies and their customers. The accounting, capital planning and Group controller functions are part of the Economy and Finance unit. The Customer and Channel Support unit is responsible for ensuring that the regional insurance companies have the prerequisites for delivering high-quality digital and physical customer meetings. The IT unit is responsible for the IT operations conducted within the Länsförsäkringar AB Group and the IT operations that Länsförsäkringar AB outsources to external suppliers. The Strategy and Federal coordination unit is a new function for preparing and facilitating federal

### LÄNSFÖRSÄKRINGAR AB's GROUP STRUCTURE, 31 DECEMBER 2022





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strategic matters. The function reports directly to the President and CEO of Länsförsäkringar AB. The Group also includes the Legal Affairs unit and the central functions of Internal Audit, Compliance, Risk Management and the Actuarial function.

Significant events during the year

Mathias Collén became the new President and CEO of Länsförsäkringar AB on 13 December 2022 after Fredrik Bergström stepped down from the role on 14 February 2022. Mathias has worked at Länsförsäkringar since 2014, most recently as President of Länsförsäkringar Fondliv. On 14 February 2022, Malin Rylander Leijon, who most recently served as the CFO of Länsförsäkringar AB, was appointed Acting President and CEO for Länsförsäkringar AB until 12 December 2022. Jonas Ekegren was appointed Acting CFO of Länsförsäkringar AB on 15 February 2022.

Caesar Åfors decided at Länsförsäkringar AB's general meeting on 6 May 2022 to step down from his role of Chairman of Länsförsäkringar AB. Maria Engholm, the former Deputy Chairman of Länsförsäkringar AB, was elected the new Chairman. Maria Engholm is the President of HSB Mälardalarna and also the Chairman of Dalarnas Försäkringsbolag.

Extended transfer rights were introduced in unit-linked insurance on 1 July 2022, which provide higher value for customers since a larger share of capital can be transferred. Länsförsäkringar Fondliv is well positioned to manage the effects of extended transfer rights in terms of both the effect on the customer market and the capital position. The company took out reinsurance for cancellation risk during the year.

Agria's applications for a third-party branch in the UK and application to establish a branch office in Ireland were approved in 2022.

Impact of the war in Ukraine

Heightened geopolitical tension following Russia's invasion of Ukraine combined with an energy

crisis and rising inflation has had a negative impact on the global economy, resulting in higher interest rates, weaker stock markets and lower growth prospects.

Regarding the effect of the war, Länsförsäkringar AB has identified a number of areas that may be impacted. Despite the volatility of the financial markets, the companies in the Länsförsäkringar AB Group continue to have a strong capital position and are considered highly able to manage any additional volatility.

Non-life insurance operations

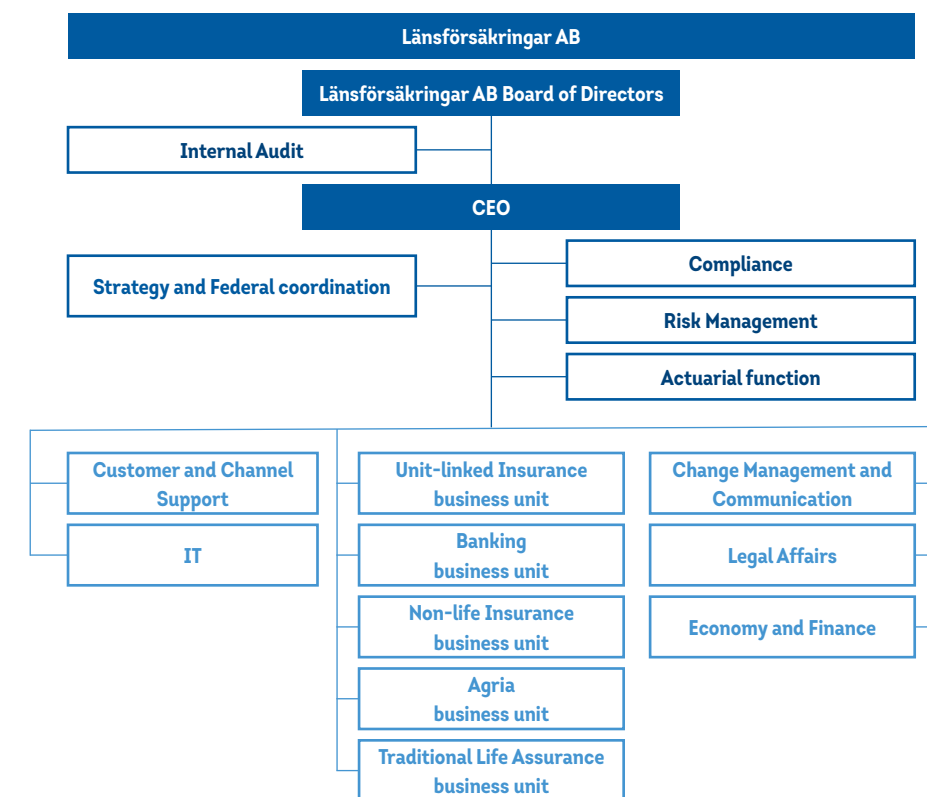
Continued healthy premium growth

The growth in premiums was relatively unaffected by the impact of the war in 2022 despite higher costs for households and companies. Insurance needs may increase in certain segments, while at the same time the solvency of customers may be negatively impacted. Premium growth may be negatively affected due to increased bankruptcies or lower sales among corporate customers, higher unemployment and reduced economic activity. In the agricultural sector, which is already under pressure, even higher costs for fuel, electricity, fertilizer and food may result in companies being discontinued, which could impact the portfolio trend.

Limited impact on claims costs

Continuing challenges with shortages of components and materials, and rising inflation had a limited negative effect on claims costs in 2022. However, continued rising inflation affects the future claims-cost trend, particularly through higher repair costs. For personal risk insurance, inflation impacts provisioning since claims are based on the price base amount and have a long payment term. Claims costs could also be negatively affected by higher unemployment, although this affects only a small percentage of the total business volume.

LÄNSFÖRSÄKRINGAR AB ORGANISATIONAL STRUCTURE, 31 DECEMBER 2022



*Negative effect on investment income*  
Investment income were impacted by uncertainty in the financial markets in 2022. Stock markets were volatile and fell sharply during the year, despite a slight recovery in the fourth quarter.

*Banking operations*  
*Higher mortgage rates*  
Rapidly rising market interest rates result in the need to pass on the effects of higher financing costs to customers, for example, by raising mortgage rates. Since customers' repayment capacity is assessed using assumptions regarding higher interest rates in the "left to live on" calculation,

which is part of Länsförsäkringar's credit evaluation process, mortgage customers are considered to have a solid margin for managing the situation of higher interest rates.

*A weaker housing market*  
Rising interest rates have contributed to falling house prices and a weaker housing market. The impact of falling house prices is, to date, limited. Activity in the housing market has softened and if house prices continue to fall further, it would lead to even lower lending growth and a lower average loan-to-value ratio in the mortgage portfolio.



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### *Wider credit spreads*

The funding markets have continued to function, although uncertainty has widened credit spreads, meaning higher funding costs. The Bank Group has a solid liquidity position and thus the capacity to manage periods of disruptions in the funding market. Wider credit spreads also have a negative impact on holdings in the liquidity reserve.

### *Lower fund volumes*

The weak stock-market trend during the year negatively impacted the volume of managed funds. This contributed to a negative trend in commission income from the fund business.

### *Slight increase in expected credit losses*

Geopolitical uncertainty combined with high inflation and rising interest rates result in weaker growth prospects. The usual update of the macro-economic scenarios led to a slight impact on the loss allowance for expected credit losses. It cannot be ruled out that additional downward revisions of forward-looking macro forecasts in the future will have greater effects on the loss allowance for expected credit losses. Very minor effects were seen for actual or probable credit losses, but it cannot be ruled out that a greater impact on the loss allowance will arise in the future.

### **Life assurance and pension insurance operations**

*Reduced managed assets and investment return*  
Managed assets and investment return declined as a result of a volatile market featuring falling stock markets and rising market interest rates in 2022. The bonus rates for the traditional life-assurance portfolios of New Trad and Old Trad were lowered, but remained positive in 2022 showing the equalising function of the bonus rate.

### *Continued healthy growth*

The net flow of premiums and capital remained healthy in 2022. Future growth could be nega-

tively affected due to reduced economic activity and higher unemployment.

### **Events after year-end**

On 20 January 2023, the Swedish FSA approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models, which also includes a transition from the Standardised Approach to the IRB Approach for the class of exposures to corporates in Wasa Kredit. New PD models entail a slight increase in the total risk exposure amount (REA), which will be reported from the first quarter of 2023.

Länsförsäkringar Bank has announced the early redemption of subordinated debt (Tier 2 capital loans) on the first possible redemption date in accordance with the terms of the loans. Redemption will take place on the first redemption date, which is 1 March 2023. This subordinated debt has already been deducted from own funds as per 31 December 2022.

Jonas Ekegren took office as the CFO of Länsförsäkringar AB on 21 February 2023.

On 1 March 2023, the bonus rates for New Trad and Old Trad were raised from 1% to 4% following good returns on investments during the first two months of 2023.

Sara Rindevall will become the new President of Länsförsäkringar Fondliv on 1 April 2023.

### **Expectations regarding future development**

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. Expertise and the technical environment must be adapted to support rapid development so as to meet customers' evolving needs.

Customers demand relevance, flexibility and availability. Accordingly, developments are best driven forward with a high level of customer involvement. As digitisation increases so do





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opportunities for packaging the right products and services for customers – understanding the customer's situation and lifestyle choices, and offering solutions that cater to these needs are, therefore, essential for maintaining customer trust and loyalty. For this reason, Länsförsäkringar is pursuing its activities towards achieving the target of being the industry leader in digital services.

Higher household debt combined with rising interest rates and the gap between salary increases and benefits under the social security scheme continue to lead to an increasing number of people having insufficient personal insurance. Demands from companies and organisations for rapid and high-quality health care and proactive preventive health services are continuing to rise. Länsförsäkringar is well-positioned for healthy growth in personal risk insurance given the market's need for supplementary, private security

solutions, its satisfied customers and a large market share.

Länsförsäkringar AB is continuing to develop new and further develop existing insurance solutions to supplement the regional insurance companies' range of commercial insurance. Cyber insurance is deemed to have great potential. The market for cyber insurance is relatively new and the company's aim is to further develop insurance products and claims-prevention services for small and medium-sized businesses. The aim is to meet new customer needs arising from an increasingly digitised world.

The Länsförsäkringar Alliance has a strong position in motor insurance. The renewal of a long-term contract with Toyota and Lexus for vehicle-damage guarantee and car brand insurance has created the conditions to further strengthen the position in the motor market.

The company's assumed reinsurance business has declined in volume over the past three years. New circumstances with rising prices in the global reinsurance market are impacting the company's ability to grow profitably in the segment of assumed international reinsurance.

As a market leader, Agria wants to exceed customer expectations and be at the forefront of products, distribution, communication and service. Agria is also working towards a sustainable society for animals and improved animal health. It is expected that there will be continuing interest in owning a pet in the years ahead, at the same time as a broader market of products and services related to animals is growing rapidly. Agria is continuing to grow in Europe. More animal owners will make use of digital vet consultations and the offering will be expanded to provide more support to animal owners in the event of illness or injury.

Länsförsäkringar strives to offer comprehensible pensions that are considered to simplify everyday life and contribute to a secure future for customers. The offering is mainly directed to small and medium-sized businesses for which the majority of all new business is expected to continue to be pension solutions for companies that do not have collective agreements. Länsförsäkringar Fondliv will continue to offer unit-linked insurance through Länsförsäkringar's fund platform for pension savings with the guarantee management form as a supplement for customers who want an explicit guarantee. Länsförsäkringar Fondliv will also continue to offer health insurance, survivor's insurance and accident insurance.

Länsförsäkringar Fondliv operates in a market undergoing radical change, driven by rising customer demands, new regulations and, in particular, digitisation, with the latter two creating brand new market conditions. Länsförsäkringar Fondliv sees a clear increase in the need to differentiate the customer offering and its pricing, service

levels and distribution. Länsförsäkringar Fondliv's strategy is to future-proof the company to be a market leading unit-linked insurance company, supported by the introduction of a new IT platform with a new modular product system.

The banking operations intend to follow the strategic direction of profitable growth with high credit quality, by further refining existing products and on the basis of maintaining a favourable level of capitalisation. Growth in lending will take place by paying close attention to changes in the business environment, the financial situation and the prevailing circumstances in the capital market. Strong liquidity will be maintained. The continued market strategy is to conduct sales and customer marketing activities targeting the regional insurance companies' 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 will continue to pursue its climate-smart vision with the climate target for the operations to become climate-positive by 2045.

Earnings and financial position

Group earnings

Länsförsäkringar AB Group's operating profit amounted to SEK 2,350 M (3,806) with negative investment income of SEK -848 M (1,607). The return on equity amounted to 8% (9).

The Länsförsäkringar AB Group's non-life insurance business is divided into two business units: Non-life and Agria. The Non-life Insurance business unit is responsible for development and service of the Länsförsäkringar Alliance's non-life insurance business and conducting non-life





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insurance business in development areas to supplement the regional insurance companies' offering or to achieve economies of scale. Agria is the Länsförsäkringar Alliance's specialist company for pet and crop insurance. Operating profit for the Group's total non-life insurance business amounted to SEK 693 M (798). Premiums earned after ceded reinsurance rose 11% to SEK 8,485 M (7,662). The combined ratio amounted to 91.0% (91.2).

The Bank Group's operating profit declined to SEK 2,067 M (2,296). The decline was mainly due to the introduction of the risk tax for banks, the administrative fine from the FSA and the positive effect in the comparative period from the reversed loss allowance. Profit before credit losses and fees levied increased to SEK 2,523 M (2,088). Net interest income rose 14% to SEK 5,528 M (4,863).

Operating profit for Länsförsäkringar Fondliv declined to SEK 566 M (625), mainly due to lower income as a result of uncertainty in the financial markets. The weaker stock-market trend also impacted managed assets, which fell to SEK 198 billion (225) on 31 December 2022. Net inflow of premiums and capital continued to post healthy growth, though it declined to SEK 5,971 M (14,073) compared with a very strong 2021.

The Länsförsäkringar AB Group's investment return attributable to the insurance operations' and Parent Company's assets decreased to -3.3% (8.9) due to a negative market trend. Equities performed weakly during the year, contributing -2.6 percentage points (4.3). The fixed-income portfolio contributed -1.3 percentage points (0.3), where Swedish interest rates provided the most negative contribution. Properties contributed 0.1 of a percentage point (3.1), with unlisted properties reporting a positive return, while listed properties yielded a negative return. Alternative investments

contributed 0.5 of a percentage point (1.2), with the largest contribution from unlisted forestry.

### The Group's capital position

The Länsförsäkringar AB Group's equity increased SEK 162 M during the year to SEK 35,549 M. Equity rose mainly due to earnings for the period.

The Länsförsäkringar AB Group is a financial conglomerate in which the Group conducts insurance and banking operations. The Group's companies are encompassed by group solvency regulations in accordance with legislation on financial conglomerates and legislation on insurance operations, with Länsförsäkringar Liv included in accordance with the deduction and aggregation method. The bank companies are subject to the capital adequacy rules at group level. In addition, the insurance and bank companies are subject to the solvency and capital adequacy rules, respectively, at individual level.

On 31 December 2022, surplus capital for the Länsförsäkringar AB Group under the insurance rules and the rules on financial conglomerates was SEK 17.3 billion, down SEK 2.6 billion for the year, mainly due to a higher countercyclical capital buffer and advance repayment of subordinated debt in the banking operations. Own funds amounted to SEK 59.1 billion and the capital requirement to SEK 41.8 billion.

In 2022, Länsförsäkringar AB paid dividends of SEK 1,751 M to its owners. Dividends and Group contributions from subsidiaries impacted 2022 earnings in the amount of SEK 1,921 M.

The Board of Länsförsäkringar AB proposes that the General Meeting resolve to pay a dividend of SEK 698 M for the 2022 financial year, to be paid in 2023.

### Parent Company earnings

Länsförsäkringar AB Group's Parent Company consists of the Non-life Insurance business unit

excluding Länsförsäkringar Gruppliv, as well as units within Support and Service. Support and Service is responsible for business service, both within the Group and for the regional insurance companies, and conducts Länsförsäkringar's joint IT and strategic development operations.

The Parent Company's non-life insurance business posted premiums earned after ceded reinsurance of SEK 2,585 M (2,447), with the strong sales in personal risk and commercial insurance contributing to healthy growth. Claims payments after ceded reinsurance amounted to SEK 1,876 M (1,769). The technical result amounted to SEK 217 M (206).

Non-technical income and expenses from the Parent Company's Support and Service operations amounted to SEK -625 M (-367).

The Parent Company's operating profit amounted to SEK 1,183 M (1,464).

### Parent Company's capital position

Länsförsäkringar AB's solvency ratio on 31 December 2022 was 223% (181). Own funds were negatively affected by proposed dividends to owners of SEK 698 M.

### Proposed appropriation of profit and statement by the Board

According to the statement of financial position for Länsförsäkringar AB, non-restricted equity totalling SEK 18,048,063,127 is at the disposal of the Annual General Meeting.

The Parent Company's non-restricted equity comprises	SEK
Fair value reserve	-470,563,360
Retained earnings	17,346,967,360
Net profit for the year	1,171,659,127
Non-restricted equity, 31 December 2022	18,048,063,127

The Board of Directors proposes that SEK 67 per share of the unappropriated earnings in the Parent Company be paid to the shareholders	698,446,994
To be carried forward	17,349,616,133
Total	18,048,063,127

The dividend is calculated on 10,424,582 shares.

The dividend from Länsförsäkringar AB's equity has been proposed after considering the rules on solvency capital requirement under the Swedish Insurance Business Act and the prudence rule of Chapter 17, Section 3 of the Swedish Companies Act. Länsförsäkringar AB's solvency ratio under Solvency II after the proposed appropriation of profit amounts to 223% (181). The corresponding solvency ratio for the insurance group amounts to 141% (144) after the proposed appropriation of profit. It is the Board's assessment that the proposed dividend will not prevent the company and other companies included in the Group from fulfilling their short or long-term commitments and is also not deemed to restrict the company's planned investments or expected liquidity requirements. Accordingly, the Board's overall assessment is that the proposed dividend is justified taking into consideration the demands on the amount of equity in the company and the Group imposed by the nature, scope and risks associated with the operations, and the company's and the Group's solvency requirements, liquidity and financial position. Of the Parent Company's total equity, SEK 148 M (345) is attributable to assets and liabilities being measured at fair value according to Chapter 4, Section 14a of the Swedish Annual Accounts Act (1995:1554).



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# Non-life insurance business operation

The Länsförsäkringar AB Group's non-life insurance business is divided into two business units: Non-life and Agria. The Non-life Insurance business unit is responsible for development and service of the Länsförsäkringar Alliance's non-life insurance business and conducting non-life insurance business in development areas to supplement the regional insurance companies' offering or to achieve economies of scale. Agria is the Länsförsäkringar Alliance's specialist company for pet and crop insurance.

**L**änsförsäkringar AB's role within non-life insurance is to support and complement the regional insurance companies' offering with specialist products to meet customer needs, to start new business that can be channelled through the regional insurance companies and to manage the Länsförsäkringar Alliance's joint reinsurance cover.

The Non-life Insurance business unit conducts mainly personal risk insurance, some motor, cargo, liability and property insurance as well as underwrites a well-diversified portfolio in internationally assumed reinsurance. The Non-life Insurance business unit also conducts annuities operations and manages the Länsförsäkringar Alliance's joint reinsurance cover. Länsförsäkringar AB's subsidiary Länsförsäkringar Gruppliv underwrites group life assurance and occupational group life assurance, which is also part of the Non-life Insurance business unit.

The subsidiary Agria is specialised in pet and crop insurance. This specialisation involves a streamlined focus on and involvement with animals and their owners. Agria's international operations are conducted in branches in Denmark,

Finland, France, Norway, the UK and Germany and in an administration company in the UK, Agria Pet Insurance Ltd. Agria's digital vet consultations are conducted in the subsidiary Agria Vet Guide AB. In February 2022, Agria expanded its international business by acquiring the Irish company Capstone Financial Services Limited which distributes pet insurance in Ireland and the Netherlands. A branch was established in Ireland in February 2023.

### Earnings and financial position

Operating profit for the Länsförsäkringar AB Group's total non-life insurance business amounted to SEK 693 M (798). Premiums earned after ceded reinsurance rose 11% to SEK 8,485 M (7,662). The combined ratio amounted to 91.0% (91.2).

### Non-life Insurance

Both the technical result and the combined ratio for the Non-life Insurance business unit's operations improved to SEK 306 M (260) and 89.8% (90.7), respectively.

Premiums earned after ceded reinsurance rose 6% to SEK 2,929 M (2,771), with the strong sales in personal risk and commercial contributing to





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healthy growth. Interest in cyber insurance increased during the year since geopolitical turmoil has resulted in higher contingency planning and a focus on IT security among corporate customers. Premiums earned in motor insurance declined due to long delivery times for new vehicles.

Claims payments after ceded reinsurance amounted to SEK 2,068 M (1,979) and the claims ratio fell to 70.6 (71.4). The expense ratio was unchanged at 19.2% (19.2). Operating profit amounted to SEK 323 M (259).

### Personal Risk

Premiums earned after ceded reinsurance for Personal Risk rose 7% to SEK 1,673 M (1,565). Premiums earned for health care insurance continued to increase in 2022, mainly due to higher sales through the regional insurance companies and strong digital sales and customer care. The portfolio premium for the Bo Kvar product, which comprises an important part of Länsförsäkringar Bank's offering, has grown steadily. This policy provides financial protection in the event of death, illness or unemployment, and provides financial security to customers.

The technical result for Personal Risk rose to SEK 194 M (152). Earnings for health insurance improved, mainly due to adjustments to conditions in prior years and a downward adjustment to the reserve for COVID-19 related health claims. Profit for group life assurance improved due to lower claims costs. Earnings for health care insurance were negative as a result of higher claims costs related to operations and medical care since the use of health care insurance has increased.

Länsförsäkringar AB can contribute to a more sustainable society through health-promotion services and claims prevention. Several initiatives were developed during the year to increase the availability of various digital services for custom-

ers, for example, the new Hälsa och vård (Health and care) app that was launched in January 2023. The app gives customers 24/7 access to the entire content of the health care insurance.

Customers who have health insurance as part of their occupational pension with Länsförsäkringar were given access to preventative health insurance during the year. This helps customers to avoid ill health regardless of whether problems are work-related or private.

Regular customer satisfaction surveys of incoming calls to the Customer Service Centre and claims adjustment departments have been carried out since 2015 and the outcomes have remained at high levels.

### Motor, Commercial and Reinsurance

Premiums earned after ceded reinsurance for Motor, Commercial and Reinsurance rose 4% to SEK 1,256 M (1,206). Business volumes for commercial insurance grew strongly during the year, while business volumes for internationally assumed reinsurance fell due to a greater focus on profitability in the portfolio. Premiums earned in motor insurance declined due to long delivery times for new vehicles.

Länsförsäkringar's new partnership with Toyota and Lexus in vehicle-damage and brand insurance has performed strongly since the collaboration began in January 2019, and was extended for five years in 2022. In cargo and liability insurance, Länsförsäkringar's offering was competitively strong, which contributed to solid growth. The premium growth for seller liability insurance, which provides cover for sellers of single-family homes for the ten years of liability for hidden faults, was lower due to fewer house sales. The company can see higher demand from customers in cyber insurance since geopolitical turmoil has resulted in higher contingency planning and a focus on IT security among corporate cus-

tomers. The offering was expanded in 2021, which increased the number of customers and contributed to growing premium volumes in 2022.

The technical result for Motor, Commercial and Reinsurance rose to SEK 141 M (101). Earnings for internationally assumed reinsurance were impacted by higher claims costs for natural catastrophes, but earnings were nevertheless stronger than last year due to positive run-off gains on prior year claims reserves. Earnings for liability insurance fell slightly due to higher run-off gains in 2021. Earnings for the Länsförsäkringar Alliance's internal reinsurance, to which Länsförsäkringar AB contributes a 15% share of

assumed reinsurance, also declined slightly due to higher claims costs in accident insurance. Earnings for cargo insurance remained positive. Earnings for motor insurance improved, mainly as an effect of run-off gains following the review of prior-year reserves both for motor third-party liability and for hull insurance.

The Non-life Insurance business unit also includes annuities operations and run-off business, which reported a loss of SEK -30 M (7) due to strengthening provisions related to changed mortality assumptions in the annuities operations.





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### Agria

Agria's technical result increased to SEK 523 M (424) due to continued strong growth and a stabilised claims-cost trend. The combined ratio amounted to 91.6% (91.4).

Premiums earned after ceded reinsurance increased 14% to SEK 5,556 M (4,891) due both to premium increases and portfolio growth. Business volumes increased in all business lines, with the largest growth in the international operations.

Claims payments after ceded reinsurance amounted to SEK 3,797 M (3,501). The claims ratio declined to 68.4% (71.6) as a result of the stabilised claims-cost trend and higher premiums earned in all business areas. Pet insurance reported strong earnings due to an improved claims ratio. Earnings for horse and agricultural insurance strengthened despite a higher number of larger claims. Earnings for crop insurance were also affected by a higher number of larger claims due to hailstorms and soil crusting. The claims ratio improved in all foreign branches. Operating expenses amounted to SEK 1,293 M (971) and the expense ratio rose to 23.2% (19.8), mainly due to Agria's expansion internationally and continued digitisation of the operations. Operating profit declined to SEK 369 M (539), due to lower investment income as a result of uncertainty in the financial markets.

The number of customers using the Agria Vårdguide app for free digital vet consultations has increased steadily since its launch in 2020 and customer satisfaction is very high. The idea is to encourage more animal owners to discover how secure and simple it is to use digital consultations with vets for minor injuries and illnesses. New services such as behaviour training for cats and feeding advice for horses were also launched in the app during the year.

In June, Agria launched Hundras Extra, a brand new type of dog insurance. This is the most flexible and comprehensive veterinary care insurance offered by Agria. The product is based on a new claims-prevention concept whereby the customer is offered advice and help with booking vet consultations around the clock and the option of attending claims-prevention courses that could result in lower insurance premiums. Customers also receive health-promoting offers such as vaccines against kennel cough and digital health check-ups. The product has been very positively received by the market.

At the start of the summer, Agria arranged its popular Dog Walk event to raise money for homeless dogs, and the Glädjehoppet hobbyhorse event for the Swedish Childhood Cancer Fund. Agria's virtual Cat Parade was held in October to benefit homeless cats.

Horse insurance was launched in the UK in connection with the FEI World Equestrian Games in Denmark in August. The initial results of the internationally acclaimed barefoot study were also presented at the event. This study, initiated by Agria together with the Swedish University of Agricultural Sciences, looks at the effects of riding sport horses with and without shoes. The aim of the study is to investigate whether barefoot riding could increase sustainability.

Agria's application for a third-country branch in the UK was approved at the start of the year. Before then the operations were conducted under a temporary permissions regime (TPR).

### Capital position

Länsförsäkringar AB and its insurance subsidiaries have permission from the Swedish FSA to calculate the capital requirement for insurance operations using a partial internal model. Capital

requirements for most market risks and non-life insurance risks are calculated using an internal model, whereas other types of risk are calculated by applying the Solvency II standard formula. Agria's solvency ratio on 31 December 2022 was 172% (208). Own funds declined SEK 245 M during the year to SEK 1,717 M. Own funds were strengthened by net profit for the year, but the effect was counteracted by the Group contribution paid of SEK 350 M and the planned dividend of SEK 250 M. The capital requirement rose SEK 55 M during the year to SEK 997 M, primarily driven by growing business.

### Market

The non-life insurance market is mature but growing steadily and premium income increased 3% in 2022 according to statistics from Insurance Sweden.

High inflation and rising interest rates that are putting pressure on households and companies, as well as several years of the pandemic and its consequences in the form of long-term illness and unemployment have highlighted personal risk insurance as an important supplement to public social security for increasing financial security in the event of illness, accident, unemployment and death. Companies are eager to prevent illness and sickness absence since sick leave has consequences for both profitability and delivery. Health care insurance fulfils an important role as a means for promoting a positive work environment and good health so as to reduce the vulnerability of employees to illness or claims and helps companies to assume their responsibility as regards the work environment.

The transition to electric and hybrid vehicles continued in the motor insurance market. The effects of the pandemic are still being felt by sev-

eral car manufacturers, resulting in long delivery times both for vehicles and for spare parts. The trend of private leasing is continuing. More than half of all passenger cars sold in 2022 were financed through leasing. However, higher interest rates in the leasing market could have a negative effect going forward. Car dealers are becoming increasingly consolidated, with a few dominating dealers becoming larger and the number of independent dealers and workshops decreasing.

Competition remains fierce in cargo insurance and the share of business that is managed by insurance brokers is continuing to grow. In liability insurance, premium income in the market has risen in recent years, partly driven by higher reinsurance costs.

In the international reinsurance market, demand is rising for reinsurance cover while reinsurance capacity is falling. This is driving up costs for reinsurance at the same time as conditions are becoming better for the reinsurer. The price of reinsurance increased in 2022 and is expected to continue to rise in 2023.

The pet-insurance market remains driven by an increasing number of animal owners becoming aware of the importance of reliable pet insurance, which is influenced by, for example, the greater emotional value of animals for their owners and developments in the veterinarian industry with new technology, new treatment methods and access to veterinary care.





# Bank business operation

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The Bank Group consists of the Parent Company Länsförsäkringar Bank, and the wholly owned subsidiaries Länsförsäkringar Hypotek, Länsförsäkringar Fondförvaltning and Wasa Kredit. Länsförsäkringar Bank is the fifth largest retail bank in Sweden with business volumes of SEK 820 billion.

**T**he banking operations are conducted only in Sweden and business volumes are continuing to grow in all product segments. The strategy is to offer banking services to the Länsförsäkringar Alliance's customers and leverage Länsförsäkringar's strong brand and local presence. The banking operations have a large potential customer base with the Länsförsäkringar Alliance's 3.9 million customers. One target group is the 3.2 million retail customers, of whom 2.1 million are home-insurance customers. Another target group is agricultural customers and small businesses. The aim is, based on low risk, to maintain healthy growth in volumes and profitability, have the most satisfied customers and more customers who have both banking and insurance with Länsförsäkringar.

According to the 2022 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank had the second highest customer satisfaction for mortgages for retail customers, which is confirmation of Länsförsäkringar's clear customer focus and high quality. With a comprehensive offering in banking, insurance and real-estate brokerage, customers receive a complete solution that creates security and added value.

### Earnings

The Länsförsäkringar Bank Group's operating profit fell 10% to SEK 2,067 M (2,296). The decline was mainly due to the introduction of the risk tax for banks, the administrative fine from the Swedish FSA and the positive effect in the comparative period from the reversed loss allowance. Profit before credit losses and fees levied increased 21% to SEK 2,523 M (2,088). The investment margin amounted to 1.19% (1.12). Return on equity amounted to 8.2% (9.8).

Operating income increased 9% to SEK 5,033 M (4,610) due to higher net interest income, which offset lower net commission income. Net interest income rose 14% to SEK 5,528 M (4,863). Net gains from financial items amounted to SEK 0 M (54). Underlying net commission income, excluding remuneration paid to the regional insurance companies, remained largely unchanged at SEK 1,329 M (1,332). The recognised net commission income including remuneration to the regional insurance companies amounted to SEK -508 M (-331).

### Expenses

Operating expenses declined slightly to SEK 2,510 M (2,523). Expenses for 2022 include higher costs for IT investments related to digitisation and





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AML-related expenses as well as costs for the administrative fine from the Swedish FSA, while 2021 included an impairment loss on intangible assets. The cost/income ratio before credit losses and fees levied amounted to 0.50 (0.55) and the cost/income ratio after credit losses and fees levied amounted to 0.59 (0.50).

As a result of the investigation that the Swedish FSA conducted into how the bank complies with the regulations on monitoring and reporting, with a focus on fast transactions and international payments, Länsförsäkringar Bank received a remark in December 2022 and was ordered to pay an administrative fine of SEK 90 M, which is included in expenses for the fourth quarter of 2022.

### Credit losses

The credit quality of the loan portfolio remained very high and credit losses in the Bank Group are low. During the fourth quarter, the macroeconomic scenarios for calculating expected credit losses were updated with more negative outlooks for the future, which led to slightly higher loss allowances. Furthermore, a decision was made to make a manual adjustment to mortgage lending, which increased the loss allowance by SEK 21 M, in light of the rapidly increasing uncertainty in the business world and its impact on households. The total change in the loss allowance due to the above was SEK 13 M in the fourth quarter, after the effect from withheld remuneration to the regional insurance companies. Credit losses for 2022 totalled SEK 123 M (-331), net, corresponding to a credit loss level of 0.03% (-0.09). Comparative figures for last year were impacted by reversals of previous loss allowances related to the pandemic.

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 963 M (1,091), corresponding to a share of credit-impaired loan receivables of 0.15% (0.20). The loss allowance for



credit-impaired loan receivables was SEK 394 M (366). The reserve ratio for credit-impaired loan receivables amounted to 40.9% (33.6). In addition, SEK 40 M (54) of the remuneration to the regional insurance companies regarding credit-impaired loan receivables<sup>1)</sup> is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 434 M (421). The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 45.1% (38.6).

### Business volumes

Business volumes declined 3% to SEK 820 billion (841), driven by lower fund volumes resulting from

lower market values. Total lending improved 4% to SEK 367 billion (351) with continued high credit quality. Lending excludes deposits with the Swedish National Debt Office and similar items. Lending in Länsförsäkringar Hypotek increased 7% to SEK 297 billion (279). Lending in Wasa Kredit fell 2% to SEK 25.1 billion (25.6). Deposits increased 5% to SEK 153 billion (146). The fund volume fell 13% to SEK 299 billion (343), as a result of the market trend and lower market values, while net inflows remained solid.

### Customers

The number of customers with Länsförsäkringar as their primary bank increased 4% to 612,800 (589,000). Some 90% of those customers who

have the bank as their primary bank are also existing Länsförsäkringar insurance customers. The number of bank cards issued by Länsförsäkringar Bank rose 3% to 794,600 (768,100).

### Deposits and savings

Deposits from the public rose 5% to SEK 153 billion (146). Deposits from businesses amounted to SEK 15.2 billion (15.5). The total number of deposit accounts increased 3%. On 31 December 2022, the market share of household deposits had declined to 5.1% (5.3) according to Statistics Sweden. Fund volumes fell 13% to SEK 299 billion (343), due to negative changes in value but with a continued healthy inflow in the fund business.



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### Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public rose 4% to SEK 367 billion (351) and maintained a high level of credit quality. Lending excludes deposits with the Swedish National Debt Office and similar lending of SEK 17 billion (11).

Lending in Länsförsäkringar Hypotek increased 7% to SEK 297 billion (279). The percentage of retail mortgages in relation to the total loan portfolio was at 80%. The weighted average loan-to-value ratio of the Bank Group's mortgage portfolio amounted to 56% (57). As of 31 December 2022, the market share of retail mortgages was stable at 7.1% (7.1) according to Statistics Sweden. Green mortgages were launched as a product for customers during the year.

Agricultural lending increased 2% to SEK 33.9 billion (33.1). Agricultural lending primarily comprises first-lien mortgages to family-owned agri-

cultural operations, and the average commitment was low at SEK 2.3 M (2.2). First-lien mortgages for agricultural properties increased to SEK 33.2 billion (32.2), corresponding to 98% (97) of agricultural lending. Lending in Wasa Kredit fell 2% to SEK 25.1 billion (25.6).

### Funding

The Bank Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 1% to a nominal SEK 263 billion (260), of which covered bonds amounted to SEK 218 billion (214), senior long-term funding to SEK 43.6 billion (45.3) and short-term funding to SEK 1.4 billion (0.6). The average remaining term for long-term funding was 3.0 years (3.1) on 31 December 2022.

Covered bonds were issued in 2022 at a volume of a nominal SEK 39.6 billion (45.8). Repurchases of covered bonds amounted to a nominal

SEK 12.5 billion (4.5) and matured covered bonds to a nominal SEK 23.6 billion (16.8). Länsförsäkringar Bank issued senior unsecured bonds corresponding to a nominal SEK 7.7 billion (13.9) during the year, while maturities amounted to a nominal SEK 9.4 billion (8.3). The total volume of the outstanding senior non-preferred bond was SEK 8.9 billion on 31 December 2022. In 2022, Länsförsäkringar issued a new covered seven-year benchmark bond in SEK and a covered Euro benchmark bond of EUR 500 M in Länsförsäkringar Hypotek.

Furthermore, Länsförsäkringar Bank launched its green bond framework, which enables efficient refinancing of lending to customers with green and energy-efficient assets. The green framework is available on lansforsakringar.se.

A green senior non-preferred bond was issued during the year at an amount of SEK 2.3 billion. After the end of the period, in January 2023, a green senior preferred Euro bond was issued at an amount of EUR 500 M.

### Liquidity

On 31 December 2022, the liquidity reserve totalled SEK 71.0 billion (85.6). The liquidity reserve is invested in securities with very high credit quality and that are eligible for transactions with the Riksbank and, where appropriate, with the ECB. By utilising the liquidity reserve, contractual undertakings can be met for just over two years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the consolidated situation on 31 December 2022 amounted to 277% (354). The Net Stable Funding Ratio (NSFR) for the consolidated situation on 31 December 2022 was 125% (130).

### Capital adequacy, consolidated situation

Länsförsäkringar Bank AB's consolidated situation encompasses Länsförsäkringar Bank AB and its subsidiaries, the Bank Group.

### Capital adequacy

Consolidated situation, SEK M	31 Dec 2022	31 Dec 2021
IRB Approach	39,644	39,037
retail exposures	30,809	30,320
exposures to corporates	8,855	8,716
Standardised Approach	12,439	12,366
CVA	827	672
Operational risks	6,401	6,038
Additional requirements	60,580	58,088
<b>Total REA</b>	<b>119,910</b>	<b>116,201</b>
Common Equity		
Tier 1 capital	18,469	17,730
Tier 1 capital	20,669	19,930
Total capital	22,164	22,520
Common Equity		
Tier 1 capital ratio, %	15.4	15.3
Tier 1 ratio, %	17.2	17.2
Total capital ratio, %	18.5	19.4

### Remark and administrative fine from the FSA

In December 2022, the Swedish FSA completed its investigation into how the bank complies with the regulations on monitoring and reporting, with a focus on fast transactions and international payments. This investigation first began in June 2021. As a result of the investigation, the FSA issued Länsförsäkringar Bank with a remark in December 2022 and the bank was ordered to pay an administrative fine of SEK 90 M.

Länsförsäkringar Bank takes a serious view of the FSA concluding that there are deficiencies in the transaction monitoring. This is unacceptable based on our own standards, customer expectations and regulations. Action has been taken and further measures will be implemented to protect customers and society.





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# Life assurance and pension insurance business operations

Länsförsäkringar offers pension savings, primarily occupational pensions. Fund management, guarantee management and personal risk insurance are offered through Länsförsäkringar Fondliv. Länsförsäkringar Liv is closed for new business, but the company manages traditional life assurance that was taken out before September 2011. Länsförsäkringar Liv is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group.

**L**änsförsäkringar Fondliv is a leader in the unit-linked insurance market for individual occupational pensions, commanding a market share of 26%. Länsförsäkringar Liv, which is closed for new business, conducts traditional life assurance for its customers.

### Market and business volumes

Länsförsäkringar strives to offer comprehensible pensions that are considered to be secure and personal. The offering is mainly directed to small and medium-sized businesses and is distributed via the regional insurance companies and insurance brokers.

The largest portion of Länsförsäkringar's premium income for pension savings is for pension solutions for companies that do not have collective agreements. This is a market with a wide-spread need for individual advice. A pension analysis is performed based individual customer needs, after which the customer receives an offer normally comprising both pension savings and various insurance solutions that the customer needs to lead a financially secure life.

### The life-assurance market

Premium income in the total life-assurance market decreased 10% to SEK 428 billion (477) in 2022. The weak trend was primarily due to lower sales in private endowment insurance. Länsförsäkringar Fondliv's market share of the total life-assurance market is 4.6% (5.5).

### Occupational pensions - the largest market

The occupational pension market is the largest sub-market, comprising 61% (54) of the total life-assurance market measured in premium income. The market increased 2% to SEK 261 billion (256) in 2022. Länsförsäkringar Fondliv holds a market share of 6.9% (9.5), making the company the fifth largest.

### Individual occupational pensions with unit-linked insurance

The individual occupational pension market for unit-linked insurance is Länsförsäkringar's main market. Länsförsäkringar Fondliv is the leading unit-linked insurance company in this area with a market share of 25.8% (33.9).





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### **Transfer market**

Mobility in the total transfer market remained high, even though it fell in 2022. A total of SEK 58 billion (65) was transferred in 2022. Länsförsäkringar Fondliv reported a net transfer of SEK 1.3 billion (10.1) in 2022, with capital transferred to the company falling 48% and capital transferred from the company increasing 32%. In the second half of 2022, net inflow was impacted by higher outward transfers due to extended transfer rights that were introduced on 1 July 2022.

### **Unit-linked insurance**

The overall trend in the financial markets was negative in 2022, mainly due to Russia's invasion of Ukraine and its effects. The weak stock market trend was due to rising inflation exceeding expectations and austere monetary policy combined with lower growth prospects. This was also reflected in Länsförsäkringar's fund range. Of a

total of 159 funds, 9% generated a positive return in 2022. The average fund return for customers was -14.9%. The categories of funds with particularly weak performance included properties, Sweden and small cap, while funds targeting China and Latin America for example performed positively.

A high-quality, attractive fund range that generates healthy, long-term returns on customers' pension capital is a central part of the Länsförsäkringar offering. All funds are carefully analysed and assessed based on criteria including management organisation, return and sustainability. 13 new funds that all promote sustainability were launched during the year. In addition, ten funds were replaced by funds with a higher sustainability level and return potential. 95% of the fund range comprises funds that promote sustainability or have sustainable investment as their objective according to the EU Sustainable Finance

Disclosure Regulation, and 99% of customer's savings is invested in this type of fund.

Funds with exposure to Russia remain closed for trading, including four in Länsförsäkringar's unit-linked insurance range: BlackRock Emerging Europe, Carnegie Rysslandsfond, East Capital Russia and East Capital Eastern Europe.

### **Guarantee management**

Länsförsäkringar offers guarantee management for customers who want a guarantee in their savings and the lowest level on their future payments. Länsförsäkringar guarantees a portion of the customer's paid-in insurance capital with the possibility of additional returns.

Investments as of 31 December 2022, comprised 37% interest-bearing, 33% equities and 30% alternative investments. The share of alternative investments has gradually increased in recent years. 20% of total managed assets was invested in sustainability-focused investments. Guarantee management has no exposure to Russia or Belarus.

Guarantee management's managed assets fell to SEK 5.5 billion (5.7). The investment return was -9.2% (17.0). The average return has been 4.6% per year since 2020.

### **Traditional life assurance**

Länsförsäkringar Liv, which is closed for new business, conducts traditional life assurance for its customers divided into three portfolios: New Trad, Old Trad and New World. Total managed assets declined to SEK 103 billion (118) as of 31 December 2022 due to falling stock markets and rising market interest rates. The return on equities and interest-bearing investments was negative, while alternative investments made a positive contribution to the return during the year. Länsförsäkringar Liv has no exposure to Russia or Belarus since all assets in developing countries were divested in 2021.

Sustainability is an integral part of Länsförsäkringar Liv's investment portfolios. On 31 December 2022, 22% (16) of managed assets were invested in sustainability-focused investments, which exceeded the target of 18%. Länsförsäkringar Liv also has the target of halving the carbon footprint from its management portfolios by 2027 compared with 2019. The decrease was 34% on 31 December 2022.

Länsförsäkringar Liv is working actively to maintain the company's balance sheet strength and capital position in order to improve the conditions for maintaining its long-term investment strategy. The uncertain economic outlook in the external environment presents challenges for the future and sets high demands on the company's risk management. The bonus rate is continuously adjusted to ensure buffers for future payments. The bonus rate for New Trad was adjusted from 6% to 1% in 2022 and for Old Trad from 4% to 1%. The solvency margin in Old Trad strengthened during the year mainly due to rising interest rates, successful interest-rate and currency positions, and also positive returns on alternative investments. Old Trad customers were therefore twice awarded extra bonuses during 2022.

### **New Trad**

Managed assets in New Trad amounted to SEK 27 billion (31). New Trad is a management form that existing customers can choose to transition to. Transitions involve, for instance, lower fees and a lower guaranteed rate. Länsförsäkringar Liv can thus invest the capital in assets with a higher expected return, which over time increases the possibility of higher bonuses.

Investments as of 31 December 2022 comprised 39% interest-bearing, 37% equities, 16% alternative investments and 8% properties. The percentage of interest-bearing investments declined during the year, while the percentage of alternative investments and properties increased.





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Investment return amounted to -10.0% (16.7). The average return has been 5.4% per year since 2013. The bonus rate on 31 December 2022 was 1% (6). The average bonus rate has been 6.9% per year since 2013.

### Old Trad

Managed assets in Old Trad amounted to SEK 68 billion (77). The primary aim of risk-taking in the Old Trad investment portfolio is to ensure that the guaranteed commitments can also be realised in the event of a negative market trend. At the same time, balanced risk-taking is applied to facilitate a reasonable return on customers' savings.

Investments as of 31 December 2022 comprised 73% interest-bearing, 12% alternative investments, 8% equities and 7% properties. The percentage of alternative investments and equities increase during the year, while the percentage of interest-bearing and properties declined.

Investment return amounted to -6.6% (6.3). The bonus rate was 1% (4) on 31 December 2022 and an average of 19.5% (11.3) for 2022.

### New World

Managed assets in New World amounted to SEK 8 billion (10). New World is a traditional insurance policy whereby customers benefit from changes in value in the equities market, while at the same time are guaranteed to recoup over time at least the premiums paid, after deductions for expenses and yield tax.

Investments as of 31 December 2022, comprised 70% equities and 30% interest-bearing.

Investment return amounted to -14.2% (21.3).

### Earnings for Länsförsäkringar Fondliv

Operating profit for Länsförsäkringar Fondliv fell to SEK 566 M (625), mainly due to lower income as a result of uncertainty in the financial markets in

2022. The weaker stock-market trend also impacted managed assets, which fell to SEK 198 billion (225) on 31 December 2022. Net inflow of premiums and capital from existing and new customers continued to report healthy growth, though it declined to SEK 5,971 M (14,073) compared with a very strong 2021. In the second half of 2022, net inflow was impacted by higher outward transfers due to extended transfer rights that were introduced on 1 July 2022. Total premium income declined to SEK 18,362 M (24,682), but premiums paid increased 8% to SEK 10,574 M (9,780). Premium income after ceded reinsurance for insurance risk increased to SEK 314 M (292). Commission and fee income amounted to SEK 2,080 M (2,201) due to lower average managed assets in 2022. Operating expenses declined to SEK 1,659 M (1,692), primarily due to lower administration expenses.

The total profit for Länsförsäkringar Fondliv and the life-assurance operations in the 23 regional insurance companies amounted to SEK 721 M (1,002). Länsförsäkringar Fondliv's remuneration to the regional insurance companies has increased since 2021 in order to drive long-term organic growth for the Länsförsäkringar Alliance.

### Capital position

Länsförsäkringar Fondliv's solvency ratio on 31 December 2022 was 163% (143). Own funds were negatively impacted by dividends of SEK 360 M for the 2022 fiscal year to Länsförsäkringar AB, negative market fluctuations and extended transfer rights. The company has taken out reinsurance for cancellation risk, which contributed to the capital requirement decreasing more than own funds, thus increasing the solvency ratio. Länsförsäkringar Fondliv has a strong capital position and is considered highly able to manage any future negative market fluctuations.



### Earnings for Länsförsäkringar Liv

Loss for Länsförsäkringar Liv amounted to SEK -2,409 M (profit: 11,691). 2022 was dominated by falling equities markets, high volatility and rising interest rates that resulted in negative investment income of SEK -9,622 M (10,942). Meanwhile, high inflation led to higher market interest rates, which resulted in lower technical provisions with a positive earnings effect of SEK 11,254 M (5,246). Changes in market interest rates affect Länsförsäkringar Liv's earnings since future commitments are discounted with the market interest rate. However, the company can largely protect itself from the impact of fluctuations in market interest rates on earnings by partly matching assets and liabilities against each other. On 1 January 2022, the Ultimate Forward Rate (UFR) was lowered 0.15 of a percentage point to 3.45%, which negatively affected discounting of liabilities for terms of more than ten years. Operating

expenses fell 11% to SEK 330 M (370) in line with the company's long-term efforts to reduce operating expenses and make the operations more efficient so as to manage a shrinking portfolio.

### Capital position

Länsförsäkringar Liv's solvency ratio amounted to 215% (219) on 31 December 2022. Own funds declined mainly as a result of the negative return during the year, which also contributed to the capital requirement reducing. Länsförsäkringar Liv has a strong capital position and is considered highly able to manage any future negative market fluctuations. Collective consolidation amounted to 104% (118) in New Trad and 117% (125) in Old Trad. The surplus in New World is primarily distributed directly between customers' insurance, which means that the collective consolidation is always 100%.



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### Risks and uncertainty factors of the operations

Heightened geopolitical tension following Russia's invasion of Ukraine combined with an energy crisis and rising inflation has had a negative impact on the global economy, resulting in higher interest rates, weaker stock markets and lower growth prospects. This trend had a slightly negative impact on the managed assets of unit-linked insurance, which in turn impacted the value of future profit in the unit-linked insurance operations. In the unit-linked insurance operations, the policyholders primarily bear the market risks, but since the managed assets trend affects earnings, Länsförsäkringar Fondliv is also exposed to market risk. Earnings may also be negatively affected if customers move their insurance to paid-up policies or transfer them to another insurance company, since this leads to lower future fee income. The weak stock-market trend also contributed negatively to the trend in commission income in the banking operations' fund business.

Credit risks in the banking operations are primarily affected by the economic situation in Sweden since all loans are granted locally. Low loan-to-value (LTV) ratios, combined with a well-diversified geographic spread and local presence, are the core pillars in efforts to ensure that the loan portfolio maintains high credit quality. The war in Ukraine has also resulted in falling house prices and thus a lower average LTV ratio

as well as wider credit spreads and thus higher funding costs. Credit losses remain low and the refinancing of business activities functioned well during the period. The regional insurance companies cover 80% of the provision requirement in the Bank Group (excluding Wasa Kredit) on the date when an impairment is identified, by means of an off-set against accrued distribution remuneration.

The Group's non-life insurance operations are highly diverse, ranging from cargo insurance and reinsurance to pet insurance. Non-life insurance taken out is reinsured, where deemed appropriate, and extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.

The day-to-day operations include a variety of process risks and the Group's products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and the war in Ukraine risks leading to higher cyber risks and other security risks. Compliance risks, particularly those associated with money laundering and financing of terrorism are managed by maintaining a high level of internal governance and control.

The risk of the life-assurance and banking operations being used to launder money and finance terrorism or fraud is reduced through a systematic process of risk assessments and

active monitoring of ongoing business relationships and deviating activities or transactions. Suspicious activity and transactions are reported directly to the Financial Intelligence Unit of the police. The head of Financial Crime Prevention is a member of the bank's management team and reports directly to the bank's President.

The Parent Company in the Länsförsäkringar AB Group also assumes risks attributable to the company's investments in liquidity and the business-support operations conducted on behalf of the subsidiaries and the regional insurance companies.

Despite the volatility in the financial markets due to the war in Ukraine, the Länsförsäkringar AB Group continues to have a stable capital position. The effects of the war on the Länsförsäkringar AB Group's operations are described in more detail on pages 42-43.

A more detailed description of the operations' risks, and how they are managed, is presented in Group note 2 Risk and capital management.

### Employees

The code of culture is the foundation of Länsförsäkringar AB's corporate culture. Talented and dedicated employees who drive and develop the operations are vital to achieving business objectives. An inclusive culture makes it possible to benefit from diversity. A more detailed description of how the Länsförsäkringar AB Group works

as a responsible employer can be found on pages 31-33 and 185-186.

### Sustainability

The Länsförsäkringar AB Group's sustainability work is based on the vision of "Together we create security and opportunities" and the long-term objective is for the operations to be climate-positive by 2045. The Länsförsäkringar AB Group can reduce its sustainability risks, increase customer value and also contribute to the positive development of society and create business value by taking economic, social and environmental aspects into consideration in its business development and business decisions. Länsförsäkringar is a signatory to the principles of the UN Global Compact and works to contribute to the UN Sustainable Development Goals (SDGs). The Länsförsäkringar AB Group's statutory Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act can be found in this Annual Report on pages stated on page 2.

*The results of the year's operations and the financial position of the Länsförsäkringar AB Group and the Parent Company on 31 December 2022 are presented in the following financial statements with accompanying notes for the Group and Parent Company.*



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**L**änsförsäkringar AB (publ) is wholly owned by the 23 customer-owned regional insurance companies, together with 14 local insurance companies. The Länsförsäkringar AB Group comprises the Parent Company Länsförsäkringar AB with a number of directly and indirectly owned subsidiaries. The business operations of the Länsförsäkringar AB Group are those deemed by the Länsförsäkringar Alliance as best suited to be run jointly. Most of the Länsförsäkringar Alliance's development and service operations are coordinated with Länsförsäkringar AB, with shared priorities.

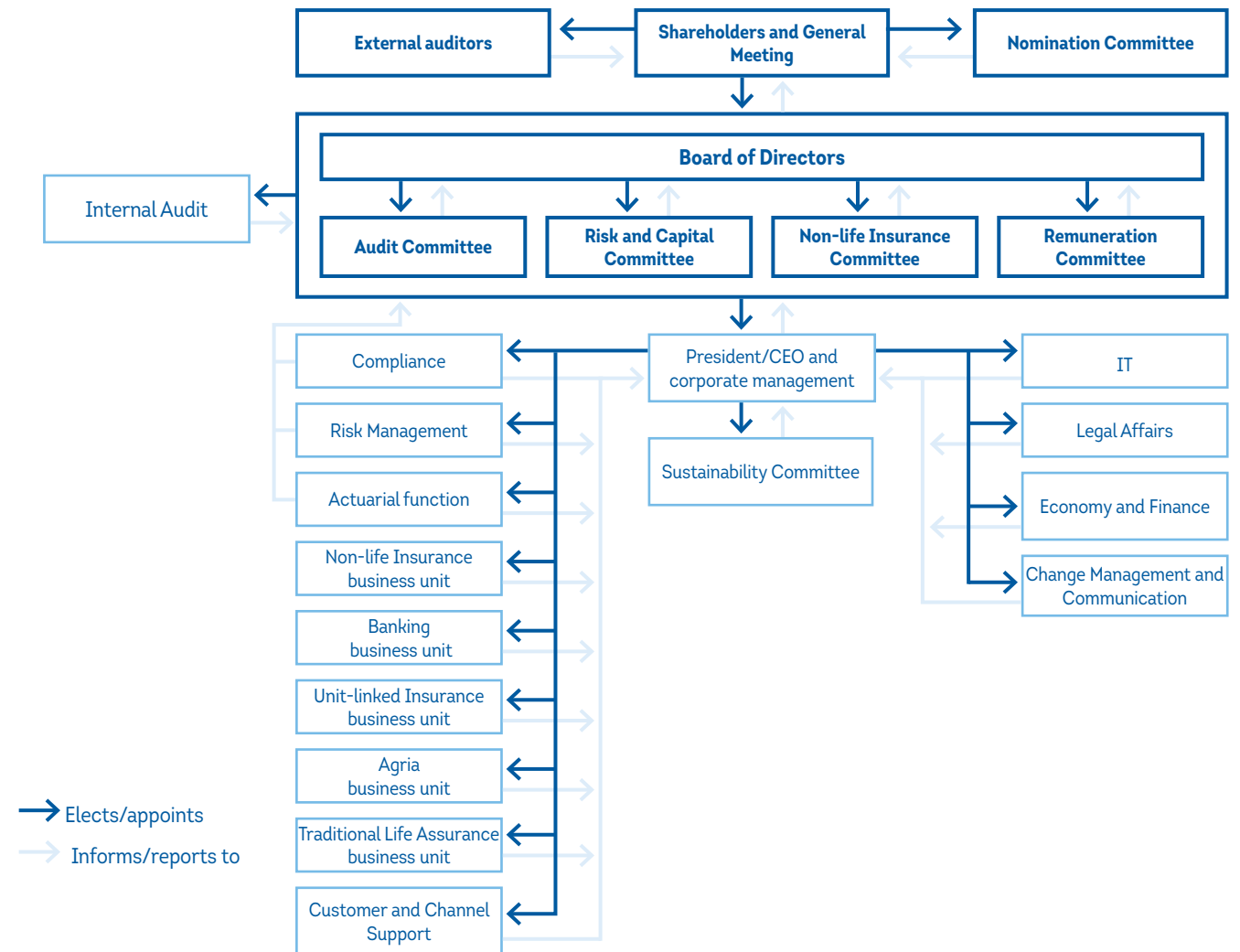
Länsförsäkringar AB is a public limited liability insurance company. Länsförsäkringar AB complies with the applicable parts of the Swedish Corporate Governance Code (the Code). The main reasons for the deviations are the limitations under the rules for financial companies, the federal structure of the Länsförsäkringar Alliance and that Länsförsäkringar AB is not a listed company. Deviations from the provisions of the Code and explanations for such deviations are presented in the Deviations from the Code section.

According to the Code, good corporate governance is assurance that companies are managed in a manner that optimises efficiency for their shareholders. However, good corporate governance is also significant for other company stakeholders, such as customers, bond investors and supervisory authorities.

### Description of the corporate governance system

The Länsförsäkringar AB Group has a corporate governance system that aims to ensure healthy and responsible control of the Group, risk management and a high level of internal control in the operations. Because both insurance and banking operations are conducted in the Group, the Länsförsäkringar AB Group is a financial conglomerate. In its capacity as

### LÄNSFÖRSÄKRINGAR AB's GOVERNANCE STRUCTURE







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the Parent Company of the Group. Länsförsäkringar AB is the company at the top of the financial conglomerate. Furthermore, in its capacity as a non-life insurance company, Länsförsäkringar AB is subject to laws and other regulations for such insurance companies, and is also the company at the top of the insurance group in which all insurance companies in the Group are included. As the Board of the Parent Company Länsförsäkringar AB, the Board of the Länsförsäkringar AB Group has a responsibility for governance and supervision of its subsidiaries. In order to exercise such governance and supervision responsibility, the Board must ensure appropriate and effective governance of the Group and that the Board receives information and reports on the performance of and significant events in the subsidiaries. The corporate governance system is continuously adapted to changes in these regulations.

The corporate governance system is regulated in the Group's joint Group directive, which comprise the basic governance documents pertaining to organisation governance and monitoring in the Länsförsäkringar AB Group.

Länsförsäkringar AB's corporate governance model can be described as the framework upon which the Länsförsäkringar Alliance's strategies and Länsförsäkringar AB's task from the shareholders, long-term direction and governance principles are converted into business activities in the Länsförsäkringar AB Group and according to which Länsförsäkringar AB organises, governs and controls the operations, taking into account applicable internal and external regulatory frameworks. The foundations of the corporate governance system are:

- the Länsförsäkringar Alliance's strategies,
- the task from the owners,
- Länsförsäkringar AB's long-term direction and
- the principles approved by Länsförsäkringar AB's Board for governing the Länsförsäkringar AB Group.

The Länsförsäkringar Alliance's strategies comprise a number of strategy documents that describe such issues as the Alliance's core values and outline the direction and prerequisites for both the individual regional insurance companies and for the cooperation between the companies and Länsförsäkringar AB.

The assignment from the owners comprises the regional insurance companies' request for a coherent delivery of the activities within Länsförsäkringar AB and the Länsförsäkringar Alliance's joint strategies, as determined by Länsförsäkringar AB's shareholder consortium. Länsförsäkringar AB's long-term direction is determined by the Board of Länsförsäkringar AB by adopting a long-term plan and within the framework of the annual business planning process in accordance with the Guidelines for Financial and Capital Management and Control.

The Board of Länsförsäkringar AB has decided on four principles for the governance of the Länsförsäkringar AB Group to achieve integrated and efficient control of the Group. The principles are as follows:

- Governance of the Group is to be based on the Board of Länsförsäkringar AB.
- Governance is to be based on the market, risk and profitability.
- The organisation of the Group is to be efficient.
- Internal rules are to be established within the framework of governance.

The risk-based performance management represents the basis of corporate governance. The foundation of the business is risk-taking and the governance of the Group is to be based on risk. The risk-based performance management is to ensure healthy and efficient governance of the Group's risks. As a result, risk-based performance management entails that the Länsförsäkringar AB Group's operations are to be governed and conducted based on conscientious risk-taking but without ever compromising the Group's long-

term profitability and viability. Risk awareness is to permeate the organisational structure and governance of the Group. Risk-based performance management includes the internal-control system and the systems for such matters as regulatory compliance and risk management.

Based on these starting points for the corporate governance system and risk-based performance management, the corporate governance system comprises the following components:

- Organisation
- Internal regulatory framework
- Internal-control system, including:
  - Regulatory-compliance system
  - Risk-management system

### ***A suitable and surveyable organisational structure and decision process, and a clear distribution of responsibility and work assignments***

The basis of corporate governance is the operational organisational structure established by the Board, with an appropriate and transparent organisation which has a clear distribution of responsibility and duties between the various company bodies, and the so-called lines of defence, and a clear decision and reporting procedure (refer to Internal-control system below). Some of the areas to be guaranteed within the framework of the organisation are: economies of scale via Group-wide functions and outsourced operations, continuity management and business 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 corporate governance model thus comprises a description of the organisation, the decision process, how responsibilities are distributed, the working methods of the Board and the management, and the responsibilities of central senior executives and functions.

### ***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 Länsförsäkringar AB Group. The operating 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. For this reason, the Board of Länsförsäkringar AB has established a Group-wide policy for outsourcing operations that stipulates the overall principles for intra-Group and externally outsourced operations.

### ***Continuity management and business contingency plans***

The Länsförsäkringar AB Group has continuity management aimed at ensuring that important information is protected and that the operations can be maintained in the event of an interruption or major business disruption. Group-wide and company-specific business contingency plans have been prepared for this purpose.

### ***Efficient systems for reporting and transferring information***

The Länsförsäkringar AB Group has efficient information and reporting systems for ensuring that both external and internal information and operational reporting, for example, are reliable, correct, complete and published at the correct time.

### ***Information security***

The Länsförsäkringar AB Group has IT systems and procedures for ensuring the confidentiality and accessibility of important information.



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### **Managing conflicts of interest**

All of the companies in the Länsförsäkringar AB Group have internal rules regarding the identification and management of conflicts of interest.

### **Fit and proper requirements**

All employees and Board members of the Group's companies must be suitable for the duties that they are intended to perform in terms of knowledge and experience (fit), good reputation and integrity (proper). A suitability assessment is carried out as part of the employment process and prior to election of Board members at General Meetings. Assessments of whether Board members, senior executives and individuals in other central functions are suitable ("fit and proper") take place following adopted governance documents.

### **Internal regulatory framework**

In order to be surveyable and easily available, the Länsförsäkringar AB Group's internal regulatory framework is to be simple and clear. The aim is to limit the number of internal regulatory documents as far as possible. The internal regulatory framework in the Länsförsäkringar AB Group comprises the following governance documents:

- Policy – communicates a position of principle.
- Guidelines – overall regulatory framework.
- Instructions – detailed rules in a specific area.

The governance documents can either be joint or company specific, that is to say they apply either to all companies within the Länsförsäkringar AB Group or to only one of the companies. The joint governance documents are adopted by the Länsförsäkringar AB Board or decided by the President/CEO. The joint governance documents are also to be approved by and incorporated in the other companies in the organisation. The company-specific governance documents are adopted by either the Board of each company or by the President of the subsidiaries.

### **Internal-control system**

Internal control is part of the governance of the Länsförsäkringar AB 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 identify, 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 operations. 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 it is the responsibility of the operations to ensure that control processes for monitoring are in place, implemented and reported. To support the internal-control process, functions have been established for compliance, risk control and also for other activities such as coordinating technical provisions (the Actuarial function) which forms the second line of defence. Compliance is responsible for independent monitoring and control to ensure that the operations are conducted in full regulatory compliance. Risk Management is responsible for independent risk control and ensuring that the operations are conducted with a high level of risk control. The Actuarial function is responsible for coordinating the technical calculations. Internal Audit, the third line of defence, comprises the Board's support for quality assurance and evaluation of the organisation's risk management, governance and internal control.

### **Regulatory-compliance system**

Länsförsäkringar AB Group has a system for regulatory compliance aimed at ensuring compliance with laws, regulations and other rules, monitoring

and effective implementation of new and amended regulations, that the Boards and employees are trained and that the Group is continuously able to identify, measure, control, manage and report risks regarding compliance with external and internal regulations. The system helps minimise risks and aids the Group's operations in attaining a higher degree of certainty.

The first-line regulatory-compliance functions are the legal functions and the regulatory support functions in the subsidiaries. Länsförsäkringar AB Group's Legal Affairs unit has the overall responsibility for managing legal issues within the Länsförsäkringar AB Group, such as uniform interpretations and application of regulations, and is also responsible for matters related to corporate governance.

The subsidiaries' regulatory-support functions are to provide regulatory support for the specific operations, which includes providing support and advice to the company and assuming responsibility for regulatory compliance by, for example, ensuring implementation of regulations in the subsidiaries. Compliance is responsible for the second-line of regulatory work (for further details, refer also to the section on Central functions below).

A special Regulatory Group has been established with the task of ensuring that regulatory changes and new rules are identified at an early stage so as to perform impact assessments and decide on action. The Regulatory Group includes the Head of Legal Affairs at Länsförsäkringar AB, the heads of the legal departments at Länsförsäkringar AB, a representative for the CFO Group, CRO Group and the Head of Compliance. The Regulatory Group regularly reports on new and changed regulations to corporate management, Committees and the Board.

### **Risk-management system**

The purpose of the risk-management system is to ensure that Länsförsäkringar AB is continuously able to identify, measure, monitor, manage and report risks and the dependencies between various risks. The system is an integral part of Läns-

försäkringar AB's organisational structure and decision process and is designed with appropriate consideration for established organisational and decision processes.

The risk-management system contains the strategies, processes and reporting procedures that are necessary for continuously identifying, measuring, monitoring, managing and reporting risks. The risk-management system addresses the risks that the company is, or could be, exposed to and their mutual dependencies.

An overview of the corporate governance structure in Länsförsäkringar AB is illustrated in the figure on page 56.

### **Shareholders and General Meeting**

The shareholders exercise their influence at the General Meeting, which is the company's highest decision-making body. A General Meeting is normally held once a year, known as the Annual General Meeting. No shareholder is entitled to own more than 9.8% of the capital or votes in the company. Series A shareholders in Länsförsäkringar AB work together in the consortium. This collaboration is regulated in a consortium agreement, which includes regulations on the role of the consortium, its meetings and the transfer of shares.

### **Shareholders' power of decision**

At General Meetings, no one may vote using their own or anyone else's shares for more than 99/1,000 votes represented at the Meeting. Motions are passed at General Meetings by a simple majority of votes unless the Swedish Companies Act prescribes another specific voting majority. Decisions are made at the Annual General Meeting pertaining to: the Annual Report, the election of members of the Board and auditors, remuneration of Board members and auditors and other important matters to be addressed in accordance with laws or the Articles of Association. The remuneration proposal for Board members is specified for the Chairman, Deputy Chairman, other Board members and fees for committee work.



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The 2022 Annual General Meeting approved the principles for remuneration and other terms of employment for corporate management.

### Nomination Committee

The General Meeting of Länsförsäkringar AB appoints a Nomination Committee, which is charged with the duty of presenting proposals for members of the Board of Directors and auditors of Länsförsäkringar AB and its subsidiaries and certain other companies, and fees and other remuneration of these members and auditors. The Nomination Committee follows an instruction adopted by the Annual General Meeting of Länsförsäkringar AB. The Nomination Committee is responsible for assessing whether proposed Board members are fit and proper. New Board members are recruited in accordance with the Nomination Committee's instructions and established procedures and processes. The Nomination Committee is to assess whether the Board is appropriately composed, with respect to the company's operations, stage of development and other circumstances, so that the overall competencies and experience necessary for the company are in place, characterised by diversity in terms of, for example, age, gender and ethnic origin, and educational and professional background that promotes independent opinions and critical questioning within the Board. Proposals on the composition of the Board also take into consideration the skills of the Board members in sustainability. See also the section Fit and proper assessment of the Board of Directors and President/CEO below.

### Nomination Committee prior to 2023 Annual General Meeting

Since the 2022 Annual General Meeting, the Nomination Committee has comprised Göran Trobro as Chairman (Länsförsäkringar Göinge-Kristiansstad), Mikael Bergström (Länsförsäkringar Väster-norrland), Ulrica Hedman (Länsförsäkringar

Uppsala), Bengt Mattsson (Länsförsäkringar Blekinge) and Karin Starrin (Länsförsäkringar Halland). Prior to 2023 Annual General Meeting, the Nomination Committee will:

- Study the evaluation of Board work.
- Listen to the Board Chairman's, Board members' and President's views on operations, the Board's work and requirements in relation to knowledge and experience.
- Review and discuss requirements for knowledge and experience with respect to the needs of the operations and regulatory requirements and succession planning.
- Evaluate the independence of candidates and any conflicts of interest.
- Nominate Board members, including the Chairman of the Board and, in certain cases, a Deputy Chairman.
- Perform fit and proper assessments of Board members.
- Propose fees and other remuneration of Board members, auditors and other bodies.

The Nomination Committee's proposals are presented in the notice to convene the Annual General Meeting. The Nomination Committee presents and motivates its proposals at the Annual General Meeting, and provides an account of how its work was conducted.

### External auditors

The Annual General Meeting appoints the external auditors. Nominations are made to the Nomination Committee. In accordance with the Articles of Association, Länsförsäkringar AB is to have between one and three auditors and between zero and two deputy auditors. The auditors are appointed for a mandate period of not more than four years. At the 2022 Annual General Meeting, Deloitte AB was appointed as the audit firm with Patrick Honeth as auditor in charge for the period up to the 2026 Annual General Meeting.

The auditors examine Länsförsäkringar AB's Annual Report, Corporate Governance Report, the administration of the Board and the President/CEO and the Sustainability Report. At the Annual General Meeting, the auditor presents the auditor's report and describes the audit process. The auditor presented the audit results and observations to the Board in 2022. The auditors also participate in meetings of the Audit Committee.

### Board of Directors

The Board of Directors of Länsförsäkringar AB are appointed by the Annual General Meeting and, in accordance with the Articles of Association, is to comprise between eight and twelve Board members elected by the General Meeting, with or without deputies. In accordance with the Articles of Association, Board members are elected for a mandate period of two years by the Annual General Meeting. In addition, members and deputies appointed by the trade-union organisations are members of the Board. The President is not a member of the Board. The company has no time limit for the length of time a member may sit on the Board and no upper age limit for Board members. The Chairman and Deputy Chairman of the Board are appointed by the Annual General Meeting. The President, Board Secretary and Head of Legal Affairs participate in Board meetings except for matters in which there may be a conflict of interest or when it would otherwise be inappropriate for them to attend. Employees reporting on particular issues attend meetings when they make their presentations.

The Board currently comprises 12 regular members and two deputies. Nine of the members were elected by the Annual General Meeting. Three members and two deputies were appointed by the trade unions. A presentation of the Board members can be found on pages 200-201.

### Board responsibilities and allocation of duties

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, dismisses and evaluates the President, adopts an appropriate operating organisation for Länsförsäkringar AB and the Länsförsäkringar AB Group 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 adopts a formal work plan on a yearly basis. The formal work plan includes regulations on the duties and responsibilities of the Board and its Chairman, the number of Board meetings, procedures for reporting on the operations and financial reporting as well as procedures for Board meetings, notices of meetings, presentation of material, delegation of work duties within the Board, conflicts of interest and disqualification.

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.

Through its formal work plan and a reporting manual, the Board has established that financial reporting is to take place regularly at Board meetings. The Board also regularly manages and evaluates the company's and the Group's risk development and risk management. During the year, the Board regularly reviews the earnings and sales trends, investment income, financial position, risk trends etc., in relation to the business plan and forecasts. The Board receives reports from Compliance, Risk Management and Internal Audit at least four times per year. The Actuarial function also reports to the Board and its committees. The Board continuously monitors the Group's current matters with authorities.



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### Chairman

According to the formal work plan, the Chairman is to lead the Board's work and ensure that the Board fulfils its duties. The Chairman shall also ensure that the Board meets as required, is provided with the opportunity to participate in meetings and receives satisfactory information and documentation for decision-making, and applies an appropriate working methodology. On the basis of ongoing contact with the President, the Chairman shall also keep informed of significant events and developments within the company between Board meetings, and shall support the President in his work.

### Work of the Board

In its formal work plan, the Board has established a standard for its agenda, annually recurring items of business and a standard for information and decision-making material. In an internal Group directive, the Board has established the company's and the Group's operating organisation and clarified the distribution of work duties between the various units and executives in the company and the Group. In addition to the internal Group directive, the Board establishes its formal work plan, directive for the President and a large number of governance documents for the operations at least once a year, regardless of whether any amendments are required.

The Board of Directors has established an Audit Committee, a Risk and Capital Committee, a Non-life Insurance Committee and a Remuneration Committee. The duties of the Committees are determined by the Board in its formal work plan or in separate formal work plans for each committee. None of the Committees has any general decision-making mandate, except for the Non-life Insurance Committee that can make decisions on a small number of matters. Each Committee must regularly report on its activities to the Board.

The Board conducts annual strategic seminars and annual evaluations of the President's work

### Meetings and attendance

The number of Board and Committee meetings and members' attendance at these meetings are presented in the table below.

	Board of Directors	Audit Committee	Risk and Capital Committee	Non-life Insurance Committee	Remuneration Committee
<b>Total number of meetings</b>	<b>15</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>
Caesar Åfors <sup>1)</sup>	8		2		3
Maria Engholm <sup>2)</sup>	15	3	5	4	6
Christian Bille	15			7	6
Susanne Bäck <sup>3)</sup>	15	3	4		
Eric Grimlund <sup>4)</sup>	6	3			3
Bengt-Erik Jansson <sup>5)</sup>	15	3		3	
Lennart Käll	14		4		
Beatrice Kämpe Nikolausson <sup>6)</sup>	15	3	3		
Karin Mattsson <sup>7)</sup>	13	3		4	
Maria Wallin Wällberg	15			7	
Susanne Lindberg, employee representative	15				
Hans Holm, employee representative	13				
Mirek Swartz, employee representative	8				
Linnéa Niklasson, deputy	6				
Anna Sandqvist, deputy	10				

<sup>1)</sup> Board Chairman until meeting number 8 26 April 2022. Chairman of the Risk and Capital Committee until 6 May 2022. Chairman of the Remuneration Committee until 17 May 2022.

<sup>2)</sup> Chairman from meeting number 9 6 May 2022. Board member from 1 January 2022 until 5 May 2022. Chairman of the Audit Committee until 17 May 2022. Chairman of the Risk and Capital Committee from 17 May 2022. Chairman of the Remuneration Committee from 17 May 2022. Member of the Non-life Insurance Committee until 17 May 2022.

<sup>3)</sup> Member of the Audit Committee from 17 May 2022. Member of the Risk and Capital Committee until 17 May 2022.

<sup>4)</sup> Board member from 6 May 2022. Chairman of the Audit Committee from 17 May 2022. Member of the Remuneration Committee from 17 May 2022.

<sup>5)</sup> Member of the Audit Committee until 17 May 2022. Member of the Non-life Insurance Committee from 17 May 2022.

<sup>6)</sup> Member of the Audit Committee until 17 May 2022. Member of the Risk and Capital Committee from 17 May 2022.

<sup>7)</sup> Member of the Audit Committee from 17 May 2022. Member of the Non-life Insurance Committee until 17 May 2022.

and terms of employment. The Board meets the company's auditors at least once per year (refer also to the Audit Committee section below).

The dates of Board meetings are established at the first scheduled meeting following the Annual General Meeting for the next 18-month period. A notice of each meeting, including a preliminary agenda, is sent out 14 days prior to the meeting. Documentation for the meeting is normally distributed one week prior to the meeting.

All documents and presentation slides are saved electronically.

The Board held 15 meetings in 2022. In 2022, the Board devoted particular attention to issues including development and digitisation, IT, IT and information security, climate and sustainability issues, and regulatory matters. During the year, the Board underwent several training courses in subjects including IT, reinsurance, internal governance and control, sustainability, life assurance

and pension operations and other business issues.

The number of Board meetings and members' attendance at these meetings are presented in the table above.

### Evaluation of the Board's work

Every year, the Board Chairman initiates an evaluation of the Board's work. A summary of the findings was presented to the Board for discussion.



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### Audit Committee

The Audit Committee is responsible for preparing the Board's work in the following areas:

- Monitoring the company's financial reporting.
- Regarding the financial reporting, monitoring the effectiveness of the company's internal control, internal audit and risk management.
- Remaining informed of the audit of the Annual Report and consolidated financial statements.
- Examining and monitoring auditors' impartiality and independence and, in this respect, particularly noting whether the auditors provide the company with any other services than auditing services.
- Assisting in the preparation of proposals to the Annual General Meeting's motions on election of auditors.

In addition, the Audit Committee is responsible for preparing the Board's work on monitoring the effectiveness of the company's:

- Corporate governance system, which includes internal governance and control.
- Internal control of the operational risks.

At the Board meeting on 17 May 2022, Eric Grimlund (Chairman), Susanne Bäck and Karin Mattsson were elected members of the Audit Committee.

The number of Audit Committee meetings and members' attendance at these meetings are presented in the table on page 60.

### Risk and Capital Committee

The Risk and Capital Committee is to support the Board in risk and capital issues and serve as a forum for analysing and holding in-depth discussions on Länsförsäkringar AB's and the Länsförsäkringar AB Group's risk-taking and capital requirements. Prior to Board meetings, the Committee is to discuss and address issues relating to the following:

- Risk policy and capital policy.
- The Group's internal models and validation.

- Internal risk and capital planning for the Länsförsäkringar AB Group.
- Risk capital distributed internally to subsidiaries and targets for risk-adjusted returns and evaluations of earnings.
- Follow-up of risk trends and potential deviations from risk limits.

At the Board meeting on 17 May 2022, Maria Engholm (Chairman), Lennart Käll and Beatrice Kämpé Nikolausson were elected members of the Risk and Capital Committee.

The number of Risk and Capital Committee meetings and members' attendance at these meetings are presented in the table on page 60.

### Non-life Insurance Committee

The Non-life Insurance Committee is to support the Board in matters concerning risk-taking and profitability in Länsförsäkringar AB's non-life insurance operations, and serve as a forum for analysis and in-depth discussions into Länsförsäkringar AB's non-life insurance business, including product management, underwriting and distribution of insurance, reinsurance and claims handling. Accordingly, the Committee is to address and ahead of Board meetings discuss such issues as the reinsurance programme, the business plan for the Non-life Insurance business unit and governance documents.

Furthermore, the Committee is to follow developments in the non-life insurance market and the earnings trend in Länsförsäkringar AB's non-life insurance business and regularly monitor the earnings trend in relation to established targets. The Committee is to regularly discuss the nature and scope of complaints in the non-life insurance operations.

At the Board meeting on 17 May 2022, Maria Wallin Wällberg (Chairman), Bengt-Erik Jansson and Christian Bille were elected members of the Non-life Insurance Committee.

The number of Non-life Insurance Committee meetings and members' attendance at these meetings are presented in the table on page 60.

### Remuneration Committee

The Remuneration Committee prepares issues on remuneration of corporate management, remuneration of employees with overall responsibility for any of the company's central functions, and prepares decisions for measures to monitor application of the remuneration policy.

At the Board meeting on 17 May 2022, Maria Engholm (Chairman), Eric Grimlund and Christian Bille were elected members of the Remuneration Committee.

The number of Remuneration Committee meetings and members' attendance at these meetings are presented in the table on page 60.

### President/CEO and corporate management

Malin Rylander Leijon became the Acting President and CEO of Länsförsäkringar AB on 15 February 2022 and succeeded Fredrik Bergström who had served as President since 10 September 2018. Mathias Collén took up his position as President and CEO of Länsförsäkringar AB on 13 December 2022. Mathias Collén was born in 1981 and has worked at the Länsförsäkringar Alliance since 2014 and been a member of corporate management since 2020, most recently serving as the President of Länsförsäkringar Fondliv. To ensure that the operations of each subsidiary comply with the overall objective for Länsförsäkringar AB, the President and CEO of Länsförsäkringar AB, as a general rule, also serves as the Chairman of the Board of each subsidiary.

The Länsförsäkringar AB Group's operations are organised into five business units: Non-life Insurance, Banking, Fondliv, Agria and Traditional Life Assurance; the five Group-wide units: Economy & Finance, Customer and Channel Support, IT, Legal Affairs, and Change Management and Communication; and the central functions: Internal Audit, Compliance, Risk Management and the

Actuarial function. To ensure the coordination of the operations in each business unit, the head of the business unit is also the President of the unit's Parent Company. Furthermore, the heads of each business unit, as a general rule, also serve as the Chairmen of the Boards of the directly owned subsidiaries. Länsförsäkringar AB's corporate management comprises the Presidents and heads of the business units and heads of the Group-wide units Economy & Finance, Customer and Channel Support, IT, Legal Affairs, Change Management and Communication. Corporate management comprises the management team for the entire Länsförsäkringar AB Group. Corporate management discusses and decides on issues concerning the Group's units and the Compliance and Risk Management functions.

Corporate management is presented on pages 202–203.

### Central functions

#### Internal Audit

Internal Audit 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. Based on its reviews and advice, Internal Audit evaluates and ensures that the operations' overall internal governance and control systems are pursued effectively, that the overall reporting to the Board provides a correct and comprehensive view of the operations, that the operations are conducted in accordance with applicable internal and external regulations, and that there is compliance with the Board's decisions. Internal Audit reports to the Länsförsäkringar AB Group's Board of Directors and to the Boards of each subsidiary but is organisationally affiliated under the Chairman of the Audit Committee.

#### Compliance

Compliance is an independent central function responsible for monitoring and controlling that operations are conducted in full regulatory com-



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pliance. The task of the function is to monitor and control regulatory compliance in the licensable operations, and identify and report on risks that may arise as a result of non-compliance with regulatory requirements. Compliance is also to provide support and advice to operations, to ensure that operations are informed about new and amended regulations and to take part in the implementation of training. Compliance risks and recommendations for action are regularly reported to the President and the Board of Länsförsäkringar AB and its licensable subsidiaries, and to the Group's Audit Committee.

### Risk Control

Risk Management is responsible for independent risk control and provides support for the President, management and operating units in fulfilling their responsibility to conduct operations with a high level of risk control. The function reports regularly to the Board and President of each company and to the Risk and Capital Committee. Risk Management is also responsible for the independent risk control of the operations of Asset Management. Risk Management reports this work to the President and the Board of Länsförsäkringar AB. The Bank business unit has a separate risk control function that is under the President of the Bank business unit. Reporting is addressed to the respective Board and President of the business unit. The Head of Risk Management is appointed by the President and CEO of Länsförsäkringar AB. Risk Management reports regularly to both the Board and President and CEO.

### Actuarial function

The Actuarial function is responsible for coordinating and the quality of the technical calculations and investigations, and is to contribute to the company's risk-management system. The function is to also assist the Board and the President, and on its own initiative report to them on matters pertaining to methods, calculations and

assessments of the technical provisions, the valuation of insurance risks, reinsurance cover and other risk-reduction techniques. The Actuarial function reports regularly to the President and the Board of Länsförsäkringar AB.

### Fit and proper assessment of Board and President/CEO

A suitability ("fit and proper") assessment is conducted in conjunction with the appointment of Board members and the President. An assessment is also conducted annually, and when necessary, to ensure that the individuals in the above-mentioned positions are, at any given time, suitable for their assignments. The fit and proper assessment is conducted following established guidelines and with regard to the person's qualifications, knowledge and experience as well as good repute and integrity.

Board members are assessed on the basis of inter alia material received from the person to whom the fit and proper assessment pertains and excerpts from government registers. 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 qualifications, knowledge and experience of individual members, the Board is assessed in its entirety to ensure that it possesses the competence required for leading and managing the company.

A person not considered suitable according to an assessment will not be appointed or employed. If an already appointed person is considered no longer suitable for his or her duties according to a fit and proper assessment, the company is to adopt measures to ensure that the person in question either meets the fit and proper criteria or is replaced.

The assessment is that all Board members and the President and CEO fully satisfy the fit and proper criteria.

### Deviations from the Code

Länsförsäkringar AB complies with the Code, where applicable. The main reasons for the deviations are the limitations under the rules for financial companies, the federal structure of the Länsförsäkringar Alliance and that Länsförsäkringar AB is not a listed company. The major deviations from the provisions of the Code and explanations for such deviations are presented below.

### Notice

There is a deviation regarding the notice and publication of information about and prior to an Annual General Meeting. These deviations from the provisions of the Code are due to the fact that the company is not a listed company and has only a limited number of shareholders.

### Nomination Committee

A deviation from the provisions of the Code regards the independence of a majority of the members of the Nomination Committee in relation to the company. Another deviation from the provisions of the Code is the publication of information about and from the Nomination Committee on the company's website. These deviations are due to the fact that the company is not a listed company and has only a limited number of shareholders.

### Composition of Board

A deviation from the provisions of the Code exists regarding independence of a majority of the Board members elected by the Annual General Meeting in relation to the company, corporate management and that not less than two Board members must be independent in relation to the company's large shareholders. According to the instruction for the Nomination Committee, the Board of Directors is to be appropriately composed, with respect to the company's operations, stage of development and other circumstances,

and characterised by diversity and breadth in terms of the members' competencies, experience and background. It has been decided that these requirements can be fulfilled within the framework of the Länsförsäkringar Alliance.

### Mandate period for Board members

The mandate period for Board members is two years. The company deviates from the Code's provision of a maximum mandate period of one year due to the supremacy of the Annual General Meeting to dismiss and appoint a Board member irrespective of their term. A mandate period of more than one year contributes to ensuring continuity and establishing competence within the Board.

### Composition of Audit Committee and Remuneration Committee

A deviation from the provisions of the Code regards the independence of a majority of the members of the Committees in relation to the company and corporate management due to the federal structure, governance and working methods of the Länsförsäkringar Alliance.

Refer also to the comments above on the deviation from the Code's provision on composition of the Board.

### Remuneration of senior executives

The Code stipulates rules on remuneration of senior executives. The Board believes that in this respect the rules in the Code are not to be followed since the company has a legal requirement to comply with the Solvency II regulations on remuneration systems.

### Audit of half-yearly report

The Code stipulates that the company's auditors are to audit the half-yearly report. The Board has decided that the auditors are not to audit the half-yearly report since the company is not a listed company and also to reduce costs.



# Internal control over financial reporting

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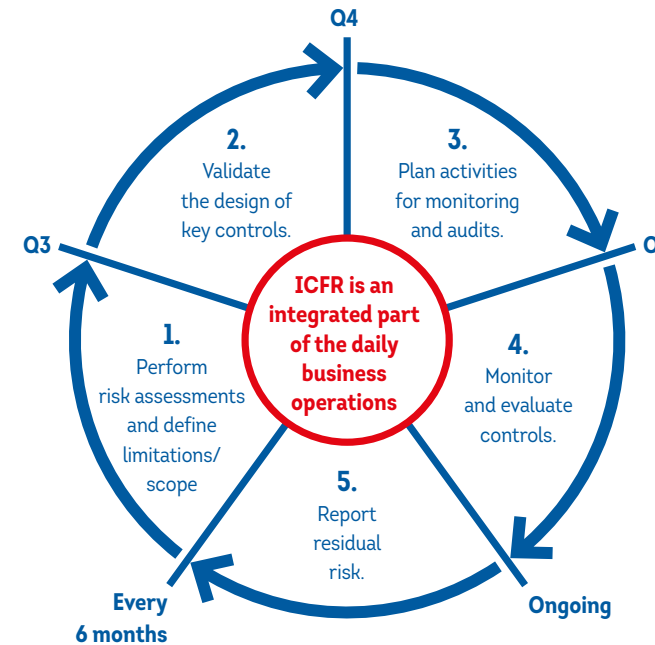
The Board's responsibility is to ensure that efficient systems are in place to monitor and control the company's operations and financial position. Internal control over financial reporting (ICFR) is a framework for providing reasonable assurance of the reliability of the financial reporting to management and Board. The ICFR is performed in an annual cycle as shown in the diagram below.

### 2. VALIDATE THE DESIGN OF KEY CONTROLS

ICFR includes company-wide controls, processes and IT controls. The purpose of these different types of key controls is to manage the risk of material misstatement in the financial reporting. The control structure is based on the processes of the business and is validated every year, together with the responsible control and process owners, to ensure the appropriateness of the controls for managing the risks identified.

### 1. PERFORM RISK ASSESSMENTS AND DEFINE LIMITATIONS/SCOPE

Risk assessments are performed annually at both Group and legal unit level to identify the risk of material misstatement in financial reporting. The risk assessment provides the basis for determining the legal entities and processes that are to be covered by the ICFR framework. The conclusions from this work are compiled in a report that describes the risk assessment and boundaries for the coming year and is presented to the Audit Committee.



### 3. PLAN ACTIVITIES FOR MONITORING AND AUDITS

A general plan for the quarterly self-assessments of the controls for the operations is prepared. The plan sets out when this will take place and the controls that will be assessed. The plan also establishes the controls that are to be tested for operational efficiency during the year. The plan is communicated to internal and external audit.

### 4. MONITOR AND EVALUATE CONTROLS

Monitoring includes, for example, quarterly self-assessment of the completed controls. The monitoring process can identify weaknesses in the ICFR framework, implement compensating controls and introduce improvement measures. The objective is for the Group to reach a monitored level, which entails that standardised controls for managing the risks identified have been implemented with compliance monitored and the results reported to management and the Board.

### 5. REPORT RESIDUAL RISK

The results of the self-assessments are compiled, aggregated and analysed to determine the risk of material misstatement in financial reporting. These are summarised in a report to the CFO and the Audit Committee. The report describes the residual risk after the controls have been performed together with any compensating controls or other measures adopted to reduce risk in the financial reporting.

*In addition to the above, Internal Audit also performs an independent review of selected ICFR risks and controls, in accordance with the plan adopted by the Audit Committee. The results of Internal Audit's review, and recommendations, are reported regularly to the Audit Committee.*



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## Five-year summary Länsförsäkringar AB Group

Amounts in SEK M unless otherwise stated.	2022	2021	2020	2019	2018
<b>GROUP</b>					
Operating profit	2,350	3,806	2,726	3,003	2,351
Net profit for the year	1,995	3,229	2,270	2,957	2,190
Return on equity, %	8	9	8	10	9
Total assets, SEK billion	688	712	614	573	507
Number of shares, 000s	10,425	10,425	10,425	10,425	10,425
Equity per share, SEK	3,199	3,183	2,959	2,754	2,462
<b>Solvency capital</b>					
Equity	35,549	35,387	33,051	30,907	26,867
Tier 1 capital issued	-2,200	-2,200	-2,200	-2,200	-1,200
Subordinated debt	2,597	2,595	2,597	2,595	2,593
Deferred tax	944	928	797	753	1,313
<b>Total solvency capital</b>	<b>36,889</b>	<b>36,709</b>	<b>34,245</b>	<b>32,056</b>	<b>29,573</b>
Solvency margin, %	410	442	461	488	479
Own funds for the group (FRL)	59,099	65,203	57,412	50,220	43,870
Solvency capital requirement for the group (FRL)	41,836	45,368	39,186	37,966	33,874
Own funds for the financial conglomerate	59,099	65,203	57,412	50,220	43,870
Capital requirement for the financial conglomerate	41,836	45,368	39,186	37,966	33,874
Average number of employees	2,583	2,351	2,271	2,125	1,972
<b>INSURANCE OPERATIONS</b>					
<i>Non-life insurance operations</i>					
Premiums earned (after ceded reinsurance)	8,141	7,339	6,481	5,928	5,623
Investment income transferred from financial operations	9	7	8	22	23
Claims payments (after ceded reinsurance)	-5,674	-4,927	-4,529	-3,966	-3,666
<b>Technical result for non-life insurance operations</b>	<b>740</b>	<b>629</b>	<b>221</b>	<b>218</b>	<b>344</b>
<i>Premium income, non-life insurance</i>					
Premium income before ceded reinsurance	10,174	9,510	8,833	7,852	7,302
Premium income after ceded reinsurance	8,391	7,731	6,887	6,108	5,703
<i>Life-assurance operations</i>					
Premium income after ceded reinsurance	673	625	572	495	510
Fees pertaining to financial agreements	882	940	811	794	755
Investment income, net	-581	806	237	512	-133
Claims payments (after ceded reinsurance) <sup>1)</sup>	-320	-381	-303	-254	-271
<b>Technical result, life-assurance operations</b>	<b>1,139</b>	<b>829</b>	<b>927</b>	<b>802</b>	<b>734</b>
<b>Operating profit for insurance operations<sup>2)</sup></b>	<b>604</b>	<b>1,647</b>	<b>1,219</b>	<b>1,670</b>	<b>1,130</b>
<i>Key figures</i>					
Cost ratio	28	26	27	30	29
Expense ratio	22	20	20	23	23
Claims ratio	70	71	77	74	72
Combined ratio	92	91	97	97	94
Management cost ratio, life-assurance operations	0.8	0.9	0.8	0.8	0.9
Direct yield, %	-0.5	-0.4	1.0	9.6	1.1
Total return, %	-3.3	9.3	3.2	10.1	1.5





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## Five-year summary, cont.

Länsförsäkringar AB Group	2022	2021	2020	2019	2018
<i>Financial position</i>					
Investment assets, SEK billion	16	20	14	14	14
Unit-linked insurance assets for which the policyholder bears the risk, SEK billion	192	219	166	155	122
Technical provisions (after ceded reinsurance), SEK billion	11	10	9	9	9
<b>BANKING OPERATIONS</b>					
Net interest income	5,528	4,741	4,845	4,617	4,497
Operating profit	2,067	2,296	1,844	1,893	1,510
Net profit for the year	1,663	1,851	1,439	1,440	1,182
Return on equity, %	8.2	9.8	8.5	9.5	8.3
Total assets, SEK billion	457	451	410	381	350
Equity	22,586	21,749	19,830	18,479	16,106
Cost/income ratio before credit losses	0.50	0.56	0.49	0.48	0.58
Investment margin, %	1.19	1.09	1.18	1.21	1.30
Common Equity Tier 1 capital ratio, consolidated situation, %	15.4	15.3	16.7	15.4	15.7
Tier 1 ratio, consolidated situation, %	17.2	17.2	17.7	16.0	16.5
Total capital ratio, consolidated situation, %	18.5	19.4	19.1	16.6	18.3
Credit losses in relation to loans, %	0.03	-0.09	0.09	0.06	0.04
Liquidity coverage ratio, consolidated situation, %	310	313	296	295	305
Net Stable Funding Ratio, consolidated situation, %	125	130	130	131	115

<sup>1)</sup> Includes claims adjustment costs from 2021. Previous comparative periods are excluding claims adjustment costs.

<sup>2)</sup> The operating profit for the insurance operations includes investment income and other non-technical income and expenses, and expenses for the Länsförsäkringar AB Group's non-life insurance business and for Länsförsäkringar Fondliv.



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## Consolidated statement of income

SEK M	Note	2022	2021
Premiums before ceded reinsurance		10,601	9,725
Reinsurers' portion of premiums		-1,834	-1,785
<b>Premiums earned after ceded reinsurance</b>	4	<b>8,768</b>	<b>7,940</b>
Interest income	5	8,881	6,106
Interest expense <sup>1)</sup>	6	-3,346	-1,249
<b>Net interest income<sup>1)</sup></b>		<b>5,535</b>	<b>4,858</b>
Change in unit-linked insurance assets, policyholder bears the risk		-32,951	39,267
Dividends in investment assets, policyholder bears the risk		17	12
Investment income, net	7	-848	1,607
Commission income	8	4,052	4,136
Other operating income	9	2,585	2,316
<b>Total operating income<sup>1)</sup></b>		<b>-12,844</b>	<b>60,136</b>
Claims payments before ceded reinsurance		-5,740	-6,989
Reinsurers' portion of claims payments		302	1,833
<b>Claims payments after ceded reinsurance</b>	10	<b>-5,438</b>	<b>-5,156</b>
Change in life-assurance reserve		-14	-9
Change in life-assurance reserve, policyholder bears the risk		33,477	-40,084
Commission expense	11	-3,948	-4,241
Staff costs	12	-2,927	-2,611
Other administration expenses	13, 14	-5,500	-4,436
Credit losses		-123	331
Risk tax levied and resolution fee <sup>1)</sup>	15	-333	-123
<b>Total expenses<sup>1)</sup></b>		<b>15,194</b>	<b>-56,329</b>
<b>Operating profit</b>		<b>2,350</b>	<b>3,806</b>
Taxes	16	-356	-577
<b>Net profit for the year</b>		<b>1,995</b>	<b>3,229</b>
Earnings per share before and after dilution, SEK	17	191	310

<sup>1)</sup> Comparative figures have been adjusted since the Resolution fee has been reclassified from Interest expense to Risk tax levied and resolution fee.



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## Consolidated statement of comprehensive income

SEK M	Note	2022	2021
<b>Net profit for the year</b>		<b>1,995</b>	<b>3,229</b>
<b>Other comprehensive income</b>	33		
<b>Items that may subsequently be transferred to profit and loss</b>			
Translation differences attributable to foreign operations		13	40
Cash flow hedges		253	111
of which change in value for the period		6,456	2,951
of which reclassification to profit or loss		-6,203	-2,840
Change in fair value of financial assets measured at fair value through other comprehensive income		-281	90
of which change in value for the period		-321	95
of which reclassification to profit or loss		40	-5
Tax attributable to items that have been transferred or can be transferred to profit or loss		6	-41
<b>Total</b>		<b>-9</b>	<b>199</b>
<b>Items that cannot be transferred to profit or loss</b>			
Change in fair value of equity instruments measured at fair value through other comprehensive income		-3	-7
Tax attributable to items that cannot be reversed to profit or loss		1	0
<b>Total</b>		<b>-2</b>	<b>-7</b>
<b>Total other comprehensive income for the year, net after tax</b>		<b>-11</b>	<b>192</b>
<b>Comprehensive income for the year</b>		<b>1,983</b>	<b>3,421</b>



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## Consolidated statement of financial position

SEK M	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
Goodwill	18	728	634
Other intangible assets	19	3,865	3,862
Deferred tax assets	37	62	82
Property and equipment	20	746	481
Owner-occupied property	20	767	907
Shares in Länsförsäkringar Liv Försäkrings AB	21	8	8
Shares and participations in associated companies and joint ventures	22	131	75
Reinsurers' portion of technical provisions	35	9,106	10,701
Loans to the public	23, 25	384,104	361,991
Unit-linked insurance assets, policyholder bears the risk	24	192,086	219,102
Shares and participations	26	6,572	6,858
Bonds and other interest-bearing securities	27	56,770	59,686
Treasury bills and other eligible bills	28	10,857	15,526
Derivatives	2, 48	8,256	4,125
Fair value adjustment of interest-rate-risk hedged items in portfolio hedge	29	-4,847	735
Other receivables	30	5,729	6,430
Prepaid expenses and accrued income	31	3,787	3,508
Cash and cash equivalents	32	9,245	16,877
<b>Total assets</b>		<b>687,973</b>	<b>711,589</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	33		
Share capital		200	200
Other capital contributed		11,115	11,115
Tier 1 capital		2,200	2,200
Reserves		-447	-435
Retained earnings, including net profit for the year		22,481	22,307
<b>Total equity</b>		<b>35,549</b>	<b>35,387</b>
<b>Liabilities</b>			
Subordinated liabilities	34	2,597	2,595
Technical provisions	35	19,662	20,631
Unit-linked insurance liabilities policyholder bears the risk	36	195,258	222,791
Deferred tax liabilities	37	1,006	1,010
Other provisions	38	115	156
Debt securities in issue	39	265,515	266,097
Deposits from the public	40	151,312	144,510
Due to credit institutions	41	8,992	7,892
Derivatives	2, 48	10,475	1,029
Fair value adjustment of interest-rate-risk hedged items in portfolio hedge	29	-12,010	376
Other liabilities	42	4,531	4,534
Accrued expenses and deferred income	43	4,972	4,584
<b>Total liabilities</b>		<b>652,424</b>	<b>676,202</b>
<b>Total equity and liabilities</b>		<b>687,973</b>	<b>711,589</b>

For information about pledged assets and contingent liabilities, see note 44 Pledged assets and contingent liabilities.



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### Consolidated statement of changes in equity

SEK M	Share capital	Other capital contributed	Tier 1 capital	Translation reserve	Fair value reserve	Hedging reserve	Retained earnings, including net profit for the year	Total equity
<b>Opening equity, 1 January 2021</b>	1,042	10,272	2,200	-65	-303	-259	20,159	33,048
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	3,229	3,229
Other comprehensive income for the year	-	-	-	40	63	88	1	192
<b>Comprehensive income for the year</b>	-	-	-	40	63	88	3,230	3,421
<b>Transactions with the Group's owners</b>								
<i>Contributions from and transfers of value to owners</i>								
Dividends paid	-	-	-	-	-	-	-1,001	-1,001
<b>Total transactions with the Group's owners</b>	-	-	-	-	-	-	-1,001	-1,001
Effect of merger <sup>1)</sup>	-842	842	-	-	-	-	-	0
Dividends etc., on Additional Tier 1 instruments	-	-	-	-	-	-	-81	-81
<b>Closing equity, 31 December 2021</b>	200	11,115	2,200	-25	-240	-170	22,307	35,387
<b>Opening equity, 1 January 2022</b>	200	11,115	2,200	-25	-240	-170	22,307	35,387
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	1,995	1,995
Other comprehensive income for the year	-	-	-	13	-226	201	1	-11
<b>Comprehensive income for the year</b>	-	-	-	13	-226	201	1,995	1,983
<b>Transactions with the Group's owners</b>								
<i>Contributions from and transfers of value to owners</i>								
Dividends paid	-	-	-	-	-	-	-1,751	-1,751
<b>Total transactions with the Group's owners</b>	-	-	-	-	-	-	-1,751	-1,751
Realised gain/loss from sale of shares	-	-	-	-	-	-	19	19
Dividends, etc., on Additional Tier 1 instruments	-	-	-	-	-	-	-89	-89
<b>Closing equity, 31 December 2022</b>	200	11,115	2,200	-12	-466	31	22,481	35,549

<sup>1)</sup> Refers to changes in the Group's equity due to the merger.



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## Consolidated statement of cash flows

SEK M	Note	2022	2021
<b>Operating activities</b>			
Operating profit		2,350	3,806
Adjustment for non-cash items	51	8,765	14,346
Tax paid		-382	-474
<b>Cash flow from operating activities before changes in working capital</b>		<b>10,733</b>	<b>17,678</b>
<b>Cash flow from changes in working capital</b>			
Change in shares and participations, bonds and other interest-bearing securities and derivatives		-1,365	-21,395
Increase (-)/Decrease (+) in operating receivables		-23,432	-20,549
Change in debt securities in issue		-987	30,868
Increase (-)/Decrease (+) in operating liabilities		10,337	9,967
<b>Cash flow from operating activities</b>		<b>-4,714</b>	<b>16,569</b>
<b>Investing activities</b>			
Change in holdings in associated companies and joint ventures		-54	2
Investment in intangible assets		-507	-505
Investment in property and equipment		-243	-85
Divestment of property and equipment		8	8
<b>Cash flow from investing activities</b>		<b>-795</b>	<b>-579</b>
<b>Financing activities</b>			
Changes in lease liabilities		-292	-277
Dividends, etc., on Additional Tier 1 instruments		-89	-81
Dividends paid		-1,751	-1,001
<b>Cash flow from financing activities</b>		<b>-2,132</b>	<b>-1,359</b>
Net cash flow for the year		-7,642	14,630
Cash and cash equivalents, 1 January		16,877	2,221
Exchange-rate differences in cash and cash equivalents		9	26
<b>Cash and cash equivalents, 31 December</b>		<b>9,245</b>	<b>16,877</b>





# Länsförsäkringar AB Group

## Notes to the financial statements

All figures in SEK M unless otherwise stated.

### Note 1 Accounting policies

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#### Compliance with standards and legislation

The consolidated financial statements have been prepared according to International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of these standards issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the Swedish Annual Accounts Act for Insurance Companies (1995:1560) and the Swedish Financial Supervisory Authority's (FSA) regulations and general guidelines FFFS 2019:23 regarding annual accounts at insurance undertakings and institutions for occupational retirement provision and its amendments were applied. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups were applied as were the Board's statements.

The Parent Company applies the same accounting policies as the Group except for the cases described under the Parent Company's note 1 Accounting policies.

#### Conditions relating to the preparation of the Parent Company's and consolidated financial statements

The Parent Company's functional currency is Swedish kronor (SEK), which is also the presentation currency of the Parent Company and the Group. Accordingly, the financial statements are presented in SEK, rounded to the nearest million, unless otherwise stated.

Assets and liabilities are recognised at cost, with the exception of financial instruments that are either measured at fair value or at amortised cost. The accounting policies for the Group stated below have been applied to all periods presented in the consolidated financial statements, unless otherwise stated.

The statement of financial position has been presented based on liquidity.

#### Judgements and estimates

The preparation of accounts in accordance with IFRS requires that corporate management make judgements and estimates that affect the application of the accounting policies and the recognised amounts of income, expenses, assets, liabilities, provisions and contingent liabilities presented in the financial statements. Assumptions about the future and other important sources of uncertainty in estimates at the end of the reporting period are based on past experience and the best information available on the balance-sheet date. The estimates and judgements are reviewed regularly. Changes in judgements and estimates are recognised in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects both current and future periods.

#### Significant judgements applied to the Group's accounting policies

Länsförsäkringar AB's holding in Länsförsäkringar Liv Försäkringsaktiebolag (publ) (referred to below as "Länsförsäkringar Liv") is not classified as a holding in a subsidiary in accordance with the definition in IFRS 10 Consolidated Financial Statements and thus is not consolidated. The company is wholly owned by Länsförsäkringar AB. The life-assurance operations, which are conducted according to mutual principles through Länsförsäkringar Liv and whose earnings accrue in their entirety to the policyholders, are not recognised in accordance with the purchase method since Länsförsäkringar AB does not exercise influence over the company, does not have rights to

variable returns and cannot affect those returns. Instead, Länsförsäkringar Liv is recognised and valued as unlisted shares.

#### Significant sources of estimation uncertainty

Estimation uncertainty arises in the valuation of expected credit losses since such valuations are based on complex models and assessments. The estimate of expected credit losses is primarily based on models, but an individual assessment is performed for cases in which significant information is available that is not incorporated in these models. Assessments of the effects of COVID-19 have a particularly high degree of uncertainty, due to the medical uncertainty over the duration of the pandemic and the economic consequences, since the bank has no past history for similar events to fall back on and the assessment requires a high level of expertise.

One of the main areas in which important assessments are to be made is the identification of a significant increase in credit risk. Such an assessment of is performed at the end of every reporting period and determines the number of loans transferred from stage 1 to stage 2. An increase in loans in stage 2 entails an increase in the estimated reserves for credit losses ("loss allowances"), while a reduction in loans in stage 2 would have the opposite effect.

Important assessments are also carried out when considering forward-looking information and in the choice of macroeconomic scenarios for calculating expected credit losses. Expected credit losses are to be estimated in a manner that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The estimate is to include information about past events, current conditions and forecasts of future economic conditions. The forward-looking information used to estimate expected credit losses is based on the Group's internal macroeconomic forecasts. These macroeconomic forecasts take into account both internal and external information and correspond to the forward-looking information used for other purposes, such as forecasts and financial planning. At least three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario, a more positive scenario and a more negative scenario. A deterioration in the forecast macro variables in each scenario or an increase in the probability of a negative scenario would generally entail an increase in the estimated loss allowance. An improvement in the forecast macro variables or an increase in the probability of a positive scenario would instead have the opposite effect on the estimated loss allowance.

When calculating the life-assurance reserve, assumptions are made regarding the discount rate, mortality, morbidity and expenses. 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.

There is some uncertainty in the estimates for 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 valuation techniques described in note 47 Fair value valuation techniques are used in the measurement of financial assets for which no observable market data is available.



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### Amended accounting policies applied from 2022

#### **Accounting policies due to new fees**

The risk tax levied on the Bank Group on the basis of the Swedish Act on Risk Tax on Credit Institutions (2021:1256) is recognised in income successively over the fiscal year and is recognised in profit or loss on a new line: Risk tax levied and resolution fee. Resolution fees that were recognised in net interest income in prior periods have been reclassified to the new income statement line "Risk tax levied and resolution fee." Comparative figures for prior periods have been restated.

#### **Accounting policy due to new holdings**

In July, Länsförsäkringar Bank and other parties established a new limited liability company, Tibern AB. This holding has been classified as a joint venture since a joint controlling influence exists. The holding is recognised in the consolidated financial statements in accordance with the equity method.

#### **New IFRSs and interpretations that have not yet been applied**

The new or revised standards and interpretations, as adopted by the IASB, described below come into effect for fiscal years beginning on or after 1 January 2023 and have not been applied in advance when preparing these financial statements. Other than those stated below, no other new or revised IFRSs and interpretations that had been adopted by the IASB on the closing date but that have not yet come into effect, are deemed to have any material effect on the financial statements.

#### **IFRS 17 Insurance Contracts**

IFRS 17 Insurance Contracts came into effect on 1 January 2023 and replaces IFRS 4 Insurance Contracts. On 22 November 2021, the FSA published amendments to its regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision (FFFS 2019:23) to apply from 1 January 2023. One of the amendments is that IFRS 17 Insurance Contracts should not be applied to annual reports for legal entities, and thus not in consolidated financial statements under legally restricted IFRS.

#### **Financial Supervisory Authority accounting regulations – legally restricted IFRS in consolidated financial statements**

The Länsförsäkringar AB Group transitioned to legally restricted IFRS on 1 January 2023 when IFRS 17 Insurance Contracts comes into effect. By amending FFFS 2019:23 Regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision, the FSA removed the requirement of applying the IAS regulation (full IFRS) in consolidated financial statements for unlisted insurance companies. The FFFS regulations had been adapted to the provisions on consolidated financial statements for unlisted companies stipulated in the Swedish Annual Accounts Act for Insurance Companies (1995:1560).

#### **Effect of transition to legally restricted IFRS in consolidated financial statements**

The transition to legally restricted IFRS in the consolidated financial statements entails reporting similar to the Parent Company which already applies legally restricted IFRS.

#### Consolidated financial statements

The transition to legally restricted IFRS in the consolidated financial statements means that there is no longer a requirement to prepare a cash-flow statement. Since the requirement to prepare a cash-flow statement has been removed, the Länsförsäkringar AB Group will no longer present a cash-flow statement after the transition.

The transition will also mean a change to the Group's presentation formats for the financial statements so that they comply with the presentation formats in the Swedish Annual Accounts Act for Insurance Companies (ÅRFL) and FFFS 2019:23. For the income statement, this change means that the presentation format is divided into the technical result and non-technical result for non-life insurance and life-assurance operations, and earnings for the banking operations. The balance sheet will be specially adapted to the presentation format according to the ÅRFL but will include separate adjustments for bank-specific balance-sheet items.

#### Yield tax

Yield tax paid by the company on behalf of the policyholders will be recognised as tax in net profit for the year instead of in change in life-assurance reserve, policyholder bears the risk.

#### Leases

Insurance regulations give unlisted insurance groups the option to apply IFRS 16 Leases even though the standard is not applied to the annual report for the legal entity. The Länsförsäkringar AB Group has decided not to apply IFRS 16 in the consolidated financial statements. This choice means that all leases, both as lessee and lessor, are recognised as if they are operating leases even if the lease is deemed to be a finance lease.

#### Reporting for the lessee

As lessee, the changed accounting policy means that lease payments made are expensed straight-line over the term instead of being recognised in the balance sheet as a right-of-use asset and lease liability. Accordingly, this means that a depreciation cost for the right-of-use asset and interest expense for the lease liability are also not recognised.

#### Reporting for the lessor

As lessor, all leases will be recognised as if they are operating leases even if the lease is deemed to be a finance lease. Therefore, a financial receivable from the lessee and an associated interest income in profit or loss are not recognised for leases classified as finance leases. Instead, received lease payments are recognised as rental income straight-line over the term, while a depreciation cost is recognised for the tangible asset that the Group owns and is presented in the balance sheet.

#### Goodwill

With the transition to legally restricted IFRS, the useful life for consolidated goodwill will be five years instead of as previously when consolidated goodwill had an unlimited useful life and thus was not amortised and instead was tested for impairment every year.



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Statement of financial position (excerpt)	12/31/2022 (Restated)	Lessee	Lessor	Yield Tax	Goodwill	12/31/2022
<b>Assets</b>						
Goodwill	115	-	-	-	-613	728
Owner-occupied property	0	-767	-	-	-	767
Loans to the public	376,362	-	-7,742	-	-	384,104
Tangible assets and inventories	8,075	-413	7,742	-	-	746
<b>Liabilities</b>						
Other liabilities	3,312	-1,219	-	-	-	4,531
<b>Net assets</b>	<b>651,851</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-613</b>	<b>652,424</b>
Retained earnings including						
net profit for the year	21,908	40	-	-	-613	22,481
<b>Total equity</b>	<b>34,976</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-613</b>	<b>35,549</b>

Income statement (excerpt)	2022 (Restated)	Lessee	Lessor	Yield Tax	Goodwill	2022
Interest income	8,499	-	-382	-	-	8,881
Interest expense	-3,332	14	-	-	-	-3,346
<b>Net interest income</b>	<b>5,167</b>	<b>14</b>	<b>-382</b>	<b>-</b>	<b>-</b>	<b>5,535</b>
Other operating income	5,473	-	2,888	-	-	2,585
<b>Total operating income</b>	<b>-9,956</b>	<b>-</b>	<b>2,888</b>	<b>-</b>	<b>-</b>	<b>-12,844</b>
Change in life-assurance reserve, policyholder bears the risk						
	33,671	-	-	194	-	33,477
Other administration expenses	-8,052	-14	-2,506	-	-31	-5,500
<b>Total expenses</b>	<b>12,836</b>	<b>-14</b>	<b>-2,506</b>	<b>194</b>	<b>-31</b>	<b>15,194</b>
<b>Operating profit</b>	<b>2,512</b>	<b>0</b>	<b>-</b>	<b>194</b>	<b>-31</b>	<b>2,350</b>
Tax	-550	-	-	-194	-	-356
<b>Net profit for the year</b>	<b>1,964</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-31</b>	<b>1,995</b>

### DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

#### Consolidation principles

##### Subsidiaries

The consolidated financial statements encompass the Parent Company and the companies in which the Parent Company has a controlling influence. All of the following criteria must be fulfilled in order for a controlling influence in a company to exist and thus for consolidation to be relevant. The company has power over the investee, the company is exposed to or has rights to variable returns from its involvement, and the company has the ability to use its power over the investee to affect the amount of the investor's returns.

##### Associated companies

Associated companies are companies in which the Group has a significant, but not a controlling, influence over operational and financial control, usually through holdings of participations of between 20-50% of the number of votes. Participations in associated companies are recognised in the consolidated financial statements in accordance with the equity method from the date on which the significant influence was obtained. Dividends received from associated companies reduce the carrying amount of the investment.

#### Operating segments

The Group's division of operating segments corresponds to the structure of the internal reports that the company's chief operating decision maker uses to monitor the operations and allocate resources between operating segments. The Group has identified corporate management as the company's chief operating decision maker. Accordingly, for the Länsförsäkringar AB Group, the reports on the earnings of the various segments of the operations that are received by Group management form the basis of segment reporting.

Pricing between the Group's segments is based on market conditions for the operating segments of Non-life Insurance, Agria, Unit-linked Insurance, Banking, and Support and Service. Länsförsäkringar AB's Group management establishes the service level pertaining to intra-Group transactions involving goods and services. Decisions about prices to be applied to the forthcoming year are made during the annual business planning process.

Pricing for service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. Overall, pricing is intended to distribute costs fairly within the Länsförsäkringar Alliance based on consumption. Joint development projects and joint service are financed collectively and invoiced based on an established distribution key. Länsförsäkringar AB's Group management arranges the service



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levels and costs for the sale of goods and services to intra-Group companies jointly with a service committee comprising representatives from the regional insurance companies. Based on these discussions, the Board of Länsförsäkringar AB makes decisions on external pricing.

### Foreign currency

#### *Transactions in foreign currency*

Transactions in foreign currency are translated at the exchange rate on the transaction date.

Monetary assets and liabilities in foreign currency are translated by applying the exchange rates on the balance-sheet date. Exchange-rate differences arising due to translations in the statement of financial position in foreign currency are recognised in profit or loss as investment income, net.

#### *Translation of the financial statements of foreign operations*

The Group has small foreign operations in the form of branches in Denmark, Finland, Norway, France, Ireland and Germany, one subsidiary and one branch in the UK, and one associated company in Switzerland. Assets and liabilities in branches, associated companies and subsidiaries are translated to SEK at the exchange rate on the balance-sheet date. Income and expenses are translated to the Group's presentation currency at an average exchange rate comprising an approximation of the exchange rate applicable on the date of the transaction. Translation differences arising in the translation of branches', associated companies' and subsidiaries' currencies are recognised in the Group in other comprehensive income as a translation reserve.

### Impairment

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated.

#### *Impairment tests for property and equipment, intangible assets and associated companies*

The recoverable amount of goodwill is calculated annually, regardless of whether there is any indication of an impairment requirement. If it is not possible to determine the significantly independent cash flows for an individual asset, the assets are to be grouped when testing for impairment at the lowest value where it is possible to identify the significantly independent cash flows, known as a cash-generating unit. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets.

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the fair value minus selling expenses and the value in use. The value in use is calculated as expected future cash flows discounted by the market-based yield requirements for the asset/cash-generating unit. Impairment is recognised in profit or loss. The impairment of assets attributable to a cash-generating unit is initially distributed to goodwill. Proportional impairment losses on the other assets included in the unit are subsequently recognised.

### Reversal of impairment losses

#### *Reversal of impairment losses on property and equipment, intangible assets and participations in associated companies*

Impairment losses on goodwill are not reversed. Other impairment losses are reversed when there is no longer any indication of impairment and a change has occurred in the assumptions that formed the basis for calculating the recoverable amount. A reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, less depreciation/amortisation, if no impairment had been applied.

Impairment of property and equipment and intangible assets is recognised as Other administration expenses. Impairment of investments in associated companies is recognised as Investment

income, net.

### Commission income and other operating income

Income from contracts with customers is recognised in profit or loss when the following criteria has been fulfilled:

1. The contract with the customer has been identified
2. The performance obligations in the contract have been identified
3. The transaction price has been determined
4. The transaction price has been allocated to the performance obligations
5. Income is recognised as the performance obligations are satisfied

The Group applies the exemption entailing that disclosures on outstanding performance obligations attributable to contracts with a term of less than one year are not provided.

#### *Payment mediation commission and card business*

The Group's obligations for payment mediation partly comprise making it possible for customers to make secure and convenient payments and partly involve participating in the payments systems required for carrying out the payments. Income for payment mediation is settled in advance in the form of annual fees and continuously with the transactions being performed. The fees received in advance are recognised on settlement as a contract liability and income is subsequently recognised straight-line over the period during which the obligation is satisfied. Continuous income is recognised after the transactions have been completed and is settled either immediately or following a slight delay.

#### *Lending commission*

Lending commission primarily refers to additional services (land registration certificates and mortgage deeds) that customers can choose when arranging their loans. Income is recognised when the customer receives the service. Arrangement fees are recognised as interest income according to the effective interest method.

Lending commission also includes notification and reminder fees for which the Group's obligation is to notify/remind the customer. These fees are recognised as income when the notification or reminder is sent to the customer. Penalty interest is recognised as interest income.

#### *Securities commission*

The Bank Group's securities commission is largely attributable to income in Länsförsäkringar Fondförvaltning. A small portion is attributable to Länsförsäkringar Bank. Commission is based on the following obligations:

The Bank Group receives a management fee from the funds that the subsidiary Länsförsäkringar Fondförvaltning has undertaken to manage. This management fee is based on the current assets in the funds. Income for this fee is recognised monthly since the obligations is deemed to be satisfied and settled in the following month.

The bank receives a fixed brokerage fee from the customer for each securities transaction. When the transaction has been completed, the obligation is deemed to be satisfied and the fee is recognised as income.

Länsförsäkringar Bank and Länsförsäkringar Fondförvaltning receive remuneration from the trading venues in which they operate. The obligation is to distribute and invest in the funds traded on these trading venues. Income is based on the current managed assets that were distributed and invested in the trading venue's funds. Income is recognised every month. Income for the current quarter is settled in the first month of the subsequent quarter.

Länsförsäkringar Fondförvaltning receives remuneration when the company's funds invest in other funds. This remuneration is based on the current managed assets and the obligation is satisfied when the investment is made in the fund. Income is recognised every month and the current quarter's income is settled in the first month of the subsequent quarter.



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### **Rebating of commissions**

Rebating of commissions is received from fund companies that Länsförsäkringar Fondliv has partnership agreements with in order to offer mutual funds to customers. This remuneration comprises commission for distributing the funds and is calculated every day on the brokered portfolio per fund.

Länsförsäkringar Fondliv's obligation is to broker and distribute funds. The obligation is deemed to be satisfied when the funds have been brokered.

Rebating of commissions is variable. Länsförsäkringar Fondliv believes that it is not possible to reliably determine future rebating of commissions due to such uncertainty factors as the amount of future capital since some funds have transfer options and future market trends. Income is recognised when Länsförsäkringar Fondliv receives the rebate and not when the transactions is brokered.

### **Fees pertaining to financial agreements - unit-linked insurance**

Länsförsäkringar Fondliv's obligation is to continuously over time provide and manage the range of mutual funds that the customer can save in. Fees from financial agreements comprise a variable and a fixed annual fee. The variable fee is a percentage of the customer's insurance capital. The fee is calculated every day based on the closing amount and the fixed fee is charged monthly. The fees are recognised as income in line with Länsförsäkringar Fondliv Försäkrings AB providing the management services to the customer.

### **Commission expense**

#### **Remuneration to the regional insurance companies**

Länsförsäkringar Bank pays regular commission to the regional insurance companies. The regional insurance companies receive remuneration for their work with Länsförsäkringar Bank's customer-related issues in each of the regional insurance companies' geographic areas.

### **Deferred acquisition costs**

Acquisition costs that have a clear connection to underwriting insurance contracts and financial agreements are recognised as deferred acquisition costs in the statement of financial position and are depreciated over their useful lives. A condition for capitalisation is that the acquisition costs are attributable to a certain insurance contract, or homogeneous groups of contracts that can be followed up, and are deemed to generate a margin that covers at least the acquisition costs capitalised. These acquisition costs pertain to such costs as commission and expenses for sales that are directly related to acquisitions or renewals of insurance contracts. Acquisition costs found in Länsförsäkringar Fondliv refer to commission to the regional insurance companies, and transfer bonuses received by customers when they transfer their holdings, and are written off using the straight-line method over seven years. The assumption for the depreciation period is based on statistics relating to the terms of the insurance contracts. The asset is impairment tested every year. In the non-life insurance operations, the capitalised cost is allocated in a manner corresponding to the allocation of unearned premiums. The depreciation period does not exceed 12 months.

### **Premiums**

#### **Premium income**

Premium income in the non-life insurance operations is recognised as the total gross premium for direct insurance and assumed reinsurance that has fallen due for payment or can be credited to the company for insurance contracts for which the insurance period commenced prior to the end of the fiscal year. Gross premium is the contractual premium for the entire insurance period after deductions for standard customer discounts. Renewal premiums for contracts with renewal before the end of the fiscal year but that are not confirmed by the policyholder and premiums for recently signed insurance contracts for which the insurance period begins before the end of the fiscal year are included at the amounts at which they are expected to be received.

Cancellations reduce the premium income as soon as the amount is known. Additional premiums are included at the amounts at which they are expected to be received. Premiums for insurance periods commencing after the end of the fiscal year are also recognised as premium income, if according to contract they fall due for payment during the fiscal year. Premium income is recognised excluding tax and other public fees charged to the insurance premium.

The insurance component in the life-assurance operations is classified in the financial agreements as insurance contracts. Premium income is recognised on a cash basis, meaning that the premiums paid are recognised as income when they are received regardless of whether these wholly or partly refer to a later fiscal year.

### **Premiums earned**

Premiums earned are recognised as the portion of premium income attributable to the accounting period. The portion of premium income from insurance contracts pertaining to periods after the balance-sheet date is recognised as Technical provisions in the statement of financial position. Provision for unearned premiums is usually calculated by strictly allocating premium income based on the term of the underlying insurance contract. Reinsurers' portion of premium income is also allocated and the portion attributable to the period after the balance-sheet date is recognised as a receivable, Reinsurers' portion of technical provisions.

### **Interest income and interest expense**

Interest income and interest expense presented in profit or loss comprise interest in the Bank Group calculated according to the effective interest method on financial assets and liabilities measured at amortised cost, and interest from financial assets classified as measured at fair value through other comprehensive income (FVOCI). The effective interest rate includes fees that are deemed to be an integrated part of the effective interest rate for a financial instrument (usually fees that are received as compensation for risk). The effective interest rate corresponds to the rate used to discount contractual future cash flows to the carrying amount of the financial asset or liability. Interest on derivatives that hedge interest-rate and foreign-currency risk is recognised as interest income if the derivative hedges an asset and as interest expense if the derivative hedges a liability. Interest compensation for early redemption of fixed-rate lending and deposits is recognised in Investment income, net.

For assets in stage 3, the interest income is calculated and recognised based on the net carrying amount, meaning after deductions for expected credit losses. For assets in stage 1 and 2, the interest income is calculated and recognised based on the gross carrying amount. See also the section on expected credit losses below.

Negative interest on assets is recognised as a decrease in interest income. Negative interest on liabilities is recognised as a decrease in interest expense.

### **Investment income, net**

The following items are recognised under Investment income, net: gains/losses from investing activities in the Parent Company and insurance companies, the Bank Group's net gains/losses from financial items and effect of interest rate revaluations on annuities in insurance operations.

Realised gains or losses are calculated as the difference between the purchase consideration received and the cost of the asset. Unrealised gains or losses comprise changes for the year in the difference between cost and fair value. In the event of a sale, the accumulated unrealised change in value is reversed as a realised gain or loss, except for shares and participations that we have decided to measure at FVOCI.

In the insurance operations, provision for claims outstanding is discounted on annuities; the effect of interest rate revaluations on annuities is recognised as Investment income, net.



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### Claims payments

The expenses for claims incurred for the period, both those reported to the company and those not reported, are recognised as claims payments. Total claims payments include claims paid during the period and changes in provisions for claims outstanding and reinsurers' portion of provision for claims outstanding. Claims recoveries are recognised as a reduction of claims costs.

### Remuneration of employees

#### Current remuneration

Current remuneration of employees is calculated without discount and recognised as an expense when the related services are received. The anticipated cost of commission is recognised when there is a legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

### Remuneration after termination of employment

#### Pension plans

The Group has both defined-contribution and defined-benefit pension plans, some of which have assets in separate foundations. These plans are financed through payments from the respective Group company. The Group is generally covered by the FTP plan, which does not depend on any payments from employees.

#### Defined-contribution pension plans

The company pays fixed contributions to a separate legal entity and does not have a legal or informal obligation to pay additional contributions. The company's payments of defined-contribution plans are recognised as expenses during the period in which the employee performed the services to which the contributions refer.

The largest pension plan of which the company's employees are part is the FTP plan, a multi-employer pension plan. The plan is a defined-benefit plan for employees born in 1971 or earlier and a defined-contribution plan for employees born in 1972 or after. The defined-benefit portion is insured through the Insurance Industry's Pension Fund (FPK). This pension plan entails that a company, as a rule, recognises its proportional share of the defined-benefit pension commitment and of the plan assets and expenses associated with the pension commitment. Disclosures are also to be presented in the accounts according to the requirements for defined-benefit pension plans.

The FPK is currently unable to provide the necessary information, which is why the pension plan above is recognised as a defined-contribution plan. Nor is any information available on surpluses and deficits in the plan or whether these would then affect the annual contributions to the plan in future years.

All pension plans in the Group's branches are defined-contribution and follow either collective agreements or, if there are no collective agreements, the recommended premium levels in the labour market.

### Credit losses

Credit losses comprise expected credit losses, confirmed credit losses, recoveries of credit losses previously recognised as confirmed and reversals of expected credit losses no longer required. Confirmed credit losses could refer to the entire receivable or parts of it when there is no realistic possibility of recovery. A confirmed credit loss is recognised as a write-off of the gross carrying amount and an add-back of the portion of the allowance for expected credit losses that pertains to a written-off loan or portions of a loan. Recoveries comprise payments of loans that were previously recognised as confirmed credit losses. Expected credit losses are reversed when a previously recognised expected credit loss is no longer deemed to exist when the loss allowance is revalued at the end of the reporting period.

### Taxes

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss, except when the underlying transaction is

recognised in other comprehensive income or against equity with the related tax effect recognised in other comprehensive income or equity.

### Current tax

Current tax is tax that is to be paid or received in the current year, with the application of the tax rates that are decided or decided in practice on the balance-sheet date. This also includes adjustments of current tax attributable to prior years.

### Deferred tax

Deferred tax is calculated based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in consolidated goodwill. The valuation of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realised or settled. Deferred tax is calculated with application of the tax rates and tax rules established or decided in practice on the balance-sheet date.

Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognised to the extent that it is likely that it will be possible to utilise these. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

### Yield tax

Yield tax is a tax paid by Länsförsäkringar Fondliv Försäkrings AB on behalf of the policyholders. Tax objects comprise the market value of the net assets managed on behalf of the policyholders at the start of the fiscal year. The yield tax attributable to the period is recognised in the consolidated statement of income under change in life-assurance reserve for which the policyholder bears the risk.

### Intangible assets

#### Goodwill

Goodwill represents the difference between the cost of the acquisition of operations and the net of the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities.

#### Other intangible assets

Other intangible assets comprise proprietary and acquired intangible assets with determinable useful lives. These assets are recognised at cost less accumulated amortisation and impairment. Amortisation is commenced when the asset becomes available for use. The Group's proprietary intangible assets are only recognised if all of the following conditions are met:

- There is an identifiable asset.
- The Group has control of the asset.
- It is probable that the developed asset will generate future economic benefits.
- The cost of the asset can be measured reliably.
- It is technically and commercially usable and sufficient resources exist to complete development and thereafter use or sell the intangible asset.

The carrying amount of proprietary intangible assets includes all directly attributable expenses from the development phase. Other development expenses are recognised as an expense when they arise.

The amortisation period is determined based on the expected useful life, commencing when the asset becomes available for use.

Amortisation takes place through profit or loss according to the straight-line method. Impairment requirements are tested annually as described in the section on Impairment above.

Additional expenses for capitalised intangible assets are recognised as an asset in the statement of financial position only when these expenses increase the future financial economic benefits of the specific asset to which they pertain.

### Property and equipment

The Group's property and equipment comprise equipment and



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leasehold improvements that are recognised at cost less accumulated depreciation and accumulated impairment. Depreciation takes place according to the straight-line method over the asset's expected useful life, commencing when the asset becomes available for use. Depreciation and earnings from scrapping and divestments are recognised in profit or loss. The depreciation method and the residual values and useful lives of the assets are re-tested every year-end.

Impairment requirements are tested annually according to the principles described in the section on Impairment above.

### Equipment

The useful life for computer equipment is estimated to be three years and five years for office equipment and cars.

### Leasehold improvements

Activities performed on another party's property and for which the Group has incurred expenses for new construction, extension or remodelling entail that the property owner immediately becomes the owner of what has been performed and acquired. When such leasehold improvements entail economic benefits for the leaseholder, the expenses are capitalised. Remodelling another party's property is deemed to have an economic useful life that corresponds to the remaining term of the lease from the date when the asset becomes available for use.

### Leases

#### Reporting as lessee

The Group recognises all leases (with certain exemptions) in the statement of financial position as follows: the obligation to make future fixed lease payments as a lease liability, and the right to use an underlying asset as a right-of-use asset. When a contract is signed, the Group assesses whether it includes a lease. A contract is, or contains, a lease if it conveys the right for the Group to control the use of an identified asset for a period of time in exchange for consideration. The Group has decided to only identify the lease components in the Group's leases and does not include non-lease components in its calculation of the lease liability.

#### Measurement of lease liabilities

Lease liabilities are recognised as the present value of the remaining lease payments in the statement of financial position. When recognised in the accounts, lease payments are divided between repayment of the lease liability and interest expense. The lease liability includes the following lease payments:

- fixed payments (including in-substance fixed payments)
- variable lease payments that depend on an index or rate, initially measured using the index or rates on the commencement date
- amounts expected to be payable by the lessee under residual value guarantees

Lease payments that will be paid for extension options that it is reasonably certain will be exercised are also included in the measurement of the liability. This takes place when there is a significant event or a significant change in circumstances within the Group's control and that affect the current assessment of the term. Extensions are also assessed when the final termination date within the previously assessed term for leases for premises has been passed.

The lease liability is remeasured when there is a change in future lease payments from a change in an index or a rate, amounts expected to be payable under expected residual-value guarantees, or if the Group changes its assessment of whether it will exercise an option to purchase the underlying asset or to extend or terminate the lease in advance. The Group is exposed to any future increases in the variable lease payments that depend on an index or a rate that are not included in the lease liability until they come into effect. When adjustments of lease payments that depend on an index or a rate come into effect, the lease liability is remeasured and adjusted against the right-of-use

asset.

To calculate the lease liability, lease payments are discounted by the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is to be used, which is the rate that an individual lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain the right-of-use asset in a similar economic environment.

#### Measurement of right-of-use assets

The right-of-use asset is measured at cost and recognised at an amount corresponding to what the lease liability was originally measured at after adjustments for prepaid lease payments and initial direct costs, and costs for restoring the asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis in subsequent periods over the shorter of the useful life and the term from the commencement date. If it is reasonably certain that the Group will exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

#### Application of exemption rules

The Group has decided not to recognise leases in the statement of financial position for which the underlying asset has a low value or has a lease term (including periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option) of 12 months or less. The Group recognises lease payments for leases subject to exemption rules as a lease expense straight-line over the term.

#### Reclassification of leases

The Group recognises its leases in the statement of financial position as an underlying asset that would have been presented if they had been owned, either as tangible assets or as owner-occupied property.

#### Recognition of sale and leaseback transactions

When the Group assumes an asset from another company and then leases the asset back from the purchaser/lessor, the Group as seller/lessee recognises the transfer agreement and the lease as a sale and leaseback transaction. The sale of the asset is recognised when the performance obligations in the transfer agreement has been satisfied. If the transfer of an asset meets the requirements for recognition as a sale, the asset is recognised at the portion of the previous carrying amount retained by the Group as the seller/lessee. As seller/lessee, the Group thus only recognises a gain or loss attributable to the rights transferred to the purchaser/lessor.

#### Reporting as lessor

The lessor classifies leases in the consolidated financial statements as either finance or operating leases. A finance lease exists if the financial risks and rewards of ownership have substantially been transferred to the lessee. All other leases are operating leases.

The Bank Group's assets that are leased under finance leases are recognised as loans to the public since the risks associated with ownership are transferred to the lessee. Initially, an amount corresponding to the present value of all minimum lease payments to be paid by the lessee is recognised and any guaranteed residual value accrues to the lessor. Payments received from these leases are recognised in part as repayment of lease receivables and in part as interest income.

### Financial assets and liabilities

#### Recognition and derecognition in the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the agreement in accordance with the conditions of the instrument. A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or – when the assets are



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transferred – the company no longer has any significant risks or benefits from the assets and loses control of the assets. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or extinguished in another manner. In cases in which a modification is made to the contractual cash flows as a direct consequence of a reform of a reference rate and the new contractual terms are economically equivalent to the original, no derecognition takes place and the original effective interest rate will be adjusted to reflect the new cash flows.

Business transactions in the monetary, bond and equities markets are recognised in the statement of financial position on the transaction date, which is the time when the significant risks and rights are transferred between the parties. Deposits and lending transactions are recognised on the settlement date.

Loan receivables are recognised in the statement of financial position when the loan amount is paid to the borrower. Loan commitments are recognised as a commitment.

Financial assets and liabilities are initially measured at fair value plus directly attributable transaction costs, except for assets and liabilities measured at fair value through profit or loss, which are initially measured at fair value.

### **Offsetting financial assets and liabilities**

Financial assets and liabilities are offset and recognised in the statement of financial position on a net basis only when there is a legally enforceable right to offset the carrying amounts and an intent to settle them with a net amount or to simultaneously realise the asset and settle the liability. The legally enforceable right should not be contingent on a future event and must be legally binding for the company and the counterparty in the normal course of business, and in the event of default, insolvency or bankruptcy.

### **Recognition of repurchase transactions**

In genuine repurchase transactions (a sale of interest-bearing securities with an agreement for repurchase at a predetermined price), the asset continues to be recognised in the statement of financial position and payment received is recognised as Due to credit institutions. Sold securities are recognised as pledged assets. For a reversed repurchase transaction (a purchase of interest-bearing securities with an agreement for resale at a predetermined price), the securities are not recognised in the statement of financial position. The payment received is recognised instead in Loans to the public.

### **Classification and measurement**

Financial assets and liabilities are measured at fair value upon initial recognition in the statement of financial position. Subsequent measurement and recognition take place depending on the measurement category to which the financial instrument belongs. The Group's financial assets comprise:

- Debt instruments
- Derivative instruments
- Equity instruments

### **Debt instruments**

The business model used to manage a debt instrument and its contractual cash flow characteristics determines the classification of a debt instrument.

A requirement for a financial asset to be measured at amortised cost or fair value through other comprehensive income is that the contractual cash flows solely comprise outstanding payment of the principal and interest on the principal.

Debt instruments that do not meet the requirement are measured at fair value through profit or loss (FVPL) regardless of the business model to which the asset is attributable. The Group regularly checks that cash flows for the debt instruments measured at amortised cost and fair value through other comprehensive income meet the cash flow requirements.

The Group's holdings of units in UCITS (mutual funds) consist of

holdings in debt instruments, since the funds must buy back fund units and are therefore liabilities from the issuer's perspective. The mutual funds are measured at fair value through profit or loss since the contractual cash flows are not collected in predetermined amounts at predetermined times and therefore do not comprise payment of the principal and outstanding interest on the principal. All remaining debt instruments held in the Group meet these cash flow characteristics.

### **Amortised cost**

The Group manages accounts receivable and other financial receivables in a business model whose objective is to realise the assets' cash flows by receiving contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are therefore measured at amortised cost. Amortised costs refers to the discounted present value of all future payments attributable to the instrument with the discount rate comprising the effective interest rate of the asset on the acquisition date.

### **Fair value through other comprehensive income**

The Group manages its holdings of treasury bills and other eligible bills and bonds and other interest-bearing securities in the Bank Group in a business model whose objective is to realise the assets' cash flows by both receiving contractual cash flows and through sales. These assets are therefore measured at FVOCI. This recognition means that the assets are continuously measured at FVOCI with the accumulated unrealised changes in values recognised in the fair value reserve. Interest income is recognised in net interest income in profit or loss. If an asset in this category is sold, the previous unrealised gain/loss is reclassified from other comprehensive income to profit or loss and is recognised on the row net gains/losses from financial items.

### **Fair value through profit or loss**

The Group's debt instruments measured at FVPL comprise holdings in interest-bearing securities, unit-linked insurance assets and mutual funds found in the investment operations of the Parent Company and the insurance companies. Mutual funds are classified as either shares and participations or bonds and other interest-bearing securities based on whether at least half of the managed assets comprise shares or interest-bearing securities. Assets that are debt instruments and held in a business model that entails measurement at FVPL arise since the assets are managed and evaluated based on the fair values of the assets, and since the fair value comprises the basis for the internal monitoring and reporting to senior executives.

The cost of debt instruments measured at FVPL comprises the fair value of the assets without additions for transaction costs. This recognition means that the assets are continuously measured at FVPL with the accumulated unrealised changes in values recognised in retained earnings. Changes in fair value of these assets are recognised in profit or loss as Investment income, net. If an asset in this category is sold, the previous unrealised gain/loss is recognised in profit or loss as Unrealised gains or losses in investment assets, while the realised gain/loss from the sale of debt instruments is recognised in profit or loss as Investment income, net.

### **Derivative instruments**

Derivative instruments are measured at fair value through profit or loss unless they are subject to the rules on hedge accounting. Derivatives with positive values are recognised as assets in the statement of financial position and derivatives with negative values are recognised as liabilities.

### **Equity instruments**

An equity instrument is every form of agreement that entails a residual right to a company's assets after deductions for all its liabilities. Investments in equity instruments measured at fair value through profit or loss except for investments that on initial recognition are identified as investments in equity instruments with the changes in





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value recognised in other comprehensive income. These holdings comprise holdings of a more strategic nature and are not held for the purpose of generating investment income. Gains/losses on the sale of equity instruments measured at fair value through other comprehensive income are recognised as a transfer in equity from the fair value reserve to retained earnings and thus do not impact profit or loss. Dividends received are recognised in profit or loss under Investment income, net when the right to receive payments has been resolved by the general meeting.

### Financial liabilities

The Group measures all financial liabilities that are not derivatives at amortised cost. The Group's financial liabilities are recognised when there is a contractual obligation to pay in cash and comprise accounts payable and other financial liabilities that are included in the balance-sheet item Other liabilities.

### Hedge accounting

The Group's derivatives, which comprise interest-rate and cross-currency swaps and purchased interest caps, have been acquired in their entirety to hedge the risks of interest and exchange-rate exposure arising during the course of operations. All derivatives are measured at fair value in the statement of financial position. Changes in value are recognised depending on whether the derivative is designated as a hedging instrument and the type of hedging relationship that the derivative is included in. The Group applies both cash flow hedges and fair value hedges. To meet the demands of hedge accounting in accordance with IAS 39, an unequivocal connection with the hedged item is required. In addition, it is required that the hedge effectively protects the hedged item, that hedge documentation has been prepared and that the effectiveness can be measured reliably. Hedge accounting can only be applied if the hedging relationship can be expected to be highly effective, which means that the ratio between the change in fair value for the hedged risk in the hedged item and the derivative must be in the interval of 80-125%. In the event that the conditions for hedge accounting are no longer met, the derivative instrument is measured at fair value together with the change in value through profit or loss. Hedging relationships are evaluated monthly. Each identified hedging relationship is expected to be effective over the entire lifetime of the relationship. Effectiveness is tested by applying a forward-looking (prospective) assessment and a retrospective evaluation. Ineffectiveness is recognised in profit or loss.

### Cash flow hedges

The aim of cash flow hedges is to protect the Group from variations in future cash flows attributable to recognised assets and liabilities due to changed market factors. Interest and cross-currency interest rate swaps that are hedging instruments in cash flow hedging are measured at fair value. The change in value is recognised in other comprehensive income and accumulated in equity to the extent that the change in the value of the swap is effective and corresponds to future cash flows attributable to the hedged item. Changes in value recognised in equity impact profit or loss at the same time as the hedged item impacts profit or loss.

### Fair value hedges

Fair value hedges entail hedging the risk of changes in fair value of a financial asset or a financial liability. When applying fair value hedges, the hedged item is measured at fair value regarding its hedged risk. The changes in value that arise are recognised in profit or loss and are offset by the changes in value arising on the derivative (the hedging instrument).

Länsförsäkringar Bank applies the fair value hedge method to specific portfolios of funding, deposits and loans bearing fixed interest rates. Länsförsäkringar Bank also applies the fair value hedge method to assets in the liquidity portfolio that are classified in the measurement category of fair value through other comprehensive income. The change in the value of the derivative is recognised in profit

or loss together with the change in the value of the hedged item in Investment income, net. Unrealised changes in the value of hedging instruments are also recognised in the item Investment income, net. Interest coupons, both unrealised and realised, are recognised as interest income if the hedged item is an asset or portfolio of assets, or as interest expense if the hedged item is a liability or portfolio of liabilities.

### Reference rate method

The Group applies the exemptions regarding changes to the hedged risk, hedging instrument and hedged item introduced due to the Interest Rate Benchmark Reform (Phase 1 and 2). An alternative benchmark rate is identified as a hedge risk when the Group has a reasonable expectation that it will be a separately identifiable component of a hedged item within 24 months from the date it is identified as a hedged risk for the first time. Hedging documentation is updated at the end of the period in which an alternative benchmark rate is designated. Such changes to hedging documentation does not mean that the Group has had to discontinue hedge accounting.

### Expected credit losses

Reserves for expected credit losses ("loss allowance") are recognised for financial assets measured at amortised cost and debt instruments measured at FVOCI, issued financial guarantees and loan commitments. The initial loss allowance is calculated and recognised on initial recognition and is subsequently continuously adjusted over the lifetime of the financial asset. Initial recognition is defined in the Group as the time of origination of the financial instrument, meaning when the original loan terms were set. In the calculation of loss allowance under IFRS 9, the Group takes into consideration several different future scenarios, including macro factors.

### Model and definitions

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.

The Group's method for assessing whether there has been a significant increase in credit risk for loans to the public, and issued financial guarantees and loan commitments, is to compare the probability of default (PD) on the reporting date in question with the 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 Group's method for assessing whether there has been a significant increase in credit risk for loans to credit institutions, and debt instruments measured at FVOCI, is to compare PD based on an external rating on the reporting date in question with PD based on an external rating on the initial reporting date.

When there is no longer any significant increase in credit risk since the initial reporting date, the financial asset is transferred back to stage 1.

- **Stage 3** comprises credit-impaired assets or assets that were credit-impaired on initial recognition. The definition of credit-impaired is consistent with the Group's regulatory definition of default. A counterparty is considered to be in default if a payment is more than 90 days past due. A counterparty is also considered to be in default if there are other reasons to expect that the counterparty cannot meet its undertakings. Assets that were credit-impaired on the initial reporting date are recognised in stage 3 for their entire term without being transferred to stage 1 or stage 2. Estimating and recognising the loss allowance for stage 1 corresponds to the 12-month expected credit losses. For stages 2 and 3, estimating and recognising the loss allowance corresponds to the full lifetime



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expected credit losses.

The estimates of expected credit losses for loans to the public, and issued financial guarantees and loan commitments, are based on existing internal ratings-based models and take into account forward-looking information. The loss allowance is achieved by estimating the expected credit loss for the assets' contractual cash flows. The present value of the expected credit loss is calculated for every date in each cash flow by multiplying the remaining exposure with the probability of default (PD) and the loss given default (LGD). For stage 1, the loss allowance is estimated as the present value of the 12-month ECL, while the credit loss for stages 2 and 3 is estimated as the present value of the full lifetime expected credit losses. All estimates of the loss allowance including estimates of exposure, PD and LGD take into account forward-looking information and are based on a weighting of at least three different possible macroeconomic scenarios. A number of statistical macro models have been developed to determine how each macroeconomic scenario will affect the expected future exposure, PD and LGD. The estimates of expected credit losses for cash and cash equivalents, and debt instruments measured at FVOCI, start from PD based on the external rating and LGD based on the regulatory amounts under the capital adequacy rules, Regulation (EU) No 575/2013 (CRR). This is because these items are not encompassed by existing, internal ratings-based models.

For accounts receivable, the Group uses the simplified method, which entails that a loss allowance is always measured at an amount corresponding to the full lifetime of the expected credit losses.

### Recognition of expected credit losses

Only the Bank Group's share of expected and confirmed credit losses are recognised. The regional insurance companies' share of expected and confirmed credit losses is settled against a buffer of accrued commission. A condition for the regional insurance companies to receive full payment of the distribution remuneration is that the loans generated by each company for the Bank Group (excluding Wasa Kredit AB) are of high quality. If this is not the case, up to 80% of any credit losses is offset against the accrued commission. This settlement account is kept separate and is taken into consideration when the provisions are established.

The reserve for financial assets measured at amortised cost is recognised as a reduction of the recognised gross carrying amount of the asset.

For financial guarantees and loan commitments, the reserve is recognised as a provision.

The reserve for debt instruments measured at FVOCI is recognised as the fair value reserve in equity and does not impact the carrying amount of the asset. Derecognition reduces the recognised gross amount of the financial asset.

Loss allowance and derecognition of confirmed credit losses are presented in profit or loss as credit losses.

### Confirmed losses

Confirmed credit losses are those losses whose amount is finally established through acceptance of a composition proposal, through other claim remissions or through bankruptcy and after all of the collateral has been realised and where the assessment is that the possibility of receiving additional payments is very small. The receivable is then derecognised from the statement of financial position and recognised as a confirmed loss in profit or loss on this date.

### Modified loans

Modified loans are defined as loans for which the contractual terms have been changed and the change in terms impacts the time and/or the amount of the contractual cash flows of the receivable. Modified loans are derecognised from the statement of financial position if the terms of an existing contract have materially changed. A new loan with the new contractual terms is then recognised in the statement of financial position. Gains or losses arising on a modification are

calculated as the difference between the present value of the outstanding cash flows calculated under the changed terms and discounted by the original effective interest rate and the discounted present value of the outstanding original cash flows. The corresponding principles are applied to the recognition of modifications of the Group's financial liabilities.

### Issued equity instruments

Instruments in which the Group does not have a contractual obligation to make payment are recognised as equity instruments. Payment to holders of these instruments is recognised in equity. Accordingly, issued shares and Tier 1 instruments are recognised as equity instruments in the statement of financial position.

### Share-based incentive programme

Share-based payment refers to remuneration of Agria Vet Guide AB employees according to the employee share option programme that the company allotted in March 2019. The share option programme encompasses 6,236 options vested over 36 or 60 months. Each option grants the holder one share in Agria Vet Guide AB. The options are vested on the condition that the programme participant is an Agria Vårdguide AB employee on the exercise date.

Staff costs are recognised for the value of services rendered, allocated over the programme's vesting periods, calculated as the fair value of the allotted equity instruments on the allotment date. The programme is classified as share-based payment that is settled in cash, and an amount equivalent to the recognised staff cost is recognised as a liability. Last year, the programme was classified as remuneration settled using equity instruments. The increase in equity that was recognised in prior years, corresponding to the staff cost, has been reclassified as a liability. A cost and a provision are recognised and allocated over the vesting period for the social security contributions.

The fair value of the allotted options are calculated by considering the market conditions and other non-vesting-related conditions as well as the prevailing conditions on the allotment date. The measured cost reflects the estimated fair value of the number of options expected to be vested, based on service and performance conditions that are not market conditions. This cost is adjusted in subsequent periods to ultimately reflect the actual number of options vested.

### Insurance contracts

Insurance contracts are contracts in which the insurance company undertakes a significant insurance risk for the policyholder by agreeing to compensate the policyholder if a predetermined, insured event were to occur. Insurance contracts are divided into insurance contracts or non-insurance contracts according to insurance risk. Insurance products without significant insurance risk are to be classified as non-insurance contracts. A review of all contracts in the insurance companies was performed focusing on the insurance risk in these contracts and the financial impact of an insurance event on the financial statements. The financial impact must be significant to be considered an insurance contract. The Group's non-life insurance companies have classified all insurance contracts as with contracts containing insurance risk. Some insurance contracts of minor financial impact were identified for which the risk is not transferred to another party. Since these are of marginal value, all contracts have been classified according to the concept of materiality as insurance contracts.

The unit-linked insurance operations have insurance contracts with significant insurance risk as well as contracts that do not contain significant insurance risk. The insurance component of the financial agreements and pure risk insurance are classified as insurance contracts.

### Financial agreements

Insurance contracts that do not contain significant insurance risk are classified as financial agreements in Länsförsäkringar Fondliv Försäkringar AB. In the reporting, these contracts are divided into a



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financial component and an insurance component. This method is known as unbundling. To provide more relevant information, the financial component and the insurance component are recognised separately for all contracts, both those classified as insurance contracts and those classified as financial agreements.

Premiums for the financial component are recognised as a deposit in the insurance operations through the statement of financial position. Correspondingly, disbursements of claims payments for insurance contracts that do not contain significant insurance risk are recognised as withdrawals from the insurance operations in the statement of financial position. The fees paid by customers are recognised as income and the costs for insurance risk are recognised as expenses. The various types of fees charged to customers for the management of financial agreements are recognised as income in line with providing the management services to the policyholders. The provision of services is evenly distributed over the term of the contracts.

### Reinsurance

Contracts signed between the Group's insurance companies and reinsurers through which the company is compensated for losses on contracts issued by the company and that meet the classification requirements for insurance contracts as stated above are classified as ceded reinsurance. Assumed reinsurance is classified in the same manner when the company assumes risks from other companies' insurance contracts.

For ceded reinsurance, the benefits to which the company is entitled under the reinsurance contract are recognised as the reinsurers' portion of technical provisions and deposits with companies that have ceded reinsurance. Receivables from and liabilities to reinsurers are valued in the same manner as the amounts linked to the reinsurance contract and in accordance with the conditions of each reinsurance contract. Liabilities in reinsurance primarily comprise settlements against regional insurance companies and premiums to be paid for reinsurance contracts.

The reinsurers' portion of technical provisions corresponds to the reinsurers' liability for technical provisions in accordance with signed contracts. If the recoverable amount is lower than the carrying amount of the asset, the asset is impaired to the recoverable amount and the impairment loss is expensed in profit or loss.

### Technical provisions

Technical provisions consist of Unearned premiums, Unexpired risks, Life-assurance reserves and Claims outstanding.

Changes in technical provisions for the period are recognised in profit or loss. Changes attributable to the translation of the provisions to the exchange rate on the balance-sheet date are recognised as exchange-rate gains or exchange-rate losses in Investment income, net. The insurance companies in the Group perform a liability adequacy test of their technical provisions to ensure that the carrying amount of the provisions is sufficiently high in regard to expected future cash flows.

### Unearned premiums

Provision for unearned premiums is intended to cover the expected claims and operating expenses during the remaining term of insurance contracts. The calculation includes an estimate of the expected costs for claims that may occur during the remaining term of the insurance policies and the administration costs during the period.

Normally, the provision is strictly proportional to time, referred to as a pro rata temporis calculation.

The cost estimate is based on experience, but consideration is also given to both the observed and forecast trend in relevant costs.

### Unexpired risks

Unexpired risks refers to the risk that the payment requirements of the insurance contracts and the costs will not be covered by unearned premiums and expected premiums after the end of the fiscal year. If the premium level of insurance contracts already entered into is

deemed to be insufficient, a provision is made for unexpired risks.

### Claims outstanding

The provision for claims outstanding in the unit-linked insurance operations comprises provision for annuities and disability annuities, established claims and non-established claims. The provision for annuities and disability annuities corresponds to the discounted capital value of commitments in accordance with the insurance contract. The provision for established claims corresponds to the discounted, expected capital value of future expenses due to the incurred health claim. This includes reported and approved claims that have not yet been paid, future operating expenses as well as the fixed-income operations. The discount rate is determined based on current market interest rates in accordance with satisfactory practice.

The provision for non-established claims pertains to claims that have not yet been reported but which have been made using statistical methods based on previous experience for the respective products. For disability annuities at fixed amounts, the nominal interest-rate assumption was determined based on the yield curve used for the life-assurance reserves. Similarly, a real yield curve was applied to index-linked disability annuities.

In the non-life insurance operations, these provisions should cover anticipated costs for claims for which final settlement has not been completed, including claims that have occurred but have not yet been reported to the company. The provision includes anticipated future cost increases plus all expenses for claims adjustment and is based on statistical methods for most claims. An individual assessment is made in the case of major claims and claims involving complex liability conditions. With the exception of annuities, the provision for claims outstanding is not discounted. The provision for annuities is estimated in line with customary life-assurance methods and discounted to market interest rates. The effect of interest rate revaluations is recognised as a financial expense or income.

For motor third-party liability insurance, provisions are made for claims adjustment costs according to the unit cost principle. Provisions for claims adjustment costs for other insurance classes are made proportionally against the provision for claims incurred.

The provision for claims incurred but not reported (IBNR) encompasses costs for claims that have been incurred but are unknown to the company. The amount is an estimate based on historical experience and claims outcomes.

Changes in claims outstanding for the period are recognised in profit or loss. Changes attributable to the translation of the provisions to the exchange rate on the balance-sheet date are recognised as exchange-rate gains or exchange-rate losses under Investment income, net.

### Life-assurance reserve

The life-assurance reserve, pertaining to contracted benefits for guarantee management in the unit-linked insurance operations, corresponds to the anticipated capital value of the company's guaranteed commitments. The life-assurance reserve is calculated per insurance policy in accordance with standard actuarial principles based on assumptions regarding interest rates, mortality, cancellations, expenses and yield tax. The discount rate is based on market rates on the measurement date and any future transaction is measured with consideration for the interest rate that corresponds to the duration of the transaction in relation to the calculation date. Mortality assumptions are based on statistical data representing the target group for which Länsförsäkringar Fondliv offers insurance solutions. The statistical data is based on Länsförsäkringar's insurance portfolio, but generally available information has been taken into account for comparison with observations in Länsförsäkringar's portfolio. Cancellation assumptions are based on the historical outcome in Länsförsäkringar. Yield tax will be removed from current tax legislation.



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### ***Provisions for which the policyholder bears the risk***

Provisions for which the policyholder bears the risk comprise unit-linked insurance commitments and conditional bonuses.

### ***Unit-linked insurance commitments***

Financial liabilities in the unit-linked insurance operations whereby the liability has a direct link to the value of a financial asset but for which the Group does not have any risk in the change in value of the fair value of the asset. The insurance commitments correspond to the redemption value of the fund units held on behalf of the policyholder. The Group has chosen to identify unit-linked insurance commitments in the measurement category of Financial liabilities measured at FVPL. This means that the provision matches the associated unit-linked insurance assets measured at fair value.

### ***Conditional bonus***

A conditional bonus refers to the bonus for which the policyholders bear a financial or insurance risk and that affects the amount of the bonus. The provision comprises the value of the assets linked to the contracts less the life-assurance reserve. Conditional bonuses for the guarantee management form are recognised in the balance sheet.

### ***Other provisions***

A provision is recognised in the statement of financial position when the Group has an existing legal or informal obligation as a result of a past event and it is probable that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Where the effect of when a payment is made is significant, provisions are calculated by discounting the expected future cash flow at a pre-tax interest rate that reflects current market assessments of the time value of money and, where appropriate, the risks related to the liability.

### ***Contingent liabilities***

A contingent liability is recognised when there is a possible commitment originating from past events and whose existence is confirmed only by one or more uncertain future events, or when there is a commitment that is not recognised as a liability or provision because it is probable that an outflow of resources will be required, or cannot be measured with sufficient reliability. Contingent liabilities are measured at the amount corresponding to the best estimate of the amount required to settle the commitment on the balance-sheet date. The measurement accounts for the expected future date of settlement.

### ***Loan commitments***

A loan commitment can be a unilateral commitment by a company to issue a loan with predetermined terms and conditions in which borrowers can choose whether they want to accept the loan or not, or a loan agreement in which both the company and the borrower are subject to terms and conditions for a loan that begins at a certain point in the future.

Loan commitments are not recognised in the statement of financial position. Issued irrevocable loan commitments are valid for three months and are recognised as a commitment.

### ***Financial guarantees***

Guarantee agreements issued by the Group mainly comprise leasing and credit guarantees. These entail a commitment to compensate the holder when the holder incurs a loss due to a specific debtor not making due payments to the holder in accordance with applicable contractual terms.

Financial guarantee agreements are initially measured at fair value, which normally means the amount that the company received as compensation for the guarantee issued. In the subsequent measurement, the liability for the financial guarantee is recognised at the higher of the allocated premium, and the amount representing the expected cost of settling the commitment incurred by the guarantee.



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## Note 2 Risk and Capital management

Conducting insurance and banking operations requires balanced risk-taking and risk know-how comprises a core area of expertise in banking and insurance. The ultimate owners of the Länsförsäkringar Alliance are also its customers and, accordingly, risk and capital management are of immediate importance to our customers.

The Länsförsäkringar AB Group's operations include non-life insurance, life assurance, pension insurance, banking and fund management. The traditional life-assurance operations are found in a wholly owned subsidiary, Länsförsäkringar Liv Försäkrings AB (referred to below as "Länsförsäkringar Liv"), which is operated according to mutual principles. The company is not consolidated in the consolidated financial statements and thus the company's risks are not included in the description provided in this note. For more information, see Länsförsäkringar Liv's Annual Report.

### RISKS AND RISK MANAGEMENT

Länsförsäkringar AB has also established a Group-wide risk-management system. This 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. Based on this Group-wide risk-management system, each subsidiary has prepared its own individual rules for managing company-specific risks. Coordinated risk control throughout the entire Group ensures that the risk-management system is consistently implemented in all of the companies, meaning that the targets of the operations can be achieved with a higher degree of certainty.

The Länsförsäkringar AB Group's risk strategy is an integrated component of operational governance and is based on the business strategy. The overall risk strategy is that the operations are to be conducted following a conscious risk-taking approach. The Länsförsäkringar AB Group's mission is to conduct profitable business in non-life insurance, life assurance, pension insurance and banking and fund management, which means that insurance risk, credit risk and market risk are consciously assumed as part of implementing the business strategy. Liquidity risk is limited by robust handling of liquidity flows in the operations. The counterparty risks that arise from conducting the business activities are kept at a low level by selecting counterparties with high credit ratings. Concentration risks are kept at a low level by limiting exposure to individual counterparties, types of investment, etc., and by the Länsförsäkringar AB Group conducting well-diversified operations. Climate risks are limited by taking proactive measures regarding the climate impact of the company's own operations and the climate risks (both transition risks and physical risks) to which the Group's various business areas are exposed. Operational risks are managed such that the customer confidence and that of other stakeholders in Länsförsäkringar AB and its subsidiaries remains high. 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.

Länsförsäkringar AB has developed a partial internal model that is adapted to the risk profile of the operations and thus measures the companies' risk levels more correctly than the standard formula of the Solvency II regulations. The model measures risk as Value at Risk at a 99.5% confidence level over a 1-year time horizon, based on historical simulation. The FSA has approved the model to calculate capital requirements under the Swedish Insurance Business Act for Länsförsäkringar AB and its insurance subsidiaries. The model is used to manage and calculate capital requirements for all risks corresponding to the standard formula in Chapter 8 of the Insurance

Business Act, of which market risk excluding concentration risk, premium risk, reserve risk and, to a certain extent, catastrophe risk are modelled internally. Risks not encompassed by the model, such as business risk and liquidity risk, are monitored pursuant to internal rules.

Länsförsäkringar Bank has developed an internal ratings-based model for measuring credit risk and has received approval from the FSA to use the model to calculate capital requirements in accordance with the Swedish Special Supervision of Credit Institutions and Investment Firms Act.

The regulatory capital requirements are also supplemented with risk indicators, scenario analyses and stress tests. Some types of risk, such as operational risk and business risk are mainly deemed qualitatively, for example, by performing an overall assessment of the risk's potential consequences for the operations and the probability or frequency of the risk occurring. The management and monitoring of individual risks in the operating activities takes place within the frameworks established by the Board. Control activities are performed regularly and incidents are continuously reported and monitored.

Every quarter, the companies' Risk Management functions present an overall view of the risks for the operations and incidents to the Board and, if necessary, the Risk and Capital Committee and the Audit Committee.

### Risk-management organisation

The risk-management system is an integrated part of the Länsförsäkringar AB Group's organisational structure and decision-making processes. In addition to risk management in the operations, it also encompasses the independent Risk Management function.

The Board is ultimately responsible for ensuring that an effective risk-management system is in place and adopting frameworks for the Länsförsäkringar AB Group's risk-management system in the Group's risk policy. The risk policy defines the risks to which the Group's operations are exposed and how these risks are identified, measured, monitored, governed, managed and reported. The Board expresses its risk appetite in the risk policy by stating the risk levels and focus that can be accepted to achieve strategic targets. The Board also states in the risk policy the strategies that are to be used to manage significant types of risk. Furthermore, the Board adopts an annual permissible level of capitalisation following recommendations from the Chief Risk Officer Group (CRO Group).

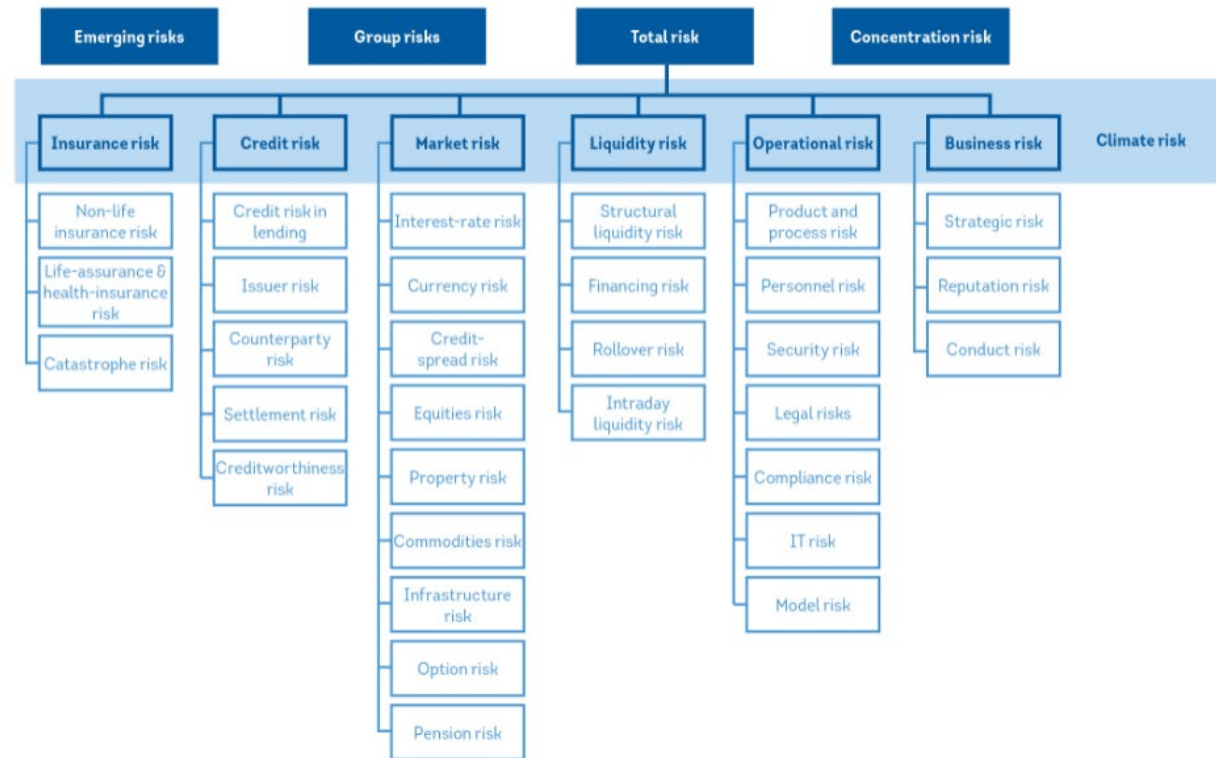
The President is responsible for incorporating the risk policy and other governance documents of importance to risk management as determined by the Board into the operations and for establishing more detailed regulations for the risk-management system. The CRO Group is responsible for the design of the risk-management system and coordination within the Länsförsäkringar AB Group, while each manager in the 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 Risk Management function is responsible for the independent risk control, which includes identifying, measuring, monitoring and reporting risks in the companies' and the Group's operations. The function controls the risk management in the operations to ensure that they are conducted with satisfactory risk management and risk control, and reports directly to the President and, where appropriate, the Risk and Capital Committee, Audit Committee and the Board. This function is affiliated to Länsförsäkringar AB in the organisation and is independent from the operations that are controlled. The CRO Group reports directly to the President. Länsförsäkringar Bank has a separate Risk Management function, where the head of the function, CRO Bank, reports to the President of Länsförsäkringar Bank.

The Actuarial function helps ensure the efficient operation of the risk-management system, for example, by ensuring that data for calculating capital requirements for insurance risks is correct and by assisting the Board and President in matters regarding reinsurance cover and other risk-reduction techniques. The Compliance function identifies and reports on risks that may arise as a result of non-compliance with regulations.



Figure 1. Classification of risk in the Länsförsäkringar AB Group including Länsförsäkringar Liv



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Risk profile

The Länsförsäkringar AB Group's risk profile is dominated by the banking operations' credit risk from lending and the market risk in the unit-linked insurance operations. The unit-linked insurance operations also bring a certain level of life-assurance risk, while the non-life insurance risk deriving from the non-life insurance operations is moderate after applying reinsurance. Operational risk is inherent in all type of operations and specific group risks are also found in the Group's risk profile since Länsförsäkringar AB comprises a group that also includes both banking and insurance operations. Climate risk is a relatively new type of risk that has been added to the risk profile and the emergence of new types of risk, emerging risks, is continuously monitored.

The following factors characterise the Länsförsäkringar AB Group's current risk-taking:

- The operations are conducted in Sweden. Except for Agria, which has pet insurance business in Sweden, Norway, Denmark, Finland, the UK, France, Germany, Ireland and the Netherlands. 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.
- In the unit-linked insurance operations, the policyholders primarily bear the market risks, but since the performance of the insurance capital is governed by the company's earnings, the company is also exposed to market risk. If unit-linked insurance customers buy back or transfer their insurance policies to other companies, the long-term profitability of the unit-linked life assurance operations will be negatively affected. The risks inherent in the investment assets managed by the Group's companies for own account are kept at a low level.
- Loans in the banking operations primarily pertain to households and to a smaller extent to agriculture and businesses. Low loan-to-value ratios, combined with a well-diversified geographic spread and local presence, are the core pillars in ensuring that the loan portfolio maintains high credit quality. The regional insurance companies cover 80% of the provision requirement in the Länsförsäkringar Bank Group (excluding Wasa Kredit) on the date when an impairment is identified, by means of an off set against accrued distribution remuneration. For more information, refer to note 15, Credit losses.

- 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 and extensive reinsurance operations are conducted on behalf of the Länsförsäkringar Alliance.
- Operational risk in the day-to-day operations includes a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, external crime and internal fraud cannot be completely avoided and as digitisation increases greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and financing of terrorism, which are the areas actively worked on by the banking operations and the unit-linked insurance operations.
- Climate risk represents a financial risk in the form of potential impact on the insurance business, lending, and investments for the Länsförsäkringar AB Group. Länsförsäkringar AB works on climate risk based on both the impact of the operations on the climate and the climate's impact on the operations.

The risk profile for the Länsförsäkringar AB Group excluding Länsförsäkringar Liv, measured as a capital requirement in accordance with the Insurance Business Act and the Swedish Special Supervision of Financial Conglomerates Act are presented in figure 2. The capital requirement is calculated using a partial internal model.



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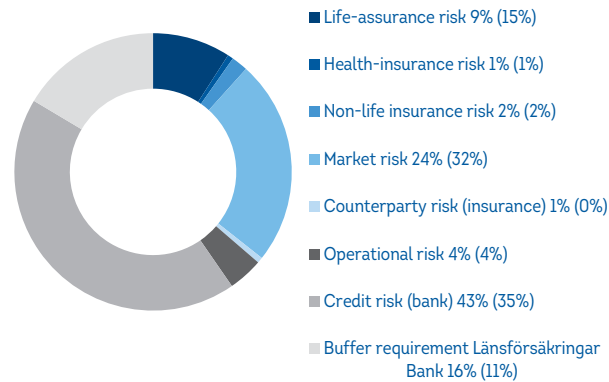
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**Figure 2. Regulatory capital requirements per risk type including diversification on 31 December 2022 (Figures in parentheses pertain to 2021.)**



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

The following section describes the Länsförsäkringar AB Group's total risks and how they are controlled and managed. Information is provided on the size of the exposure for specific risks. The disclosures in this note refer to the Länsförsäkringar AB Group. The Parent Company has a separate note on risk and risk management found under the Parent Company's financial statements.

### Insurance risk

Insurance risk (underwriting risk) refers to the risk of losses arising due to a negative deviation in technical provisions or the valuation of the insurance commitment. The Länsförsäkringar AB Group's insurance risk includes non-life insurance risk, life-assurance and health-insurance risks that arise in the Parent Company and insurance subsidiaries.

- Non-life insurance risk refers to the risk of losses arising due to claims costs being higher than expected.
- Life-assurance risk and health-insurance risk refer to the risk of losses in connection with the insurance of a specific person's life and health.
- 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.

### Risk exposure

The Länsförsäkringar AB Group is exposed to non-life insurance risk through the operations of the Parent Company and the subsidiary Agria. Premium risk is the largest risk in non-life insurance risk, followed by reserve risk and cancellation risk.

The exposure to life-assurance risks primarily derives from the operations in Länsförsäkringar Fondliv and to a lesser extent from group life assurance in Länsförsäkringar Gruppliv and annuities in Länsförsäkringar AB. Länsförsäkringar Fondliv's product range has two different management forms: fund management that entails that customers decide the investment orientation and risk level themselves; and guarantee management which is traditional management whereby the company is responsible for the investment orientation and a portion of the customer's savings are guaranteed. Unit-linked insurance operations comprise 97% 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.

The exposure to health-insurance risk derives from health care insurance and group health and group accident insurance in Länsförsäkringar AB, and from health and premium exemption as well as from accident and financial disability insurance in Länsförsäkringar Fondliv.

The Länsförsäkringar AB Group has low exposure to catastrophe risk for its own account. Länsförsäkringar AB manages common reinsurance cover for the Länsförsäkringar Alliance for which Länsförsäkringar AB assumes a certain level of risk for its own account for selected parts. Länsförsäkringar AB is also exposed to some catastrophe risk in internally assumed reinsurance.

### Risk concentrations

The Länsförsäkringar AB Group conducts diversified operations in non-life, unit-linked and health insurance as well as life assurance. The market for Länsförsäkringar AB's insurance subsidiaries is primarily Sweden, but Agria has also branches and conducts sales in Norway, Denmark, Finland, the UK, France, Germany, Ireland and the Netherlands.

Länsförsäkringar AB conducts well-diversified business, health care, accident and health insurance, some commercial insurance and international reinsurance. The business is divided into 26 reporting classes with few or minor elements of risk concentration. Länsförsäkringar AB's main risk concentration in insurance risk comprises assumed reinsurance from individual regional insurance companies. Länsförsäkringar AB assumes reinsurance from these individual companies in a number of pools and subsequently immediately retrocedes the risk back to the regional insurance companies. Examples of claims that are reinsured through pool arrangements are property damage, accidents and motor insurance.

The subsidiary Agria's business comprises insurance for pets (dogs, cats and other pets), horses, farm animals and crop insurance, with the two latter contributing to diversification since they have little covariation with other business.

Operations in the Länsförsäkringar Gruppliv subsidiary are concentrated to purely death benefit insurance that, with well-differentiated groups of policyholders, represents all of society.

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 risk are considered to be limited.

### Risk management and risk-reduction techniques

Reinsurance agreements with both internal reinsurers within the Länsförsäkringar Alliance and external reinsurers are used to cover the companies in the event of insurance claims. Länsförsäkringar AB manages the Länsförsäkringar Alliance's joint reinsurance cover and internal Alliance reinsurance with a number of pool solutions. The system ensures a stable solution at low cost by distributing risk within the Länsförsäkringar Alliance and procuring external cover for large claims. Reinsurance cover as regards retention and level of protection is adapted based on each company's reinsurance needs. The Länsförsäkringar Alliance has shared catastrophe reinsurance cover for accident and life assurance. Länsförsäkringar AB has reinsurance for risk and disaster claims. Since the introduction of free transfer rights on 1 July 2022, Länsförsäkringar Fondliv reinsures the future profit that would be lost in the event of extensive cancellations in unit-linked insurance and the company also reinsures morbidity and mortality 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. The efficiency of reinsurance cover is monitored by the Actuarial function and reported to the Board every year. 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.

### Risk sensitivity

Table 1 shows the sensitivity in the Länsförsäkringar AB Group's profit before tax and equity to a number of actuarial assumptions. Table 2 shows the Länsförsäkringar AB Group's estimated claims costs before reinsurance per claim year and table 3 shows the Länsförsäkringar AB Group's estimated claims costs after ceded reinsurance.



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**Table 1. Sensitivity analysis, insurance risk, SEK M**

	31 Dec 2022		31 Dec 2021	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
10% increased claims frequency or average claim in the Parent Company Länsförsäkringar AB	-188	-149	-177	-140
10% increased claims frequency or average claim in Agria	-380	-302	-354	-281
10% momentary external transfer from Länsförsäkringar Fondliv	-380	-380	-375	-375

**Table 2. Estimated claims costs before ceded reinsurance per claim year, SEK M**

	2016	2017	2018	2019	2020	2021	2022	Total
At end of claim year	3,829	4,107	4,810	5,137	6,490	6,564	6,245	
One year later	3,632	4,015	4,495	5,044	6,273	6,741		
Two years later	3,535	3,909	4,449	5,030	6,250			
Three years later	3,469	3,870	4,387	4,961				
Four years later	3,453	3,847	4,346					
Five years later	3,413	3,734						
Six years later	3,349							
Estimated claims costs	3,349							
Accumulated claims payments	3,014	3,412	3,983	4,531	5,389	5,577	4,380	
Provision for claims payments	335	322	363	431	861	1,165	1,865	5,342
Provision for claims payments, older year classes								3,853
Provision for claims payments for assumed reinsurance, gross								1,439
<b>Total provision for claims payments, gross</b>								<b>10,633</b>
Annuity reserve, gross								1,545
Claims adjustment reserve, gross								267
<b>Provision for claims outstanding, gross</b>								<b>12,446</b>

**Table 3. Estimated claims costs after ceded reinsurance per claim year, SEK M**

	2016	2017	2018	2019	2020	2021	2022	Total
At end of claim year	3,061	3,263	3,601	3,846	4,338	4,800	5,173	
One year later	2,843	3,206	3,479	3,767	4,214	4,626		
Two years later	2,849	3,185	3,444	3,737	4,251			
Three years later	2,822	3,169	3,429	3,704				
Four years later	2,811	3,159	3,401					
Five years later	2,793	3,144						
Six years later	2,801							
Estimated claims costs	2,801							
Accumulated claims payments	2,733	3,085	3,335	3,592	3,988	4,280	4,102	
Provision for claims payments	68	60	66	112	263	346	1,070	1,986
Provision for claims payments, older year classes								504
Provision for claims payments for assumed reinsurance, gross								866
<b>Total provision for claims payments after ceded reinsurance</b>								<b>3,356</b>
Annuity reserve								263
Claims adjustment reserve								267
<b>Provision for claims outstanding, after ceded reinsurance</b>								<b>3,886</b>





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For a more detailed description of premium and reserve risk, mortality risk, longevity risk, disability and morbidity risk, expenses risk, cancellation risk and catastrophe risk, refer to the annual reports of the subsidiaries.

### Market risks

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.

### Risk exposure

Market risk arises in the Länsförsäkringar AB Group due to investment decisions made concerning management of the insurance companies' and the Parent Company's investment assets. Market risk also arises in the Länsförsäkringar Bank Group's operations to a certain extent in the form of differences in fixed-interest periods between assets and liabilities, although such market risks comprise a small portion of the Länsförsäkringar AB Group's total market risks.

Market risks in the Länsförsäkringar AB Group's investment assets for own account are moderately high and primarily derive from the Parent Company's investments in mainly bonds, properties and equities funds. Market risk is also inherent in insurance liabilities by provisions being discounted by the market interest rate. However, in the following, only the market risk in the form of sensitivities that occur through direct exposures in the Länsförsäkringar AB Group's assets and liabilities is presented. The exposure is recognised in the Consolidated statement of financial position for the Länsförsäkringar AB Group above, with accompanying notes.

In addition to the market risks arising on direct exposure and insurance liabilities, the Länsförsäkringar AB Group is also exposed to market risks arising due to the earnings in the unit-linked insurance operations and in Länsförsäkringar Fondförvaltning's operations being sensitive to trends in fund values that are largely affected by the price trend of shares. These indirect market prices are not included in the recognised sensitivities.

### Risk concentrations

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

### Risk management and risk-reduction techniques

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 customers of the local regional insurance companies. 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. Investment assets that are not traded on a regulated market, that contain a significant element of model valuation or that show a lack of liquidity or transparency are kept at prudent levels. The main asset classes are interest-bearing securities, equities, alternative investments, property and a large portion of the holdings are owned indirectly via funds.

The main risk-reduction techniques applied to the management of directly owned assets are diversification and derivatives. 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 use of derivatives is described in more detail in the next section. 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.

Insurance contracts in Länsförsäkringar Fondliv's guarantee management form extend over long periods and provisions are thus

less 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.

The Länsförsäkringar Bank Group has established a limit for the highest permissible interest-rate risk, which is relatively low compared with the normal total interest-rate risk in the entire Group. Firstly, fixed-interest periods are matched and secondly interest-rate derivatives are used.

### Use of derivative instruments

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 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 selling 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 interest-rate duration and interest-rate sensitivity of the portfolio.

Management makes regular use of derivative instruments to reduce currency risk in the portfolio. Currency exposure (total and to individual currencies) is monitored on a daily basis.

### Hedge accounting

In the Länsförsäkringar AB Group, the Länsförsäkringar Bank Group applies hedge accounting. A description of the content of the Bank Group's hedge accounting is provided below. The Bank Group's hedge accounting is presented in tables 20 and 21 at the end of this note.

### Risks and hedging instruments

The risks hedged and for which hedge accounting is applied are:

- Interest-rate risk, excluding credit-spread risk
- Currency risk

The hedged items are hedged in their entirety for the above risk components.

The Bank Group's derivatives, which comprise interest and cross-currency interest rate swaps, have been acquired in their entirety to hedge the risks of interest and exchange-rate exposure arising during the course of operations. Interest-rate swaps are used to swap fixed interest in SEK to variable interest in SEK. Cross-currency interest rate swaps are used to swap foreign currencies to SEK and fixed foreign interest to variable interest in SEK.

### Fair value hedges of interest-rate risk

The Länsförsäkringar Bank Group applies the fair value hedge method to specific portfolios of funding, deposits and loans bearing fixed interest rates. The Bank Group also applies the fair value hedge method to assets in the liquidity portfolio that are recognised in the category of Fair value through other comprehensive income. The following terms have been identified as critical in a fair value hedge of interest-rate risk:

- Nominal amount
- Currency
- Maturity date
- Coupon rate of interest

If the terms correspond, an economic relationship is deemed to exist between the hedged item and the hedging instrument, meaning that the hedging instrument and the hedged item have values that normally develop in opposite directions as a result of changes in the benchmark rate risk. Effectiveness is assessed by comparing the change in value of the swap with the change in value of the hedged item. In order for the hedge to meet the requirements of hedge accounting, the ratio is to be in the interval of 80–125%.

For hedging relationships to which portfolio hedging is applied, each portfolio and the hedging instruments that hedge the portfolio are divided into time brackets. The volume in the hedged item (the portfolio) and the volume in the hedging instrument are compared in each time bracket.



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If the current volume of the hedged item is less than the volume of the hedging instrument, the difference is removed from the hedging relationship. If the current volume of the hedged item exceeds the volume of the hedging instrument, the surplus portion is not included in the hedging relationship and thus is not remeasured. Hedging relationships are reconciled monthly.

For hedging relationships whereby a one-to-one hedge is applied, the volume in the hedged item always corresponds to the volume in the hedging instrument. The hedge ratio (the ratio in a nominal amount between the hedged item and the hedging instrument) is 1:1 and corresponds to the actual risk management.

The derivative counterparties all have a high credit rating (normally AA) and, as long as this does not change, the credit risk is not deemed to dominate the change in the value of the hedging instrument.

### Cash flow hedging of currency risk

The Länsförsäkringar Bank Group applies cash flow hedges for hedging currency risk in the Bank Group's debt securities issued in foreign currency. The following terms have been identified as critical in a cash flow hedge of currency risk:

- Nominal amount
- Maturity date
- Benchmark interest rate
- Interest reset date
- The swap swaps the hedged item's currency flows to the Bank Group's functional currency.

In the event of corresponding terms and conditions, there is expected to be an economic relationship between the hedged item and the hedging instrument, which means that the ratio between the change in fair value for the hedged risk in the hedged item and the derivative is expected to be in the interval of 80–125%. The nominal amount of the hypothetical derivative and the hedging instrument are to be the same (a hedge ratio of 1:1). The hedge ratio corresponds to the actual risk management. The derivative counterparties all have a high credit rating (normally AA) and, as long as this does not change, the credit risk is not deemed to dominate the change in the value.

### Sources of ineffectiveness

The ineffectiveness arising in a hedging relationship is recognised in profit or loss. Sources of ineffectiveness in the Länsförsäkringar Bank Group's hedging relationships are described below.

- Fair value hedges of interest-rate risk The variable leg of the swap does not have a counterpart in the hedged item.

- Cash flow hedging of currency risk: Ineffectiveness arises if the terms of the hypothetical derivative deviate from the hedging instrument at the same time as the change in the value of the hedging instrument exceeds the change in the value of the hypothetical derivative.

### IBOR and Interest Rate Benchmark Reform

After the financial crisis, global supervisory authorities have focused on interbank offered rates (IBORs) and an international trend is that IBORs are being replaced by or supplemented with alternative risk-free rates (RFRs) to improve the function of the financial market. Currently, there is uncertainty about the timing and exact nature of these changes. The banking operations' primary exposure to IBORs currently comprises contracts that refer to Stibor and Euribor. There are also relationships with USD Libor and Nibor. The exposures to international IBORs refer to the banking operations' funding and liquidity reserve and associated derivative hedging contracts.

The Group is reviewing its systems and processes for managing a change of contracts with IBORs.

On 20 April 2020, administration of Stibor was transferred from the Swedish Bankers' Association's wholly owned subsidiary Financial Benchmark Sweden to Swedish Financial Benchmark Facility (SFBF). SFBF is a newly founded, wholly owned Swedish subsidiary of Global Rate Set Systems (GRSS), which actively administers and calculates reference rates according to the Benchmarks Regulation (BMR). SFBF has taken over the task of adjusting Stibor to the BMR. An application for approval was submitted to the FSA on 27 December 2021 Stibor may continue to be used until the FSA announces otherwise. There is currently no indication about when the FSA will make a decision on the application.

In January 2021, the Riksbank started a trial period under which a transaction-based alternative reference rate for the shortest maturity was published. The structure of the rate (Swestr), which was preceded by a consultation round, is similar to international examples of alternative reference rates. The trial period has now been concluded and Swestr can be used as a reference rate in financial contracts.

Regarding developments internationally, the Group has no significant exposure to any of the rates that will disappear in the near future and more long-term developments are being monitored. It currently appears that both Euribor and Nibor will continue to exist. USD Libor will continue to be published until 30 June 2023. Regarding the Länsförsäkringar AB Group's discounting of technical provisions, it is more likely that the extrapolation of the risk-free interest rate structure will change as according to EIOPA's proposal in the 2020 review of the regulations.

Table 4. Exposure to IBORs in hedge accounting, SEK M

	31 Dec 2022						31 Dec 2021	
	Nominal amount per IBOR						Total nominal amount	Total nominal amount
	Stibor	Euribor	CHF Libor	GBP Libor	USD Libor	Nibor		
<b>Cash flow hedge</b>								
<i>Currency risk</i>								
Cross-currency interest rate swaps	-	50,375	-	-	-	2,274	52,649	59,362
<b>Fair value hedge</b>								
<i>Interest-rate risk</i>								
Interest-rate swaps	374,001	54,689	-	-	78	3,332	432,100	440,865



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## Risk sensitivity

**Table 5. Sensitivity analysis, market risks, SEK M**

		Impact on profit before tax		Of which impact on other comprehensive income before tax		Impact on equity	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Interest-rate risk assets and liabilities, net <sup>1)3)</sup>	100 bps higher nominal market interest rates	-180	-88			-171	-79
Credit-spread risk <sup>2)3)</sup>	100 bps increased credit spread	-135	-148			-124	-129
Equities risk	10% lower share prices including hedge funds	-655	-667	-25	-19	-521	-545
Property risk	10% lower property prices	-223	-203			-183	-167
Currency risk <sup>3)</sup>	10% strengthening of SEK	-175	-154			-161	-144

<sup>1)</sup> Interest-rate risk refers to both cash-flow risk and price risk. Bond holdings are stressed including accrued interest. Revision of 31 December 2021 for Agria and Gruppliv's technical provisions that were previously included.

<sup>2)</sup> Credit-spread risk in the Länsförsäkringar AB Group's insurance companies and the Parent Company Länsförsäkringar AB. For credit risk exposure in the Länsförsäkringar Bank Group, refer to table 9.

<sup>3)</sup> Including indirect exposure via a look-through approach.

### Interest-rate risk

The interest-bearing asset portfolio includes interest-rate risk from covered bonds, government bonds, sustainability-focused bonds, fixed-income funds and derivative instruments. Interest-rate risk is also inherent in insurance liabilities by provisions being discounted. The interest-rate risk presented in table 5 does not include any assumptions regarding the effects of future changes in reference interest rates.

### Credit-spread risk

The Länsförsäkringar AB Group has exposure to credit-spread risk through its holdings in interest-bearing instruments such as Swedish mortgage bonds, sustainability-focused bonds of primarily investment grade quality, and public and private loan funds.

Tables 7 and 10 show that vast majority of the Group's interest-bearing holding have an AAA rating.

### Equities risk

Länsförsäkringar AB Group's primary equities exposure is to Swedish, European and US equities and to a minor extent Japanese equities. Länsförsäkringar Fondliv's exposure regarding directly owned assets derives from the guarantee management form and fund units in the trading book. Since about 79% of the unit-linked insurance capital is exposed to equities risk, Länsförsäkringar Fondliv is also exposed to equities risk in future earnings.

### Property risk

The Länsförsäkringar AB Group is exposed to property risk mainly through the Parent Company Länsförsäkringar AB's and Länsförsäkringar Fondliv's participations in Humlegården Fastigheter AB.

### Currency risk

The Länsförsäkringar AB Group faces currency exposure from insurance liabilities and investment assets as well as from the Länsförsäkringar Bank Group's funding in other currencies. Currency risk is managed using currency and cross-currency interest rate swaps.

### Option risk

Option risk refers to the risk of losses arising due to opportunities to change the level and timing of cash flows. Option risk is included as part of other market risks.

### Pension risk

Pension risk refers to the risk of losses arising due to fluctuations in the market value of defined-benefit pension plans.

**Table 6. Impact on earnings of a 10% increase in the SEK exchange rate, SEK M**

Currency	Impact on profit before tax	
	31 Dec 2022	31 Dec 2021
USD	-109	-106
EUR	-32	-18
DKK	-21	-14
CHF	-10	-7
JPY	-7	-6
GBP	-6	-12
CAD	-3	0
ZAR	2	2
NOK	2	1
CNY	2	2
Other currencies	6	5
<b>Total</b>	<b>-175</b>	<b>-154</b>

<sup>1)</sup> The table presents the earnings impact including indirect exposure via a look-through approach of funds.

### Credit risk in the Parent Company and insurance subsidiaries

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. The Parent Company and insurance subsidiaries are exposed to credit risk from ceded reinsurance, counterparties in financial derivatives, from bank balances, issuers of securities and holdings or loan funds.

### Risk exposure

The Parent Company's and insurance subsidiaries' exposure to credit risk primarily arises through holdings of bonds in the investment portfolios that, in the same way as for credit-spread risk, are mainly attributable to holdings in Swedish mortgage bonds, sustainability-focused bonds of primarily investment grade quality as well as public and private loan funds.

The insurance subsidiaries are also exposed to 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.

In addition, counterparty risk arises through the use of financial derivatives in the insurance subsidiaries' investment portfolios. Derivatives are purchased to enhance the efficiency of the portfolio management in the investment portfolio and to protect 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. Counterparty risk pertains to the



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risk of losses arising due to counterparties being unable to fulfil their undertakings and that part of the receivable can thus not be paid.

Länsförsäkringar AB's and the insurance subsidiaries' holdings of bonds and other interest-bearing securities and financial derivatives per credit quality step are presented in table 7.

**Table 7. Parent Company's and insurance subsidiaries' exposure by credit quality step, SEK M**

Bonds and other interest-bearing securities <sup>2)</sup>	31 Dec 2022	31 Dec 2022 <sup>1)</sup>
AAA - Swedish Government	-	13
Other states	278	285
AAA - other	4,037	6,750
AA	283	299
A	-	-
BBB	4	4
BB or lower	362	555
No rating available	1,849	1,359
<b>Total</b>	<b>6,813</b>	<b>9,264</b>

<sup>1)</sup> Disclosures as per 31 December 2021 have been adjusted to exclude interest-bearing securities issued by Group companies.

<sup>2)</sup> Market value including accrued interest for directly-owned holdings, and analysed fixed-income funds.

On 31 December 2022, the Parent Company and insurance subsidiaries had joint commitments of SEK 1,198 M in amounts outstanding to invest in investment assets and SEK 94 M in pledged bank funds, but otherwise had no pledged assets for bonds, derivatives, repurchase agreements or pledged securities.

### Risk management and 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 and bank balances. Credit risk is managed by limits for derivative exposures per counterparty, and by standardised collateral agreements signed with all counterparties regarding OTC derivatives. 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.

### Risk sensitivity

Table 8 presents the exposure of the Parent Company and insurance subsidiaries to credit risk from counterparties in financial derivatives and ceded reinsurance both excluding and including collateral received. Exposure to credit risk in other receivables is not deemed to be material since the past history of these receivables shows a low incidence of default receivables and no losses have been confirmed.

The method for calculating expected credit losses is described in note 1 Accounting policies.

**Table 8. Parent Company's and insurance subsidiaries' counterparty-related credit risks with respect to collateral received, SEK M<sup>1)</sup>**

	31 Dec 2022				31 Dec 2021 <sup>2)3)</sup>	
	Maximum credit risk exposure	Cash and cash equivalents	Securities	Other	Net exposure	Net exposure
<b>Financial derivatives and cash</b>						
AA	0	-	-	-	-	4
A	4,937	71	-	-	4,826	3,851
BB	0	-	-	-	0	0
<b>Total</b>	<b>4,937</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>4,826</b>	<b>3,855</b>
<b>Reinsurance</b>						
Regional insurance companies	7,956	-	-	-	7,956	8,609
AA	381	-	-	-	381	831
A	660	-	-	-	660	1,122
BBB or lower	81	-	-	-	81	139
<b>Total</b>	<b>9,078</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,078</b>	<b>10,701</b>

<sup>1)</sup> The table does not include exposure to mortgage funds in which the value of collateral received far exceeds exposure.

<sup>2)</sup> Disclosures as per 31 December 2021 have been adjusted for how netting and collateral are taken into account for calculating net exposure.

<sup>3)</sup> Disclosures as per 31 December 2021 have been adjusted for reinsurance.

### Credit risks in the Länsförsäkringar Bank Group

Credit risk is defined as the risk of losses arising due to a counterparty not being able to fulfil its commitments to the entities within the Länsförsäkringar Bank Group and the risk that the counterparty's pledged collateral will not cover the company's receivables, leading to a loss.

The lending operations of the Länsförsäkringar Bank Group are conducted only with borrowers in Sweden and mainly comprise mortgages, loans to agricultural customers, hire purchase and leasing operations. The vast majority of the Bank Group's loan portfolio comprises loans for residential properties in the form of single-family homes and tenant-owned apartments. Loans with loan-to-value ratios up to 75% of the market value at the time the mortgage is granted account for the largest percentage of retail mortgages. During the year, the Bank Group changed to offer first-lien mortgages up to 85% of the market value on the granting date. First-lien mortgages are deposited in Länsförsäkringar Hypotek. Low loan-to-value ratios, combined with a well-diversified geographic spread and local presence, are the core pillars in ensuring that the loan portfolio maintains high credit quality.

Various collateral is used to protect the Länsförsäkringar Bank Group's loan receivables, depending on the type of credit. The collateral largely comprises mortgages in residential properties as security for household lending. For companies, the collateral primarily comprises mortgages in agricultural properties, commercial properties, industrial properties, multi-family housing and floating charges. Collateral is taken on the item, mainly vehicles and machinery, that is financed. The Bank Group requires sureties for certain customers and types of credits. Collateral is valued on the lending date and regularly updated over the lifetime of the credit.

The banking operations carry out balanced and consistent lending, with advanced system support. The maximum lending levels for various types of loans and limits for the local regional insurance companies' lending are stipulated in the guidelines of the bank's Board of Directors. The credit regulations and credit process, combined with local customer and market knowledge, create a loan portfolio that maintains high credit quality.

The Länsförsäkringar Bank Group calculates all retail exposures in accordance with the advanced Internal Ratings-based Approach (IRB), which corresponds to predominant proportion of the Bank Group's loan portfolio. This means that a considerable portion of its credit risk exposure is calculated using a method that aims to identify and classify risk for each individual counterparty.



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The Länsförsäkringar Bank Group's credit risk exposure is shown in table 9.

**Table 9. Länsförsäkringar Bank Group's credit risk exposure, SEK M**

	31 Dec 2022	31 Dec 2021
<b>Credit risk exposure for items in the balance sheet</b>		
Cash and balances with central banks	4,947	14,361
Treasury bills and other eligible bills, etc.	10,857	15,526
Loans to credit institutions	1,253	1,480
of which collateral in repurchase	154	875
Loans to the public	384,660	362,520
of which collateral in properties and apartments	339,133	322,135
Bonds and other interest-bearing securities	49,969	50,425
Derivative instruments	8,138	4,106
Other assets	583	572
<b>Credit risk exposure for memorandum items</b>		
Guarantees	31	33
Credit commitments and other credit commitments	24,795	26,224
<b>Total</b>	<b>485,233</b>	<b>475,248</b>

**Table 10. Credit exposure in the Länsförsäkringar Bank Group by external risk classification, SEK M**

	Not credit-impaired (stage 1)	
	Gross carrying amount	
	31 Dec 2022	31 Dec 2021
<b>Treasury bills and other eligible bills</b>		
AAA-AA	10,857	14,625
<b>Total</b>	<b>10,857</b>	<b>14,625</b>
<b>Bonds and other interest-bearing securities</b>		
AAA-AA	49,969	50,025
<b>Total</b>	<b>49,969</b>	<b>50,025</b>
<b>Loans to credit institutions</b>		
AAA-AA	125	64
A	5,045	541
<b>Total</b>	<b>5,171</b>	<b>605</b>
<b>Derivatives</b>		
AAA-AA	2,163	642
A	5,976	3,464
Not risk classified <sup>1)</sup>	2,945	-
<b>Total</b>	<b>11,083</b>	<b>4,106</b>
<b>Grand total</b>	<b>77,080</b>	<b>69,360</b>

<sup>1)</sup> Exposure to central counterparties is recognised without any rating. The entire exposure to central counterparties comprised exposure to Nasdaq Clearing AB. Nasdaq Clearing AB does not have any rating but is a very strong counterparty due to the strict statutory regulations that apply to Nasdaq Clearing AB and other central counterparties. Nasdaq Clearing AB has been certified by the FSA as an EMIR counterparty and is subject to the supervision of the FSA.

**Table 11. Credit risk exposure in the Länsförsäkringar Bank Group by internal risk classification, SEK M**

31 Dec 2022	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount
<b>Loans to the public, SEK M</b>				
Internal rating 1-3	229,843	2	12	229,857
Internal rating 4-6	120,512	188	33	120,733
Internal rating 7-9	5,709	4,867	19	10,594
Internal rating 10-11	64	1,394	25	1,484
Defaulted	-	-	824	824
Not risk classified	20,321	796	51	21,168
<b>Total</b>	<b>376,450</b>	<b>7,247</b>	<b>963</b>	<b>384,660</b>
	<b>Credit risk exposure</b>	<b>Credit risk exposure</b>	<b>Credit risk exposure</b>	<b>Credit risk exposure</b>
Internal rating 1-3	9,570	1	0	9,571
Internal rating 4-6	8,447	24	1	8,472
Internal rating 7-9	989	228	6	1,223
Internal rating 10-11	14	85	4	103
Defaulted	-	-	16	16
Not risk classified	5,286	118	7	5,411
<b>Total</b>	<b>24,304</b>	<b>457</b>	<b>33</b>	<b>24,795</b>



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**Table 11. Credit risk exposure in the Länsförsäkringar Bank Group by internal risk classification, SEK M**  
31 Dec 2021

	Note credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
	Gross carrying amount	Gross carrying amount	Gross carrying amount	Gross carrying amount
<b>Loans to the public, SEK M</b>				
Internal rating 1-3	215,700	2	7	215,709
Internal rating 4-6	119,760	189	26	119,975
Internal rating 7-9	5,898	4,728	27	10,653
Internal rating 10-11	45	1,180	9	1,234
Defaulted	-	13	982	995
Not risk classified	13,254	662	39	13,955
<b>Total</b>	<b>354,657</b>	<b>6,773</b>	<b>1,090</b>	<b>362,520</b>
	Credit risk exposure	Credit risk exposure	Credit risk exposure	Credit risk exposure
<b>Loan commitments and other credit commitments</b>				
Internal rating 1-3	11,323	0	0	11,324
Internal rating 4-6	8,734	23	0	8,758
Internal rating 7-9	1,063	324	0	1,387
Internal rating 10-11	3	22	0	25
Defaulted	-	-	8	8
Not risk classified	4,621	99	3	4,722
<b>Total</b>	<b>25,745</b>	<b>469</b>	<b>11</b>	<b>26,224</b>

The Länsförsäkringar Bank Group's credit portfolio largely comprises mortgages to private individuals and in other respects primarily comprises other loans to private individuals and agricultural customers. Concentration risk primarily comprises the lending segment and geographic distribution. Most exposures are relatively small, with a well-diversified geographic spread, meaning that the Bank Group does not have any significant exposure to concentration risk.

**Figure 3. Länsförsäkringar Bank Group loans by segment**

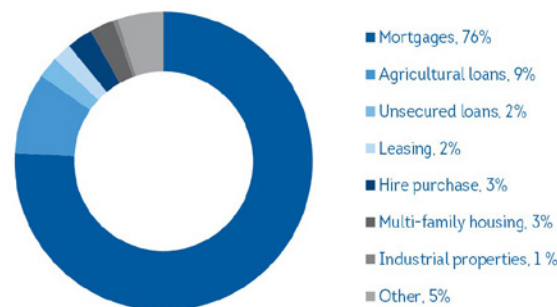
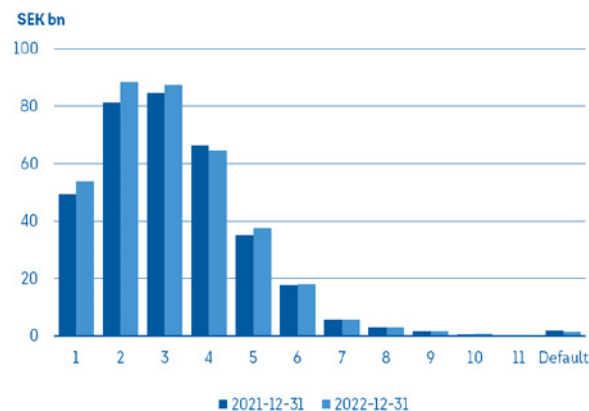


Figure 4 presents the Länsförsäkringar Bank Group's credit exposure according to risk class. The results shows a distribution of exposure, with 81% (81) found in the lowest grades 1-4.

**Figure 4. Credit exposure by risk class**



SEK 21,168 M (13,955) is included in loans to the public that is not graded under the IRB Approach, and which includes overnight loans of SEK 8,000 M with the Swedish National Debt Office, a time-limited exemption of SEK 4,303 M pertaining to exposure in Wasa Kredit and a collateral requirements of SEK 8,864 M with Nasdaq OMX.

The average loan commitment for each borrower is low and the relationship between the loan portfolio and the underlying assets expressed as the weighted average loan-to-value (LTV) ratio was 56% (58).

### Credit losses and non-performing loan receivables

Credit-impaired loan receivables (stage 3) by type of collateral are presented below. A non-performing loan receivable has a non-performing payment that is more than nine days past due and that is not classified as credit-impaired. Table 13 shows non-performing receivables by the number of days past due.

**Table 12. Länsförsäkringar Bank Group's credit-impaired loan receivables by collateral, SEK M**

	31 Dec 2022	31 Dec 2021
Residential properties, including tenant-apartments	156	194
Commercial immovable property	226	302
Other physical collateral	121	154
Guarantees	9	19
Unsecured loans	450	421
<b>Total credit-impaired loan receivables</b>	<b>963</b>	<b>1,090</b>

**Table 13. Länsförsäkringar Bank Group's non-performing loan receivables that are not credit-impaired, SEK M**

	31 Dec 2022	31 Dec 2021
Receivables overdue by 1-30 days	28	11
Receivables overdue by 31-60 days	239	82
Receivables overdue by 61-90 days	97	29
Receivables > 90 days past due	32	63
<b>Total</b>	<b>397</b>	<b>185</b>

A condition for full payment of the regional insurance companies' distribution remuneration by the Länsförsäkringar Bank Group is that the loans generated by each company for the Bank Group (excluding Wasa Kredit) are of high quality. If this is not the case, up to 80% of any credit losses is offset against the accrued commission. This model for settlement of credit losses is kept separate and is taken into consideration by Länsförsäkringar Bank when the provisions are established.



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The contractual amounts outstanding for financial assets that were written off during the year and that are still encompassed by compliance measures amount to SEK 240.6 M (398.6) as per 31 December 2022.

### Sensitivity in calculation of loss allowances

The assessment of what constitutes a significant increase in credit risk is an important factor in calculating the loss allowance. The Länsförsäkringar Bank Group's assessment is based on the PD change compared with the initial reporting date. The criteria includes a relative threshold of 200% combined with an absolute threshold of 100 basis points and an independent absolute threshold of 500 basis points. In addition, a credit risk is deemed to have increased significantly for assets that are more than 30 days past due. If the relative threshold had been set at 150% instead, the loss allowance would have increased by 0.9%. If the relative threshold had been set at 250% instead, the loss allowance would have declined by 0.9%. The sensitivity analysis includes loss allowance for loans to the public, commitments and guarantees, although the liquidity portfolio and loans to credit institutions are not included since loss allowances for these portfolios are deemed to fall below the materiality threshold for this purpose.

Expected credit losses are to be estimated in a manner that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The estimate is to include information about past events, current conditions and forecasts of future economic conditions. The forward-looking information used to estimate expected credit losses is based on the Länsförsäkringar Bank Group's internal macroeconomic forecasts. These macroeconomic forecasts take into account both internal and external information and correspond to the forward-looking information used for other purposes, such as forecasts and financial planning. Three different macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a

more positive scenario and a more negative scenario that are both weighted at 20%. A deterioration in the forecast macro variables in each scenario or an increase in the probability of a negative scenario would generally entail an increase in the estimated loss allowance. An improvement in the forecast macro variables or an increase in the probability of a positive scenario would instead have the opposite effect on the estimated loss allowance. Table 14 shows the loss allowances that would have been recognised on 31 December 2022 if a positive or a negative macroeconomic scenario assigned a probability of 100% had been used. The sensitivity analysis includes loss allowance for loans to the public, commitments and guarantees.

**Table 14. Sensitivity analysis of loss allowance in a 100% weighted positive and negative scenario**

Recognised probability-weighted loss allowance, SEK M	Scenario	Loss allowance according to sensitivity analysis, SEK M	Change compared with probability-weighted loss allowance, %
582	Positive scenario	566	-3%
	Negative scenario	601	3%

### Counterparty risk

Counterparty risk in derivative transactions and repurchase agreements is managed by the company having a number of swap counterparties, all with high ratings and with whom collateral agreements have been signed. Each counterparty is also assigned a maximum exposure amount. Table 15 shows the Länsförsäkringar Bank Group's counterparty risk with respect to collateral received.

**Table 15. Credit risk exposure for derivatives regarding collateral received and other forms of credit enhancement, SEK M**

	31 Dec 2022				31 Dec 2021	
	Maximum credit risk exposure	Cash and cash equivalents	Securities	Other	Net exposure	Net exposure
AAA-AA	2,163	2,170	-	-	18	57
A	5,976	5,186	-	-	8	192
Not risk classified	2,945	-	-	-	0	0
<b>Total</b>	<b>11,083</b>	<b>7,356</b>	<b>-</b>	<b>-</b>	<b>27</b>	<b>249</b>

The Länsförsäkringar Bank Group's derivatives, which comprise interest and cross-currency interest rate swaps, have been acquired in their entirety to hedge the risks of interest and exchange-rate exposure arising during the course of operations. Interest-rate swaps are used to swap fixed interest in SEK to variable interest in SEK. Cross-currency interest rate swaps are used to swap foreign currencies to SEK and fixed foreign interest to variable interest in SEK.

### Liquidity risk including financing risk

Liquidity risk is defined as the risk that payment commitments cannot be fulfilled due to insufficient cash funds.

#### Risk exposure

For the Länsförsäkringar AB Group's companies, the lack of liquidity could lead to the companies not being able to fulfil their commitments to customers and stakeholders or that these commitments can only be fulfilled by raising funding at significantly higher costs than usual or by divesting assets below their market value. Funding opportunities for the Länsförsäkringar AB Group's insurance companies are restricted by Chapter 4, Item 6 of the Swedish Insurance Business Act. The Länsförsäkringar Bank Group's cash flow is characterised by small flows where the customers are primarily retail customers together with well-known, larger flows in the financing activities. The Bank Group's management of liquidity risk is based on highly diversified funding regarding investor base, instruments, currencies and maturities, and a satisfactory liquidity reserve comprising securities with very high liquidity and credit quality, and deposits with the Riksbank and the Swedish National Debt Office. 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. The liquidity risk in the insurance subsidiaries is closely related to the investment assets in the companies' investment portfolios, including liquidity requirements for signed derivative agreements.

### Risk management and risk-reduction techniques

Management of liquidity risk is based on management taking place in each subsidiary and in the Parent Company, 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. 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. In practice, liquidity risk is primarily an issue for the Länsförsäkringar Bank Group. Länsförsäkringar AB'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. The Parent Company's liquidity is mainly affected by dividends and Group contributions from subsidiaries, any requirements for contributions to be made to subsidiaries and dividends to owners. To meet liquidity requirements, the Parent Company maintains cash and cash equivalents, which at year-end amounted to SEK 2,661 M (2,043).

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



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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 Länsförsäkringar Bank Group conducts active liquidity risk management to ensure that the Group's commitments can be fulfilled both under normal and under stressed market conditions. The aim is to attain a favourable spread of financing sources. Liquidity is continuously planned and a satisfactory liquidity reserve ensures that sufficient liquidity is always available. The liquidity reserve is invested in securities with very high credit quality, the vast majority of which are eligible for transactions with the Riksbank and, where appropriate, with the ECB or the Federal Reserve. All in all, this means that the reserve

can be quickly converted to cash and cash equivalents. On 31 December 2022, the liquidity reserve amounted to SEK 71.0 billion (85.6) and 47% (38) of the reserve comprised Swedish covered bonds.

The Länsförsäkringar Bank Group's funding takes place in a manner that creates a sound maturity profile and avoids maturity concentrations. The refinancing activities are based on broad diversification in terms of a variety of investors and markets. Diversification is achieved, for example, through proactive work on creating long-term investor relations. Funding takes place primarily with covered bonds, primarily in SEK, EUR, CHF and NOK, since the majority of the Bank Group's assets comprise Swedish mortgages. The Bank Group endeavours to regularly launch issuances in these markets to create long-term confidence in the international capital markets.

**Table 16. Maturity analysis for financial assets and liabilities and insurance undertakings, SEK M**

The table shows the actual cash flows that will occur in each period, based on the remaining contractual maturities. The amounts presented in maturities are undiscounted cash flows.

	2022						2021					
	On demand	>3 months	3 months -1 year	1-5 years	>5 years	Total	On demand	>3 months	3 months -1 year	1-5 years	>5 years	Total
<b>Assets</b>												
Loans to the public	-	21,293	11,212	40,751	310,848	384,104	-	15,034	11,605	40,876	294,477	361,992
Bonds and other interest-bearing securities <sup>1)</sup>	-	2,817	9,409	44,803	487	57,516	-	1,281	11,492	42,714	1,629	57,115
Treasury bills and other eligible bills	-	4,886	1,684	3,939	624	11,132	-	7,281	2,863	4,443	624	15,211
Other assets	-	1,248	-	-	-	1,248	-	1,523	-	-	-	1,523
Reinsurers' portion of technical provisions	-	397	1,018	3,169	4,523	9,106	-	506	1,211	3,504	5,481	10,701
Cash and balances with central banks	4,947	-	-	-	-	4,947	14,363	-	-	-	-	14,363
<b>Liabilities</b>												
Subordinated liabilities	-	-	-	1,500	-	1,500	-	-	-	-	-	0
Technical provision <sup>2)</sup>	-	2,254	4,565	5,429	7,413	19,662	-	2,202	4,445	5,675	8,309	20,631
Debt securities in issue	-	2,231	50,129	181,869	34,940	269,169	-	3,176	41,673	181,399	36,938	263,187
Deposits from the public	135,329	5,185	10,935	1,893	-	153,341	141,254	3,791	626	593	-	146,265
Lease liabilities	-	72	210	739	199	1,219	-	66	195	723	311	1,295
Due to credit institutions	-	8,170	-	-	-	8,170	-	7,092	-	-	-	7,092
Other liabilities	-	1,677	709	-	-	2,386	-	1,459	765	-	-	2,225
<b>Total cash flows, net</b>	<b>-130,382</b>	<b>11,051</b>	<b>-43,225</b>	<b>-98,768</b>	<b>273,929</b>	<b>12,607</b>	<b>-126,891</b>	<b>7,837</b>	<b>-20,533</b>	<b>-96,854</b>	<b>256,653</b>	<b>20,210</b>
Loans approved but not disbursed	-	24,795	-	-	-	24,795	-	26,224	-	-	-	26,224
Derivatives, in and outflows, net	-	-481	2,409	5,878	1,176	8,982	-	14	1,589	3,681	342	5,626
<b>Total cash flows for financial assets and liabilities and insurance undertakings</b>	<b>-130,382</b>	<b>35,365</b>	<b>-40,816</b>	<b>-92,890</b>	<b>275,105</b>	<b>46,383</b>	<b>-126,891</b>	<b>34,075</b>	<b>-18,944</b>	<b>-93,173</b>	<b>256,995</b>	<b>52,060</b>

<sup>1)</sup> Bonds and other interest-bearing securities in the statement of financial position include fixed-income funds. These have no contractual maturities and have been excluded from the table.

<sup>2)</sup> Technical provisions are recognised gross, before ceded reinsurance.

### Operational risk

Operational risk refers to the risk of losses arising due to inadequate or failed internal processes, human error, erroneous systems, or external events and includes legal and compliance risk.

### Risk exposure

Operational risk comprises a central part of the Länsförsäkringar AB Group's risk profile. The day-to-day operations include a variety of process risks and the subsidiaries' products and services may be associated with different types of product risks. Security risks, for example, crime and improprieties cannot be completely avoided and as digitisation increases and the business environment become more

uncertain greater focus has been directed to cyber risks and IT risks. Compliance risks are continuously in focus, particularly risks associated with money laundering and financing of terrorism, mainly in the banking operations but also in the insurance operations, which requires active management.

### Risk management and risk-reduction techniques

Work on operational risk is based on Group-wide methods that encompass significant processes and key controls as well as reported incidents, the operations' self-assessment of operational risk and risk indicators. All employees are responsible for helping to maintain a healthy risk culture and 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 reduced by





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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. Significant processes and risks have been analysed and documented. Controls of process risks are performed every quarter and reported to each company Board. Operational risks that could impact the mission or the ability of the operations to deliver according to plan are analysed every year. Operational risks are identified, the potential consequences evaluated and probability of the risk occurring assessed. Action plans are prepared for significant risks that the operations deem requires handling, and the operations work actively to reduce the risk level over time. Action plans are followed up every quarter at management level.

The Länsförsäkringar AB Group has a shared framework for identifying, measure and documenting risks in the decision-making process for decisions that could be expected to have a material impact on profitability, risk profile, organisation or brand. The purpose is to ensure efficient decision-making through proactive and appropriate management of the risks so as to thereby achieve established targets with a higher degree of certainty, to ensure compliance with applicable laws and regulations and to create customer value.

The Länsförsäkringar AB Group's continuity management involves ensuring the organisation's ability to manage critical operations at an acceptable level, regardless of what disruptions occur, with the aim of protecting customers, confidence in the company and the brand. Preparing business continuity plans and procedures creates contingency preparation and the capability to maintain business continuity before, during and after a disruption or a crisis has occurred. The overall goal for security work is to protect the organisation's assets with protection value from all types of threats – internal or external, intentional or unintentional. Security activities follow applicable legal requirements and 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 Länsförsäkringar AB 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 companies' guidelines address issues including the procurement skills of the companies, suitability assessment, impact analysis and realisation plans.

### Risk sensitivity

The Länsförsäkringar AB Group regularly conducts exercises and tests to ensure that every company is highly capable of managing crisis situations. Exercises and testing comprise both manual response procedures and automated IT support. Crisis management team exercises, desktop testing and both large and small technological testing of application infrastructure and administration objects are carried out annually according to established plans. Both desktop and technological testing of applications and administration objects and crisis management exercises were conducted during the year according to plan. The result of the tests and exercises showed that the companies generally have a sound ability and business contingency to manage crises that arise.

### Climate risk

Climate risk refers to the risks that the consequences of climate change may have on the company's business activities. Climate risks can materialise either through physical risks, such as more cases of extreme weather and gradually rising sea levels, or through transition risks, such as regulatory, political and market changes related to the transition to a low-carbon society.

### Risk exposure

Climate risk represents a direct financial risk in the form of potential impact on the insurance business, lending and investments for the Länsförsäkringar AB Group. These areas are likely to be affected simultaneously, which makes the risk both complex and significant. Climate-related risks and opportunities and the direct and indirect climate impact of the operations are identified annually in the business and prioritised by the Sustainability Committee. Table 17 presents a selection of risks identified by the company and the Sustainability Committee.

**Table 17. Selection of identified climate risks**

#### Transition risks

*Transition risks for Länsförsäkringar AB arise when the transition leads to abrupt and unexpected events that have not been considered in, for example, the company's models and business plans. Risks are deemed probable in the short term (1-5 years) to medium term (5-20 years).*

Stricter requirements for compensation for GHG emissions risk generating higher costs for Länsförsäkringar AB.

Agriculture and forestry are particularly at risk of being impacted by regulatory transition risks that could result in major transition costs but also affect the attractiveness of investing in these sectors.

The risk of major transition risks in certain sectors, which lead to assets in these sectors losing value or risk becoming stranded assets. Examples of sectors that could be affected are extracting fossil energy, transportation, textiles and industry.

Risk that investments do not follow the emission reductions compatible with the targets of the Paris Agreement. This has an effect on Länsförsäkringar AB's portfolios in terms of both a decline in value and our commitments under the Paris Agreement.

Risk that experience and expertise are insufficient to be able to insure, finance and invest in new technologies related to the climate transition.

Risk that Länsförsäkringar AB's focus on exclusion in its investment strategy is too intense, meaning that investment opportunities are missed in companies who are transitioning to more climate-smart operations.

The reason for exclusion may differ between products, which may be difficult to communicate and reputation risk may arise in cases in which exclusions for different products are compared.



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Strategic risk for the industry and for Länsförsäkringar AB of the risk of greenwashing being given more scope such that it obstructs the transition. Intense pressure from stakeholders could drive the transition towards a limited investment range, resulting in major concentration risk.

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Risk that we do not change our operations in line with the climate transition. This could lead to us lagging behind, for example, with our business models, and product and service development, and thus apply incorrect pricing or experience lower demand.

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### Physical risks

*The physical risks for Länsförsäkringar AB comprise climate-related changes and extreme weather events whose frequency and magnitude are not taken into account in models and pricing, for example. Risks are deemed probable in the medium term (5–20 years) to long term (+20 years).*

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Risk of higher claims costs for insured assets. This impacts Länsförsäkringar AB's own insurance products and via the Länsförsäkringar Alliance's internal reinsurance solution.

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Risk of higher reinsurance costs in the reinsurance market.

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Climate change risks leading to a decline in the value of collateral and the solvency of property owners and agricultural customers, which is a risk for the banking operations.

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Agriculture and forestry are particularly at risk of being impacted by climate change. This impact could come both from extreme weather events and from chronic changes in temperature and access to water as well as the risk of new diseases.

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For the individual, climate change and adapting to it risk leading to potential limitations in housing and work, which affects general solvency.

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Risk that Länsförsäkringar AB's investments are impacted by secondary effects via price increases for raw materials or components in the production or supply chain.

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Risk that a lack of general knowledge about the effects of climate change on society makes analysis of future scenarios more difficult. Such a lack of knowledge could mean that we are forced to use past data even if it is not representative.

---

The effects of the climate risks described above will affect Länsförsäkringar AB's operations over time. Climate risk is a systematic risk that as a result of its impact on society is impossible to completely eliminate. Strategies and business models will need to be gradually adapted to manage the effects of climate risks in each business area, and also to leverage any opportunities.

### Risk management and risk-reduction techniques

Länsförsäkringar AB has a climate-smart vision that entails that the company is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. The Länsförsäkringar AB Group's goal is to be climate-positive by 2045. A goal under this target is for investment portfolios and own managed funds to have an emissions level in line with the target of the Paris Agreement by 2030, meaning limiting global warming to 1.5°C.

Climate risk is included in Länsförsäkringar AB's risk-management system and is reported and followed up in the same way as other risks. The Risk Management function reports on climate risk to the Board at least once a year. The risk appetite for climate risk is moderate, which means that climate risks are limited through proactive efforts to reduce exposure both to transition risks and to physical climate risks. Exposure is reduced mainly through proactive measures, changes to investments, engagement with investments and creating the conditions for customers to change, for example, through product development.

The Risk Management function coordinates the operations' monitoring of climate risk via a climate risk team with representatives from all business units. The objective of the team is to compile at an overall level identified climate risks that each business unit is exposed to and analyse how they interrelate so as to provide a collective assessment of the Länsförsäkringar AB Group's climate risk exposure.

Länsförsäkringar AB works on identifying and reducing climate risk in its investments by applying a systematic process for allocation and investment analyses, selection of investments or asset managers, and engagement.

Länsförsäkringar Bank's loans are based on standardised, centrally established credit regulations and most credit decisions are made locally based on the local customer and market knowledge of advisors. The credit regulations impose strict requirements on customers' repayment capacity and the quality of collateral.

To reduce the risk of higher claims costs for weather-related insurance claims, risk management in the non-life insurance operations focuses on predicting and preventing such claims. In addition to proactive measures carried out jointly with the Länsförsäkringar Alliance, the Alliance's reinsurance programme is also regularly updated to ensure it is always suitable in relation to approved strategies and developments in the insurance and reinsurance markets. An appropriately structured reinsurance programme not only helps to manage climate risk in Länsförsäkringar AB's share of the reinsurance pool but also to manage climate risk for the entire Alliance.

### Risk sensitivity

Länsförsäkringar AB works continuously on developing metrics to follow up climate risk to achieve as comprehensive an overview of potential effects as possible. For example, an annual climate scenario analysis is carried out under the framework of the Own Risk and Solvency Assessment (ORSA). The purpose of this analysis is to illustrate how various potential development scenarios for climate change could impact the operations over time.

Three difference climate scenarios have been used from the NGFS (Network for Greening the Financial System) and the Bank of England in the 2022 analysis. The scenarios from the NGFS and the Bank of England are broad in nature, encompassing physical climate risks and



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transition risks in the form both of financial and of natural catastrophe-related parameters. By using these scenarios we are taking a step towards our vision of a coherent analysis of the impact of the climate on the operations of the entire Länsförsäkringar AB Group. The three climate scenarios are:

### Early Action

The transition to a net-zero economy starts in 2021 and ends by around 2050. Carbon taxes and other policies intensify relatively gradually over the scenario horizon. Some sectors are more adversely affected by the transition than others, but the overall macroeconomic impact is muted, particularly in the latter half of the scenario once a significant portion of the required transition has occurred. The transition leads to global warming being limited to 1.8°C.

### Late Action

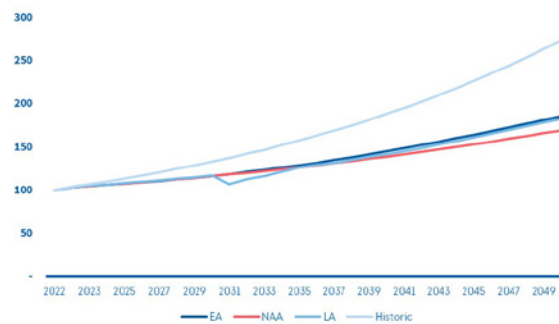
The implementation of policy to drive the transition is delayed until 2031 and is then more sudden and disorderly. A substantial, unforeseen increase in the price of carbon dioxide reduces economies' supply capacity and results in material short-term macroeconomic disruption. This is particularly concentrated in carbon-intensive sectors, which certain assets becoming stranded (worthless). The decline lasts for five years until the economy can recover. The transition has effects and like Early Action global warming is limited to 1.8°C.

### No Additional Action

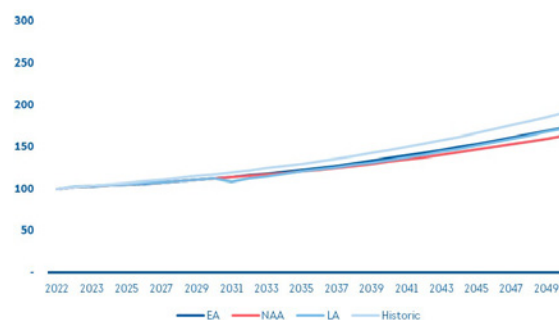
As the name implies, no new climate policies are introduced beyond those already implemented. Growing greenhouse gas emissions result in global warming of 3.3°C by the end of the scenario and to 4.1°C at the end of the century. Global warming leads to chronic changes in precipitation, ecosystems and sea levels. There is also a rise in the frequency and severity of extreme weather events such as heatwaves, droughts, wildfires, tropical cyclones and flooding. There are permanent impacts on living and working conditions, buildings and infrastructure.

Two clear outcomes can be seen in the analysis. Firstly, the investment profile plays an important role. Secondly, the largest difference over time is not between the different scenarios but between the climate scenarios and the historical scenario. The figure below shows the value growth trend for the two different investment portfolios, the upper with a high share of equities and the lower with a low share of equities.

**Figure 5. Value growth trend in investment portfolio with high share of equities**



**Figure 6. Value growth trend in investment portfolio with low share of equities**



Based on the NGFS's and the Bank of England's climate scenarios and with a historical scenario for comparison, the conclusion is that the ability to generate returns on investments will be lower in the future than it has been in the past – even though we have succeeded in making the transition and limiting global warming to 1.8°C – and also that the investment portfolio plays an important role since different classes of assets are affected to varying extents by the physical effects of climate change and the transition.

It is important to be aware of the major uncertainties in models, assumptions and results for this type of analysis. It is impossible for the climate scenarios available today to contain all information about the transition and physical effects that affect risk and return. Uncertainty also increases markedly when analyses cover longer time horizons.

### Scenario analysis for lending

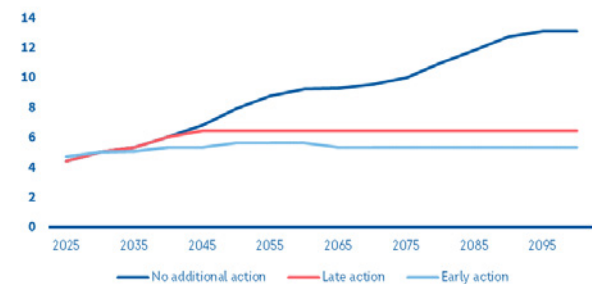
The effects on the mortgage portfolio of a No Additional Action scenario have been analysed for Länsförsäkringar Bank. Länsförsäkringar Bank has performed scenario analyses based on the TCFD's recommendations since 2018. The bank's scenario analysis for 2022 is based on the Swedish Meteorological and Hydrological Institute's and the Swedish Civil Contingencies Agency's scenarios for climate change, flooding and rising sea levels, based on the UN Intergovernmental Panel on Climate Change's long-term scenarios for 2100, and were prepared in cooperation with the Länsförsäkringar Alliance's natural-catastrophe specialists. The analyses study how future rising sea levels may impact the market value of properties and thus the value of the bank's collateral. Furthermore, assumptions have been made regarding how climate change and flooding impact running and maintenance costs and thus the value of the properties, together with higher costs of living and households' repayment capacity.

### Analysis of claims costs from natural catastrophes

For Länsförsäkringar AB's non-life insurance business, the analysis was supplemented with an analysis of how climate change can impact the trend in claims costs for flooding. Higher claims costs for this type of event affect Länsförsäkringar AB through the shared reinsurance pool for catastrophe risk that the Länsförsäkringar Alliance has, in which Länsförsäkringar AB has a share. This pool handles claims within the Alliance that exceed the retention of the local company.

To understand how climate change can impact claims costs, the trend in a 40-year average claim (a claim that occurs once every 40 years) for an average company in the Länsförsäkringar Alliance has been prepared based on the NGFS's scenario data corresponding to the three scenarios from the Bank of England.

**Figure 7. Climate-adjusted claims cost for flooding, 40-year average claim (%)**



Claims costs for up until 2035 are primarily based on existing GHG emissions and therefore are the same size in the three scenarios. Claims costs for Early Action and Late Action plateau after 2045. For No Additional Action, emissions and thus claims costs increase over the entire analysis horizon. It should be noted that the graph shows a 40-year average claim. The average claims cost doubles during the same period.

### Climate risk stress metrics

Based on the carbon footprint of Länsförsäkringar AB's investment portfolios, estimates are made of the potential cost for Länsförsäkringar AB to purchase emissions rights corresponding to size of the carbon footprint. The price of carbon emissions, meaning the price of emissions rights per ton CO<sub>2e</sub>, is expected to increase



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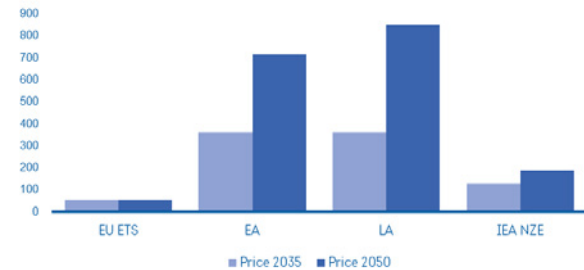
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markedly in the future in order to complete the transition and to limit climate change. In the figure below, the cost for paying the carbon footprint from the Group's total investment assets has been calculated using both the current price of emission rights (EU ETS) and the Bank of England's assumptions regarding the price trend in the Early Action and Late Action scenarios (described above) and the International Energy Agency's (IEA) assumption regarding the price trend in a Net Zero Emissions by 2050 scenario.

**Figure 8. Potential cost to compensate for the Länsförsäkringar AB Group's investment portfolio for various assumptions about the price of carbon emissions 2035 and 2050, Mkr**



### Other material risks

In addition to the risks described above, the Länsförsäkringar AB Group is also exposed to business risks, emerging 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.
- Group risk refers to the risks associated with the complexity of conducting both banking operations as well as life-assurance and non-life insurance operations in the same group.
- Concentration risk refers to the risk of a single exposure, homogeneous group of exposures or a specific market event resulting in widespread losses even if the operations were to be well-diversified. Concentration risk may derive from concentrations of both assets and liabilities as well as sources of income and suppliers, including suppliers of outsourced services.

### Risk exposure

The Länsförsäkringar AB 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.

New and emerging risks can arise over time due to changes 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, but could also be a risk that has previously been deemed to be immaterial that has become material. Examples could be the emergence of new economies, technological advances and social-political changes, etc.

Given that the Länsförsäkringar AB Group conducts well-diversified operations in non-life insurance, traditional life assurance, unit-linked insurance, and banking operations with a geographic spread

throughout Sweden, concentration risk, except for investment assets, is deemed to be low.

### Risk management and 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 can also be 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 Länsförsäkringar AB Group's annual Own Risk and Solvency Assessment (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.

Emerging risks are identified and managed as part of the continuous risk-management activities, in the Länsförsäkringar AB Group's annual Own Risk and Solvency Assessment (ORSA) and in the internal capital and liquidity adequacy assessment process (ICAAP and ILAAP). The materiality of the risk determines whether action is to be taken and the nature of the risk governs the appropriate course of action.

### CAPITAL MANAGEMENT

It is of central importance that the Länsförsäkringar AB Group and its separate licensable legal entities have a sufficient amount of capital in relation to the level of the Group's risks, regulatory capital requirements and stakeholder expectations.

### Targets and guidelines

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 and are described in Länsförsäkringar Liv AB's annual report.

Quantitative capital targets are set at both Group level and for each subsidiary Group and legal entity. These capital targets are decided every year by each board and, for subsidiary groups or subsidiaries directly under Länsförsäkringar AB, the Board of Länsförsäkringar AB. For the Länsförsäkringar AB Group and its insurance companies, these capital targets are expressed in the form of a specific level for the solvency ratio but with a tolerance down to the lowest permissible level for capitalisation. This limit clearly exceeds the regulatory requirement. The solvency ratio refers to own funds divided by the solvency capital requirement, as defined in the Insurance Business Act. At the Länsförsäkringar AB Group level, the capital target is set based on the contributions to own funds and capital requirements made by the operations in Länsförsäkringar Bank and its subsidiaries. Capital targets are also set for the Länsförsäkringar Bank Group, which comprises its consolidated situation and is encompassed by the group rules for banking operations. Länsförsäkringar AB must also fulfil the solvency rules for companies in its capacity as an insurance company. These rules are calculated in accordance with the Insurance Business Act. The Länsförsäkringar AB Group applies Guidelines for Financial and Capital Management and Control that apply to all the Group's companies.

### Process

The Group's capital planning is conducted annually and is integrated into the business planning as far as possible. 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, the Parent Company Länsförsäkringar AB and at Group level. The analysis is based on the



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business plan activities and its base scenario, but also includes a demanding but realistic negative scenario and stress tests. The capital position 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 position 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 as well as for capital positions in relation to regulatory requirements at Group and subsidiary level, and for the Parent Company Länsförsäkringar AB. Capital is allocated internally within the Group based on plans for the business activities and forecasts for risk-based capital 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 and Länsförsäkringar AB, the plans are regularly monitored throughout the year in quarterly reports. The plans are continuously updated during the fiscal year as required.

### Capital position under group solvency rules

The Länsförsäkringar AB Group and its units are subject to regulatory requirements for the minimum permitted amount of capital in accordance with rules for banks, rules for insurance companies and rules for financial conglomerates. The capital position under the bank group rules are described in Länsförsäkringar Bank's Annual Report.

### Capital position under rules on financial conglomerates and rules on groups in insurance sector

Own funds and capital requirements are calculated for both financial conglomerates and for groups in the insurance sector by using the rules of each sector, the insurance and banking sectors.

**Table 19. Capital adequacy, Länsförsäkringar Bank consolidated situation on 31 December 2022, SEK M**

	31 Dec 2022	31 Dec 2021
Common Equity Tier 1 capital	18,469	17,730
Tier 1 capital	20,669	19,930
Own funds (total capital)	22,164	22,520
Risk Exposure Amount	119,910	116,201
Common Equity Tier 1 capital ratio, %	15	15
Tier 1 ratio, %	17	17
Capital adequacy ratio, %	19	19
Own funds requirements (Pillar I)	9,593	9,296
Pillar II Requirements (P2R)	2,518	0
Combined buffer requirement	4,197	2,905
Pillar II Guidance (P2G)	0	0
Overall adequate level of own funds	16,308	12,201
Leverage ratio, %	4	4
Pillar II Requirements and Pillar II Guidance regarding leverage ratio requirement	0.15	0

The Common Equity Tier 1 capital ratio for Länsförsäkringar Bank's consolidated situation was 15.4% (15.3). The FSA decided on 30 September 2022 on a special own funds requirement (Pillar II Requirements, P2R) of 2.1% (0.0) and a Pillar II Guidance (P2G) of 0.0% (0.0) for Länsförsäkringar Bank's consolidated situation. Together, this means a total own funds requirement and Pillar II Guidance of 13.6% (10.5) on 31 December 2022. The total capital ratio amounted to 18.5% (19.4) on 31 December 2022.

In calculating capital requirements, an aggregate capital requirement is calculated for the parts of the Länsförsäkringar AB Group's insurance operations that are consolidated, meaning Länsförsäkringar AB, Försäkringsaktiebolaget Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv AB. The total capital requirement for the companies in the Länsförsäkringar Bank Group is added. The capital requirement for Länsförsäkringar Liv is also added. Länsförsäkringar Liv, which is operated according to mutual principles, is included in the calculations in accordance with the deduction and aggregation method, with the consent of the FSA. Länsförsäkringar Liv's surplus capital is not included in the surplus capital at group level; only the amount of the company's own funds that corresponds to its capital requirement is included in the calculation of own funds on a consolidated basis.

There is no obstacle to transferability of surplus capital between legal entities that entails deductions from group own funds. The result of the calculations according to the rules on financial conglomerates and rules on groups in the insurance sector are presented in table 18.

**Table 18. Financial conglomerate and group under the insurance rules - solvency situation on 31 December 2022**

SEK M	31 Dec 2022	31 Dec 2021
Own funds	59,099	65,203
<i>of which own funds included from</i>		
<i>Länsförsäkringar Liv</i>	16,313	17,919
Capital requirement	41,836	45,368
<i>of which capital requirement</i>		
<i>Länsförsäkringar Liv</i>	16,313	17,919
Surplus capital	17,262	19,836

Surplus capital compared with regulatory requirements under the rules on financial conglomerates, and according to the group rules in the insurance sector, declined during the year. One of the reasons for the decline was the higher countercyclical capital buffer and the early redemption of subordinated debt in the banking operations.

### Capital position under bank group rules

The outcome of the capital position for the Länsförsäkringar Bank's consolidated situation is presented in table 19.

The leverage ratio for Länsförsäkringar Bank's consolidated situation was 4.4% (4.3) on 31 December 2022. The FSA also decided on Pillar II Guidance for the leverage ratio requirement for the consolidated situation of 0.15% (0.0) in addition to the minimum requirement of 3.0%, which means that the total leverage ratio requirement and Pillar II Guidance amount to 3.15% (0.0).

For more information on capital adequacy, refer to Länsförsäkringar Bank's Annual Report.



Table 20. Hedge accounting in the Länsförsäkringar Bank Group, SEK M

	Derivatives		Assets		Liabilities		Hedge accounting			
	Nominal amount		Carrying amount		Carrying amount		Change in value for the year		Accumulated changes in value	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	2022	2021	31 Dec 2022	31 Dec 2021
<b>Fair value hedges</b>										
Interest-rate contracts Hedged items <sup>2)</sup>										
Treasury bills and other eligible bills			5,253	7,215			-391	-101	-454	-38
Bonds and other interest-bearing securities			40,527	40,626			-2,114	-394	-2,315	8
Debt securities in issue										
Hedging instruments										
Interest-rate swaps	48,131	47,643	2,780	323	2	75	2,499	494		
Ineffectiveness <sup>1)</sup>							-6	-1		
<b>Currency contracts</b>										
Hedged items <sup>2)</sup>										
Treasury bills and other eligible bills			1,020	1,030			-26	5	84	19
Bonds and other interest-bearing securities			3,227	3,259			-166	-14	43	-53
Debt securities in issue					54,760	58,914	4,084	874	-3,667	-432
Hedging instruments										
Cross-currency interest rate swaps	62,672	63,243	89	768	3,775	166	-3,906	-862		
Ineffectiveness <sup>1)</sup>							-14	4		
<b>Portfolio of fair value hedges</b>										
Interest-rate contracts Hedged items										
Loans to the public			141,484	161,344			-4,471	-681	-4,847	-376
Deposits and funding from the public					10,114	0	36	0	-36	0
Debt securities in issue					157,156	166,977	11,386	2,554	-12,135	-748
Hedging instruments										
Interest-rate swaps	337,520	329,980	4,754	1,166	12,229	1,367	-6,930	-1,868		
Ineffectiveness <sup>1)</sup>							21	6		
<b>Cash flow hedges<sup>5)</sup></b>										
Currency contracts Hedged items <sup>3)</sup>							93	107		
Hedging instruments										
Cross-currency interest rate swaps <sup>4)</sup>	58,280	59,362	6,222	2,747	83	247	-93	-107		
Ineffectiveness <sup>1)</sup>										
<b>Total hedged item</b>			<b>191,510</b>	<b>213,472</b>	<b>222,030</b>	<b>225,891</b>	<b>8,432</b>	<b>2,351</b>	<b>-23,325</b>	<b>-1,620</b>
<b>Total hedging instruments</b>	<b>506,603</b>	<b>500,227</b>	<b>13,844</b>	<b>5,003</b>	<b>16,089</b>	<b>1,855</b>	<b>-8,430</b>	<b>-2,342</b>		
<b>Total ineffectiveness</b>							<b>2</b>	<b>9</b>		

<sup>1)</sup> The ineffectiveness of all hedging relationships is recognised in the line item "Net gains/losses from financial items" in profit or loss.

<sup>2)</sup> For terminated fair value hedges and cash flow hedges, no accumulated changes in value remain in the balance sheet.

<sup>3)</sup> The change in value of the hedged item pertains to a perfectly effective hypothetical hedging instrument. Such an instrument is used to determine the effective portion of the hedging instrument, which is recognised in other comprehensive income, and the ineffective portion, which is recognised in the line item "Net gains/losses from financial items" in profit or loss.

<sup>4)</sup> Of changes in value for the year, SEK -6,163 M pertains to amounts reclassified to profit or loss. Amounts reclassified to profit or loss for terminated hedging relationships amounted to SEK 0 M.

<sup>5)</sup> Amounts recognised in the hedging reserve are presented in the "Statement of changes in equity." Amounts pertaining to cash flow hedges recognised through other comprehensive income are presented in the "Statement of comprehensive income."

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Hedging instruments with positive fair values are recognised in the balance sheet as assets on the line item "derivatives" and hedging instruments with negative fair values are recognised in the balance sheet as liabilities on the line item "derivatives."

The average fixed interest on outstanding derivatives on 31 December 2022 was 0.9% (0.3).

The Statement of comprehensive income presents the changes in value of hedging instruments in cash flow hedges for the period and the amount that has been reclassified from equity to profit or loss.

**Table 21. Länsförsäkringar Bank Group - maturity profile for nominal amounts in hedging instruments, SEK M**

	31 Dec 2022			31 Dec 2021		
	Remaining contractual term			Remaining contractual term		
	<1 year	1-5 years	>5 years	<1 year	1-5 years	>5 years
<b>Currency risk</b>						
Nominal amount	13,233	39,487	5,560	11,772	42,442	5,148

**Note 3 Earnings per operating segment**

	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and service	Eliminations and adjustments	Total
<b>2022</b>							
Premiums earned after ceded reinsurance	2,929	5,556	314	-	-	-32	8,768
Net interest income	-	-	-	5,528	-	7	5,535
Increase in value of investment assets, policyholder bears the risk	-	-	-32,951	-	-	-	-32,951
Dividends in investment assets, policyholder bears the risk	-	-	17	-	-	-	17
Investment income, net	9	0	-576	1	-	-281	-848
Commission income	32	0	2,112	1,886	-	21	4,052
Other operating income	185	70	61	12	3,684	-1,428	2,585
<b>Total operating income</b>	<b>3,155</b>	<b>5,626</b>	<b>-31,024</b>	<b>7,427</b>	<b>3,684</b>	<b>-1,713</b>	<b>-12,844</b>
Claims payments after ceded reinsurance	-2,068	-3,797	-128	-	-	555	-5,438
Change in life-assurance reserve	-	-	-	-	-	-14	-14
Change in life-assurance reserve, policyholder bears the risk	-	-	33,477	-	-	-	33,477
Commission expense	-242	-167	-1,162	-2,394	-	17	-3,948
Staff costs	-583	-456	-216	-771	-915	14	-2,927
Other administration expenses	45	-683	-399	-1,739	-3,395	671	-5,500
Credit losses	-	0	-	-123	-	0	-123
Risk tax levied and resolution fee	-	-	-	-333	-	-	-333
<b>Total expenses</b>	<b>-2,849</b>	<b>-5,103</b>	<b>31,573</b>	<b>-5,360</b>	<b>-4,309</b>	<b>1,243</b>	<b>15,194</b>
<b>Technical result</b>	<b>306</b>	<b>523</b>	<b>549</b>	<b>-</b>	<b>-</b>	<b>-1,378</b>	<b>-</b>
Non-technical income/expenses	18	-154	16	-	518	-398	-
<b>Operating profit</b>	<b>323</b>	<b>369</b>	<b>566</b>	<b>2,067</b>	<b>-107</b>	<b>-867</b>	<b>2,350</b>
Tax	-	-	-	-	-	-356	-356
<b>Net profit for the year</b>	<b>323</b>	<b>369</b>	<b>566</b>	<b>2,067</b>	<b>-107</b>	<b>-1,223</b>	<b>1,995</b>
<b>Income distribution</b>							
External income	3,067	5,622	-31,660	8,109	2,356	-338	-12,844
Intra-Group income	89	4	636	-682	1,328	-1,375	-
<b>Total operating income</b>	<b>3,155</b>	<b>5,626</b>	<b>-31,024</b>	<b>7,427</b>	<b>3,684</b>	<b>-1,713</b>	<b>-12,844</b>

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### Note 3 Earnings per operating segment, cont.

2021	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and Service	Eliminations and adjustments	Total
Premiums earned after ceded reinsurance	2,771	4,891	292	-	-	-14	7,940
Net interest income	-	-	-	4,863 <sup>1)</sup>	-	-5	4,858 <sup>1)</sup>
Change in unit-linked insurance assets, policyholder bears the risk	-	-	39,267	-	-	-	39,267
Dividends in investment assets, policyholder bears the risk	-	-	12	-	-	-	12
Investment income, net <sup>2)</sup>	3	0	783	54	-	766	1,607
Commission income	31	0	2,214	1,884	-	7	4,136
Other operating income <sup>2)</sup>	178	44	104	24	3,290	-1,324	2,316
<b>Total operating income</b>	<b>2,983</b>	<b>4,936</b>	<b>42,672</b>	<b>6,825<sup>1)</sup></b>	<b>3,290</b>	<b>-571</b>	<b>60,136<sup>1)</sup></b>
Claims payments after ceded reinsurance	-1,979	-3,501	-171	-	-	495	-5,156
Change in life-assurance reserve	-	-	-	-	-	-9	-9
Change in life-assurance reserve, policyholder bears the risk	-	-	-40,084	-	-	-	-40,084
Commission expense	-244	-161	-1,638	-2,214	-	17	-4,241
Staff costs	-528	-368	-223	-713	-791	12	-2,611
Other administration expenses <sup>2)</sup>	28	-482	71	-1,810	-2,866	623	-4,436
Credit losses	-	-	-	331	-	-	331
Risk tax levied and resolution fee	-	-	-	-123 <sup>1)</sup>	-	-	-123 <sup>1)</sup>
<b>Total expenses</b>	<b>-2,723</b>	<b>-4,512</b>	<b>-42,046</b>	<b>-4,528<sup>1)</sup></b>	<b>-3,657</b>	<b>1,139</b>	<b>-56,329<sup>1)</sup></b>
<b>Technical result</b>	<b>260</b>	<b>424</b>	<b>627</b>	<b>-</b>	<b>-</b>	<b>-1,311</b>	<b>-</b>
Non-technical income/expenses <sup>2)</sup>	-1	115	-2	-	451	-563	-
<b>Operating profit</b>	<b>259</b>	<b>539</b>	<b>625</b>	<b>2,296</b>	<b>84</b>	<b>4</b>	<b>3,807</b>
Tax	-	-	-	-	-	-	-577
<b>Net profit for the year</b>	<b>259</b>	<b>539</b>	<b>625</b>	<b>2,296</b>	<b>84</b>	<b>-573</b>	<b>3,229</b>
<b>Income distribution</b>							
External income <sup>2)</sup>	2,948	4,939	41,994	7,514 <sup>1)</sup>	2,169	571	60,136 <sup>1)</sup>
Intra-Group income <sup>2)</sup>	35	-3	678	-689	1,121	-1,142	-
<b>Total operating income</b>	<b>2,983</b>	<b>4,936</b>	<b>42,672</b>	<b>6,825<sup>1)</sup></b>	<b>3,290</b>	<b>-571</b>	<b>60,136<sup>1)</sup></b>

<sup>1)</sup> Comparative figures have been adjusted since the Resolution fee has been reclassified from Interest expense to Risk tax levied and resolution fee.

<sup>2)</sup> Comparative figures have been partly adjusted between the segments.

The distribution into operating segments matches how the Group is organised and is monitored by Group management. The technical result is presented for Non-life Insurance, Agria and Unit-linked Insurance since the result is followed up by Group management.

Income is primarily attributable to Sweden, and the remaining part comes from Denmark, Ireland, Finland, France, Norway, the UK and Germany.

**The Non-life Insurance** operating segment pertains to non-life and group life assurance; group life assurance comprises a minor portion only. The Länsförsäkringar Alliance's internal and external reinsurance are also included. The Non-life Insurance operating segment comprises non-life insurance with income from external customers totalling SEK 2,723 M (2,624) and group life assurance with income from external customers totalling SEK 344 M (324).

**The Agria** operating segment refers to insurance cover for pets and crops as well as crop insurance for agricultural customers. The Agria operating segment comprises non-life insurance with income from external customers totalling SEK 5,622 M (4,938).

**The Unit-linked insurance** operating segment comprises life assurance and health insurance in the form of direct accident and health insurance and pension savings with fund and guarantee management with income from external customers totalling SEK -31,660 M (41,994).

**The Banking** operating segment pertains to deposits and lending operations. The legal structure of the Länsförsäkringar Bank Group

matches the product offering to external customers. Income from external customers pertains to bank products totalling SEK 1,793 M (1,681), for mortgage products totalling SEK 3,472 M (2,669), for leasing and hire purchase totalling SEK 1,424 M (1,267) and for fund products totalling SEK 1,670 M (1,768).

**The Support and Service** operating segment pertains to service, IT and development for the Länsförsäkringar Alliance and costs for shared functions.

**Depreciation/amortisation and impairment:** Depreciation of property and equipment and amortisation of intangible assets in Non-life Insurance is included in Other administration expenses. Amortisation pertaining to acquired intangible assets under Unit-linked insurance is included in eliminations and adjustments of administration expenses. Impairment of goodwill and intangible assets is included in other administration expenses and amounted to SEK 42 M (595). Impairment is distributed between the operating segments as follows: Unit-linked insurance SEK 0 M (86), Pet insurance SEK 7 M (3), Bank SEK 0 M (306) and the Support and Service SEK 35 M (200).

**Investment income, net:** Investment income transferred from financial operations to insurance operations is recognised in Non-life Insurance.

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### Premium income per geographic market, Agria operating segment

SEK M	2022	2021
Sweden	3,098	3,027
Denmark	369	315
Finland	146	121
Norway	862	713
UK	1,189	1,010
France	41	27
Germany	10	1
Ireland	36	-
<b>Total</b>	<b>5,751</b>	<b>5,214</b>

### Note 4 Premiums earned after ceded reinsurance

	2022	2021
<b>Non-life insurance</b>		
Premium income, direct insurance in Sweden	5,483	5,301
Premium income, direct insurance Rest of EEA	1,444	1,190
Premium income, direct insurance Rest of the World	1,189	1,010
Premium income, assumed reinsurance	2,005	1,978
Change in provision for unearned premiums	-228	-425
Change in provision for unexpired risks	-9	6
<b>Total premiums earned before ceded reinsurance</b>	<b>9,883</b>	<b>9,060</b>
Premiums for ceded reinsurance	-1,799	-1,798
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	3	46
<b>Total reinsurers' portion of premiums earned</b>	<b>-1,796</b>	<b>-1,752</b>
<b>Total premiums earned after ceded reinsurance</b>	<b>8,088</b>	<b>7,308</b>
<b>Life assurance</b>		
Premium income, group insurance, direct life assurance in Sweden	718	665
<b>Total premium income before ceded reinsurance</b>	<b>718</b>	<b>665</b>
Premiums for ceded reinsurance	-38	-33
<b>Total premiums after ceded reinsurance</b>	<b>680</b>	<b>632</b>
<b>Total premiums after ceded reinsurance</b>	<b>8,768</b>	<b>7,940</b>

### Note 5 Interest income

	2022	2021
Loans to credit institutions	137 <sup>1)</sup>	1 <sup>1)</sup>
Loans to the public	7,859	6,351
Interest-bearing securities	330 <sup>1)</sup>	142 <sup>1)</sup>
Derivatives	555	-388
Other interest income	0	-
<b>Total interest income according to effective interest method</b>	<b>8,881</b>	<b>6,106</b>
Average interest rate on loans to the public for the year, %	2.2	1.9

<sup>1)</sup> Of which negative interest rate on loans to credit institutions of SEK 0 M (0) and interest-bearing securities of SEK -30 M (-30).

### Note 6 Interest expense

	2022	2021
Due to credit institutions	-82 <sup>2)</sup>	-3 <sup>1)</sup>
Deposits and funding from the public	-355 <sup>1)</sup>	-148 <sup>1)</sup>
Debt securities in issue	-2,392 <sup>2)</sup>	-1,849 <sup>2)</sup>
Subordinated liabilities	-45	-43
Derivatives	-356	860
Other interest expense	-116	-67
<b>Total interest expense according to effective interest method</b>	<b>-3,346</b>	<b>-1,251</b>
Average interest rate on deposits from the public for the year, %	0.2	0.1

<sup>1)</sup> Of which negative interest on liabilities due to credit institutions of SEK 4 M (10).

<sup>2)</sup> Of which interest expense attributable to senior non-preferred debt amounted to SEK 96 M (26).



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<b>Note 7 Investment income, net</b>		
	2022	2021
Interest income	128 <sup>1)</sup>	48 <sup>1)</sup>
Dividends	26	49
<b>Realised profit, net</b>		
Interest compensation (refers to items measured at amortised cost)	9	47
Shares and participations	150	152
Interest-bearing securities	-699	-645
Derivatives	587	647
Change in annuity reserve	-24	-8
Divestment of subsidiaries	-	-
<b>Total realised profit, net</b>	<b>23</b>	<b>192</b>
<b>Unrealised profit, net</b>		
Shares and participations	-589	1,488
Interest-bearing securities	7,916	2,196
Derivatives	-8,201	-2,201
<b>Total unrealised profit, net</b>	<b>-875</b>	<b>1,483</b>
Exchange-rate gains/losses, net	-81	-70
Interest expense	-32	-34
Participations in associated companies and joint ventures	3	-25
Other financial expenses	-41	-37
<b>Investment income, net</b>	<b>-848</b>	<b>1,607</b>
<b>Investment income by measurement category</b>		
Financial assets measured at FVPL	-714	1,311
Financial assets measured at amortised cost	21	44
Financial liabilities measured at amortised cost	-52	-32
Financial assets measured at FVOCI	-28	7
<b>Hedge accounting at fair value</b>		
Hedge accounting at fair value	2	9
<b>Non-financial items included in investment income, net</b>		
Translation, annuity reserve	49	-7
Value-preserving interest rates annuity reserve	-24	-8
Dividend from associated companies	-285	14
Asset management expenses	-17	-21
Other non-financial items	200	291
<b>Total investment income, net</b>	<b>-848</b>	<b>1,607</b>

<sup>1)</sup> Of which negative interest on cash and bank balances of SEK -2 M (-4) and interest-bearing securities of SEK -1 M (-1).

<b>Note 8 Commission income</b>		
	2022	2021
Payment mediation commission	154	146
Lending commission	244	236
Deposit commission	5	5
Securities commission	1,769	1,893
Card operations	351	294
Fees pertaining to financial agreements		
unit-linked insurance	882	940
Rebating of commissions	554	581
Other commission	82	30
Commission and profit shares in ceded reinsurance	12	11
<b>Total commission income</b>	<b>4,052</b>	<b>4,136</b>

Total commission income primarily refers to income from contracts with customers in the unit-linked insurance and banking segment. Rebating of commissions includes fund discounts of SEK -46 M (-39). Commission and profit shares in ceded reinsurance comprise income attributable to insurance contracts in the non-life insurance segment.

<b>Note 9 Other operating income</b>		
	2022	2021
Service income, regional insurance companies	2,165	1,855
Other service income	322	330
Other income	97	130
<b>Total other operating income</b>	<b>2,585</b>	<b>2,316</b>

Other operating income primarily refers to income from contracts with customers. However, SEK 61 M (105) comprises income attributable to insurance contracts in the unit-linked insurance segment. SEK 88 M (90) comprises rental income in the Support and Service operating segment.



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### Note 10 Claims payments

	2022			2021		
	Before ceded reinsurance	Ceded reinsurance	After ceded reinsurance	Before ceded reinsurance	Ceded reinsurance	After ceded reinsurance
<b>Non-life insurance</b>						
Claims paid	-6,954	1,908	-5,046	-6,343	1,734	-4,609
Claims annuities paid	-45	-	-45	-49	-	-49
Change in provision for claims incurred and reported	219	-345	-126	-93	38	-55
Change in provision for claims incurred but not reported	1,345	-1,268	77	-126	45	-82
<b>Total</b>	<b>-5,435</b>	<b>295</b>	<b>-5,139</b>	<b>-6,611</b>	<b>1,816</b>	<b>-4,795</b>
<b>Life assurance</b>						
Claims paid	-261	5	-256	-270	4	-267
Change in provision for claims outstanding	-44	1	-43	-108	13	-95
<b>Total</b>	<b>-306</b>	<b>7</b>	<b>-299</b>	<b>-378</b>	<b>17</b>	<b>-361</b>
<b>Total non-life insurance and life assurance</b>	<b>-5,740</b>	<b>302</b>	<b>-5,438</b>	<b>-6,989</b>	<b>1,833</b>	<b>-5,156</b>

### Note 11 Commission expense

	2022	2021
Payment mediation commission	-156	-149
Administration costs	-105	-109
Securities commission	-120	-131
Card operations	-160	-143
Remuneration to the regional insurance companies	-2,916	-2,968
Commission, direct insurance	-241	-239
Commission, assumed reinsurance	-84	-76
Other commission	-166	-426
<b>Total commission expense</b>	<b>-3,948</b>	<b>-4,241</b>



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### Note 12 Employees, staff costs and remuneration of senior executives

Average number of employees	2022	2021
<b>Sweden</b>		
Men	1,030	925
Women	1,272	1,207
<b>Total Sweden</b>	<b>2,302</b>	<b>2,132</b>
<b>Denmark</b>		
Men	2	2
Women	34	24
<b>Total Denmark</b>	<b>36</b>	<b>26</b>
<b>Finland</b>		
Men	1	1
Women	12	10
<b>Total Finland</b>	<b>13</b>	<b>11</b>
<b>France</b>		
Men	2	1
Women	7	6
<b>Total France</b>	<b>9</b>	<b>7</b>
<b>Ireland</b>		
Men	10	-
Women	15	-
<b>Total Ireland</b>	<b>25</b>	<b>-</b>
<b>Norway</b>		
Men	10	11
Women	56	42
<b>Total Norway</b>	<b>66</b>	<b>53</b>
<b>UK</b>		
Men	38	38
Women	88	82
<b>Total UK</b>	<b>126</b>	<b>120</b>
<b>Germany</b>		
Men	1	1
Woman	5	1
<b>Total Germany</b>	<b>6</b>	<b>2</b>
<b>Total average number of employees</b>		
Men	1,094	979
Woman	1,489	1,372
<b>Total</b>	<b>2,583</b>	<b>2,351</b>
<b>Salaries, other remuneration and social security expenses, other employees</b>	<b>2022</b>	<b>2021</b>
Salaries and remuneration	1,779	1,602
of which, variable salary	-	-
Social security expenses	950	878
of which, pension costs	329	324
<b>Total</b>	<b>2,729</b>	<b>2,480</b>
<b>Board of Directors and senior executives, 22 (42)</b>	<b>2022</b>	<b>2021</b>
Salaries and remuneration	61	56
of which, variable salary	-	-
Social security expenses	48	41
of which, pension costs	23	18
<b>Total</b>	<b>109</b>	<b>97</b>

### Total salaries, other remuneration and social security expenses

	2022	2021
Salaries and remuneration	1,840	1,658
of which, variable salary	-	-
Social security expenses	998	919
of which, pension costs	352	343
<b>Total</b>	<b>2,838</b>	<b>2,577</b>

Länsförsäkringar Bank has about 1,900 individuals who are also employed at Länsförsäkringar Bank and the regional insurance companies. The regional insurance companies pay the entire remuneration of their respective employees.

### Remuneration of senior executives

Remuneration of the President and other senior executives comprises basic salary and other benefits. Pension benefits and other benefits paid to the President and other senior executives are included as part of total remuneration.

### Severance pay

A mutual period of notice of six months applies for the President and other senior executives. If the company terminates employment, severance pay corresponding to 12 months' salary is paid during the period of notice. Alternatively, a mutual period of notice of three or six months is applied for other senior executives, and if termination of employment is issued by the company, severance pay corresponding to 12 or 18 monthly salaries will be paid in addition to the period of notice.

### Pensions

The retirement age for the President is 65. The pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary. The retirement age for other senior executives is 62 or 65. If the retirement age is 65, the pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary. If the retirement age is 62, the pensions between 62 and 65 are defined-contribution pensions and are expected to be paid at approximately 70% of the pensionable salary. Pension from the age of 65 will be subject to the terms of the pension agreements between the Swedish Insurance Employers' Association (FAO), Forena and the Swedish Confederation of Professional Associations (SACO).

### Preparation and decision-making process applied in relation to the issue of remuneration of corporate management

A Remuneration Policy for the Länsförsäkringar AB Group regulates the preparation and decision-making process for remuneration of corporate management. The Remuneration Committee prepares important remuneration decisions and decisions on measures for following up the application of the Remuneration Policy. The Board decides on remuneration and other terms of employment for corporate management and employees with overall responsibility for one of the company's control functions.

### Composition and mandate of Remuneration Committee

The composition and duties of the Remuneration Committee are regulated in the Board's formal work plan.

### Policies for remuneration of corporate management

Senior executives in the Länsförsäkringar AB Group are to have market-based employment terms and conditions. The total remuneration must be on par with the industry. The structure and level of remuneration should correspond to the company's values, meaning that it should be reasonable, moderate and well-balanced, and also contribute to good ethics and organisational culture, characterised by openness and transparency.

### Fixed remuneration

Fixed remuneration is paid according to the general policy above.

### Pensions

The pension solution for senior executives is to be a defined-contribution plan with a premium of 35% of the monthly salary.

### Other benefits

In addition to the above benefits, a company car, individual health care insurance and other benefits are offered to all employees.



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### Note 12 Employees, staff costs and remuneration of senior executives, cont.

	31 Dec 2022	31 Dec 2021 <sup>1)</sup>
<b>Loans to the Board of Directors, Presidents/Executive Vice Presidents and other senior executives</b>		
Board members	84	99
President and Executive Vice President	24	16
Other senior executives	42	29
<b>Total loans to the Board members, Presidents, Executive Vice Presidents and other senior executives</b>	<b>150</b>	<b>143</b>

<sup>1)</sup> Comparative figures have been adjusted.

Loans granted comprise personnel loans and unsecured loans. Personnel loans and unsecured loans carry terms comparable to what applies for other customers. Interest for personnel loans is set based on the interest rate that the 10% of the best customers have received for their fixed-interest periods for the past month. The interest for unsecured loans is the government funding rate on 30 November last year, plus 1%.

<b>Number of women among senior executives, %</b>	31 Dec 2022	31 Dec 2021
Board members	44	36
Other senior executives	53	46

### Note 13 Fees and remuneration of auditors

	2022	2021
Deloitte AB, audit assignment	-16	-
Deloitte, audit activities in addition to the audit assignment	-	-
Deloitte AB, tax advice	-	-
Deloitte AB, other assignments	-1	-
KPMG AB, audit assignment	-1	-14
KPMG AB, audit activities in addition to the audit assignment	-1	-1
KPMG AB, tax advice	-	-1
KPMG AB, other assignments	-1	-3
<b>Total fees and remuneration of auditors</b>	<b>-20</b>	<b>-19</b>

Audit assignment pertains to a review of the Annual Report and accounting, as well as the Board's and President's administration. Audit activities other than audit assignment pertain to various types of quality-assurance services, such as reviews of the administration, Articles of Association, regulations or agreements that result in reports or certificates. Other assignments pertain to activities that are not included in the above-mentioned items, for example, legal consultations alongside audit activities and that are not attributable to tax consultancy services.

### Note 14 Other administration expenses

	2022	2021
<b>Other administration expenses</b>		
Costs for premises	-84	-65
Depreciation/amortisation and impairment	-527	-621
IT costs	-2,800	-2,198
Consultant costs	-533	-481
Marketing	-558	-353
Telephone and postage	-107	-104
Other administration expenses	-891	-614
<b>Total</b>	<b>-5,500</b>	<b>-4,436</b>

### Note 15 Credit losses

SEK M	2022	2021
<b>Change in loss allowance for loan receivables</b>		
Stage 1 (not credit-impaired)	14	93
Stage 2 (not credit-impaired)	-13	120
Stage 3 (credit-impaired)	-27	39
<b>Total change in loss allowance for loan receivables</b>	<b>-26</b>	<b>253</b>
Expense for confirmed credit losses	-193	-242
Recoveries of previously confirmed credit losses	104	308
<b>Net expense for credit losses on loan receivables</b>	<b>-116</b>	<b>319</b>
Change in loss allowance for commitments and guarantees	-4	19
Net expense for credit losses	-3	-7
Net expense of modification result	0	0
<b>Total net expense for credit losses</b>	<b>-123</b>	<b>331</b>

A condition for full payment of the regional insurance companies' distribution remuneration by the Bank Group is that the loans generated by each company for the Bank Group (excluding Wasa Kredit) are of high quality. If this is not the case, up to 80% of any credit losses is offset against the accrued commission. This model for settlement of credit losses is kept separate and is taken into consideration when the provisions are established. In 2022, total credit losses amounted to SEK -135 M (385), of which the Bank Group's recognised credit losses amounted to SEK -123 M (331) and the remainder of SEK -13 M (54) was settled against remuneration to the regional insurance companies. Wasa Kredit AB sold its credit-impaired receivables for the products of unsecured loans and credit cards in 2022. The comparative figures were positively impacted by SEK 264.5 M as a result of Wasa Kredit's sale of credit-impaired and previously written-off receivables.

	31 Dec 2022	31 Dec 2021
<b>Loss allowance</b>		
<b>Financial assets measured at amortised cost</b>		
Cash and balances with central banks	-	-
Loans to credit institutions	-	0
Loans to the public	556	529
Other assets	-	-
<b>Financial assets measured at FVOCI</b>		
Treasury bills and other eligible bills	0	0
Bonds and other interest-bearing securities	1	1
<b>Provisions</b>		
Commitments	26	23
Guarantees	0	0
<b>Total loss allowance</b>	<b>583</b>	<b>553</b>

All exposures are in stage 1 except for loans to the public and commitments which have exposure in all three stages. For more information about the change in loss allowance for loans to the public and commitments, refer to notes 23 and 44.



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<b>Note 16 Taxes</b>	<b>2022</b>	<b>2021</b>
<b>Current tax</b>		
Tax expenses for the period	-391	-475
Adjustment of tax expense pertaining to prior years	-1	6
<b>Total current tax</b>	<b>-392</b>	<b>-469</b>
<b>Deferred tax</b>		
Deferred tax pertaining to temporary differences	40	-82
Deferred tax income in capitalised tax value in loss carryforwards	-3	-26
<b>Total deferred tax</b>	<b>36</b>	<b>-108</b>
<b>Total recognised tax expense</b>	<b>-356</b>	<b>-577</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	2,350	3,806
Tax at applicable tax rate for the Parent Company	-484	-784
Effect of other tax rates for foreign companies	1	1
Tax on non-deductible costs	-91	-74
Tax on non-taxable income	185	280
Increase in loss carryforwards without corresponding capitalising of deferred tax	-2	-
Utilisation of non-capitalised loss carryforwards	-	2
Tax attributable to earlier years	-1	7
Change in deferred tax liabilities	-15	-9
Other	51	-1
<b>Recognised effective tax on net profit for the year</b>	<b>-356</b>	<b>-577</b>
Applicable tax rate, %	20.6	20.6
Effective tax rate, %	15.1	15.2
<b>Tax recognised in other comprehensive income</b>		
Cash flow hedges	-52	-23
Financial assets measured at FVOCI	59	-18
<b>Total tax recognised in other comprehensive income</b>	<b>7</b>	<b>-41</b>

<b>Note 17 Earnings per share</b>	<b>2022</b>	<b>2021</b>
Net profit for the year attributable to Parent Company shareholders, SEK M	1,995	3,229
Number of shares with a quotient value of SEK 19,19	10,424,582	10,424,582
<b>Earnings per share before and after dilution, SEK</b>	<b>191</b>	<b>310</b>

Earnings per share has been calculated as net profit for the year attributable to the Parent Company's shareholders divided by the average number of shares. No previous or future dilution exists since no potential ordinary shares arose in reported periods nor were in existence on the balance-sheet date.

<b>Note 18 Goodwill</b>	<b>2022</b>	<b>2021</b>
<b>Cost</b>		
Opening cost, 1 January <sup>1)</sup>	634	618
Acquisitions for the year	90	-
Exchange-rate differences	4	16
<b>Closing cost, 31 December</b>	<b>728</b>	<b>634</b>

1) Accumulated impairment amounted to SEK -179 M (-179).

	<b>2022</b>	<b>2021</b>
Agria Pet Insurance Ltd.	189	185
Agria Vet Guide AB	78	78
Capstone Financial Services Limited	90	-
Länsförsäkringar Fondliv		
Försäkrings AB	372	372
<b>Closing cost, 31 December</b>	<b>728</b>	<b>634</b>

<b>Assumptions for testing value in use</b>	<b>2022</b>	<b>2021</b>
<b>Non-life insurance operations</b>		
Long-term growth, %	2.0	2.0
Discount rate after tax, %	6.1	6.2

Goodwill testing is based on the value in use or the fair value less selling expenses.

### Non-life insurance operations

When calculating the value in use for both of the goodwill items for Agria Pet Insurance and Agria Vet Guide, measurement is based on future cash flows of expected gains, less capital requirements from the cash-generating unit. For Agria Pet Insurance, this cash-generating unit comprises the entire operations in the UK, Agria Pet Insurance (API) and Agria's British branch. For Agria Vet Guide, the cash-generating unit comprises Agria Vet Guide and Försäkringsaktiebolaget Agria. For Capstone, the cash-generating unit comprises the entire operations in Ireland, meaning Capstone and the branch that Agria will establish in Ireland in 2023.

### Unit-linked insurance operations

For Länsförsäkringar Fondliv, the fair value is calculated on the flows from future profit on existing insurance contracts over their residual maturity. The risk-free yield curve defined by EIOPA according to Solvency II is used as the return assumption and for discounting future cash flows. The present value of expected future gains is calculated based on discounted costs and income. The cash-flow calculation is based on a number of assumptions, such as cancellation, life expectancy, fee levels, rebating of commissions and expenses, which are continuously adjusted. The assumptions regarding expenses and policyholder behaviour are based on the company's historically observed outcomes. Income assumptions are based on the company's historically observed outcomes for contracted levels on the measurement date. Deductions are made for a risk adjustment that is calculated according to the cost of capital method under Solvency II at 6%.



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### Note 19 Other intangible assets

Capitalised expenditure for development and acquired intangible assets

Capitalised expenses	Internally generated IT-systems	Acquired IT-systems	Acquired customer-based assets	Total
<b>Cost</b>				
Opening cost, 1 January 2021	4,329	79	4,247	8,655
Acquisitions	493	11	-	505
Divestments/disposals	-12	-31	-	-43
Reclassification	-174	174	-	0
Exchange-rate differences	4	-	-	4
<b>Closing cost, 31 December 2021</b>	<b>4,640</b>	<b>233</b>	<b>4,247</b>	<b>9,120</b>
Opening cost, 1 January 2022	4,640	233	4,247	9,120
Acquisitions	440	1	-	441
Divestments/disposals	-91	-23	-16	-131
Reclassification	-32	1	-	-30
Exchange-rate differences	1	-	-	1
<b>Closing cost, 31 December 2022</b>	<b>4,958</b>	<b>211</b>	<b>4,231</b>	<b>9,401</b>
<b>Amortisation</b>				
Opening accumulated amortisation, 1 January 2021	-1,529	-50	-1,949	-3,528
Amortisation	-281	-16	-143	-440
Divestments/disposals	10	30	-	40
Reclassification	95	-95	-	0
Exchange-rate differences	-2	-	-	-2
<b>Closing accumulated amortisation, 31 December 2021</b>	<b>-1,709</b>	<b>-131</b>	<b>-2,092</b>	<b>-3,931</b>
Opening accumulated amortisation, 1 January 2022	-1,709	-131	-2,092	-3,931
Amortisation	-229	-4	-143	-376
Divestments/disposals	74	3	16	94
Reclassification	0	-	-	0
Exchange-rate differences	-1	0	-	-1
<b>Closing accumulated amortisation, 31 December 2022</b>	<b>-1,864</b>	<b>-132</b>	<b>-2,219</b>	<b>-4,215</b>
<b>Impairment</b>				
Opening accumulated impairment, 1 January 2021	-726	-11	-	-736
Impairment for the year	-594	-	-	-594
Divestments/disposals	3	-	-	3
Reclassification	54	-54	-	0
<b>Closing accumulated impairment, 31 December 2021</b>	<b>-1,263</b>	<b>-65</b>	<b>-</b>	<b>-1,327</b>
Opening accumulated impairment, 1 January 2022	-1,263	-65	-	-1,327
Impairment for the year	-43	-	-	-43
Divestments/disposals	17	-	-	17
Reclassification	32	-	-	32
<b>Closing accumulated impairment, 31 December 2022</b>	<b>-1,257</b>	<b>-65</b>	<b>-</b>	<b>-1,322</b>
<b>Carrying amount, 31 December</b>				
2021	1,669	37	2,156	3,862
<b>2022</b>	<b>1,838</b>	<b>14</b>	<b>2,013</b>	<b>3,865</b>

The periods of amortisation for internally generated and acquired IT systems are determined based on a useful life that varies between three and 20 years. Acquired customer-based assets are amortised over a period of 8 or 25 years. Straight-line amortisation is applied consistently and all amortisation and impairment are recognised in profit or loss as Other administration expenses. Impairment of SEK 594 M in 2021 referred to Länsförsäkringar AB, Länsförsäkringar Bank, Länsförsäkringar Fondliv and Agria. The promised functionality and expected efficiency have not materialised to a sufficient extent which is why impairment took place.



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### Note 20 Property and equipment

	2022	2021
<b>Cost</b>		
Opening cost, 1 January	226	369
Reclassification	2	0
Acquisitions	250	87
Divestments/disposals	-96	-233
Exchange-rate differences	1	3
<b>Closing cost, 31 December</b>	<b>382</b>	<b>226</b>
<b>Depreciation and impairment</b>		
Opening accumulated depreciation 1 January	-107	-311
Reclassification	-	0
Depreciation	-33	-21
Divestments/disposals	77	227
Exchange-rate differences	0	-2
<b>Closing accumulated depreciation and impairment, 31 December</b>	<b>-64</b>	<b>-107</b>
<b>Right-of-use assets (excluding owner-occupied property)</b>	<b>413</b>	<b>349</b>
<b>Inventories, market items</b>	<b>16</b>	<b>13</b>
<b>Carrying amount, 31 December</b>	<b>746</b>	<b>481</b>

#### The Group as lessee

Property and equipment comprises both owned and leased assets that do not meet the definition of owner-occupied property. The Group's rents for premises are recognised as owner-occupied property in the statement of financial position. The Group is the lessee of underlying assets in the form of leases for premises, vehicles, IT hardware and other types of equipment.

Right-of-use assets 2022	Premises	Vehicles	IT-hardware	Equipment	Total
Depreciation for the period	-142	-7	-121	-8	-277
Carrying amount, 31 December	767	2	381	30	1,180

Right-of-use assets 2021	Premises	Vehicles	IT-hardware	Equipment	Total
Depreciation for the period	-141	-6	-105	-8	-261
Carrying amount, 31 December	907	2	342	6	1,256

#### Lease liabilities

The Group's lease liabilities are recognised under other liabilities in the statement of financial position and are presented in the Group's note 42 Other liabilities. Future lease payments paid by the Group over the remaining contracted term are presented in the maturity analysis for disclosures to the Group's liquidity risk in note 2 Risk and capital management.

Amounts recognised in profit or loss	2022	2021
Interest expense for lease liabilities	-14	-16
Variable fees not included in calculation of lease liability	-11	-11
Costs for low-value leases (excluding short-term leases of low-value assets)	-2	-3

Variable fees in the Group refer to lease payments for rent of internal premises and change over time based on the space used by the number of employees.

Total cash flow for leases	2022	2021
Total cash outflow for leases	-305	-291

### Note 21 Shares in Länsförsäkringar Liv Försäkringsaktiebolag (publ)

Company name	Corporate Registration Number	Registered office	Number of participations	Share of equity, %	Equity 31 Dec 2022	Profit 2022	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
Länsförsäkringar Liv Försäkringsaktiebolag (publ)	516401-6627	Stockholm	8,000	100	35,674	-2,409	8	8

Länsförsäkringar AB owns 100% of the shares in Länsförsäkringar Liv Försäkringsaktiebolag (publ) (Länsförsäkringar Liv) but this company is not consolidated. The holding in Länsförsäkringar Liv is not classified as a holding in a subsidiary in accordance with the definition in IFRS 10 Consolidated Financial Statements and thus is not consolidated.

The life-assurance operations, which are operated conducted according to mutual principles through Länsförsäkringar Liv and whose earnings accrue in their entirety to the policyholders, are not recognised in accordance with the purchase method since Länsförsäkringar AB does not have control of the company and accordingly is not entitled to variable returns and cannot influence returns. Länsförsäkringar Liv is recognised and valued as unlisted shares in accordance with IFRS 9 Financial Instruments.





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### Note 22 Shares and participations in associated companies and joint ventures

	Associated companies		Joint ventures	
	2022	2021	2022	2021
Carrying amount at beginning of the year	75	72	-	-
Profit shares in the company	3	-25	-	-
Other changes in the companies' equity	-	-	-	-
Acquisition of participations in companies	50	28	3	-
<b>Shares and participations in associated companies and joint ventures</b>	<b>128</b>	<b>75</b>	<b>3</b>	<b>-</b>

	Corporate Registration Number	Registered office	Number of participations	Share of equity, %	Carrying amount 31 Dec 2022	Carrying amount 31 Dec 2021
<b>Associated companies</b>						
CAB Group AB	556131-2223	Örebro	1,582	28.8	44	37
European Alliance Partners Company AG	CH-0203026423-1	Zürich, Switzerland	9,248	12.5	13	10
FörsäkringsGiro Sverige AB	556482-4471	Solna	5,000,000	16.6	-	0
Länsförsäkringsbolagens Fastighets HB Humlegården <sup>3)</sup>	916604-6459	Stockholm	-	-	-	0
Svenska Andelshästar AB	556536-9633	Uppsala	450	45.0	3	2
LF Trygghetstjänster AB	559316-2034	Stockholm	11,700	23.4	19	26
Baby Journey AB	559214-9966	Stockholm	907	16.7	50	-
<b>Total associated companies<sup>1)</sup></b>					<b>128</b>	<b>75</b>
<b>Joint Ventures</b>						
Tibern AB <sup>2)</sup>	559384-3542	Stockholm	4,000	14.5	3	-
<b>Total joint ventures</b>					<b>3</b>	<b>-</b>
<b>Total associated companies and joint ventures</b>					<b>131</b>	<b>75</b>

<sup>1)</sup> The amounts presented above refer only to the Group's participating interests in associated companies. The shares and participations are unlisted. All associated companies apply the calendar year as the fiscal year. The share of profit in all associated companies is included in the Non-life Insurance and Unit-linked insurance operating segments. Länsförsäkringar AB is considered to have a significant influence in the European Alliance Partners Company AG despite owning a participating interest of less than 20%. The reason is because Länsförsäkringar AB is represented on the company's Board and, thereby, has the right (but not a duty) to participate in all decisions made in the company, including strategic issues and issues regarding guidelines, budget, business plans and similar matters. Furthermore, a large amount of information is exchanged with the company.

<sup>2)</sup> This holding has been classified as a joint venture since a joint controlling influence exists due to the owners jointly controlling the operations based on a legally enforceable requirement for consent.

<sup>3)</sup> Länsförsäkringsbolagens Fastighets HB Humlegården was liquidated in 2022.



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### Note 23 Loans to the public

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	2022	2021
Public sector	8,149	10,295
Corporate sector	23,696	22,420
Retail sector	343,951	329,437
Other	8,864	368
<b>Loans to the public before provisions</b>	<b>384,660</b>	<b>362,520</b>
Loss allowance	-556	-529
<b>Total loans to the public</b>	<b>384,104</b>	<b>361,991</b>

#### Fixed-interest period

Remaining term of not more than 3 months	128,516	215,311
Remaining term of more than 3 months but not more than 1 year	148,221	47,254
Remaining term of more than 1 year but not more than 5 years	105,104	97,704
Remaining term of more than 5 years	2,264	1,722
<b>Total loans to the public</b>	<b>384,104</b>	<b>361,991</b>

Remaining term refers to loans with periodically restricted conditions.

31 Dec 2022	Gross carrying amount				Loss allowance				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total loans to the public
Distribution by stage, SEK M									
Länsförsäkringar Hypotek AB	294,285	2,456	163	296,904	-4	-3	-2	-9	296,894
Länsförsäkringar Bank AB	60,427	1,434	236	62,098	-1	-2	-8	-11	62,087
Wasa Kredit AB	21,737	3,358	564	25,658	-54	-98	-384	-536	25,123
<b>Total</b>	<b>376,450</b>	<b>7,247</b>	<b>963</b>	<b>384,660</b>	<b>-59</b>	<b>-102</b>	<b>-394</b>	<b>-556</b>	<b>384,104</b>

31 Dec 2021	Gross carrying amount				Loss allowance				Net carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total loans to the public
Distribution by stage, SEK M									
Länsförsäkringar Hypotek AB	276,394	1,933	200	278,527	-2	-1	-1	-4	278,523
Länsförsäkringar Bank AB	55,966	1,626	328	57,920	-1	-2	-12	-16	57,904
Wasa Kredit AB	22,298	3,215	562	26,074	-71	-87	-353	-510	25,564
<b>Total</b>	<b>354,657</b>	<b>6,773</b>	<b>1,090</b>	<b>362,520</b>	<b>-74</b>	<b>-89</b>	<b>-366</b>	<b>-529</b>	<b>361,991</b>



**Note 23 Loans to the public, cont.**  
Reconciliation of gross carrying amount and loss

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	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
<b>Opening balance, SEK M</b>								
<b>1 Jan 2021</b>	<b>332,096</b>	<b>-167</b>	<b>7,541</b>	<b>-210</b>	<b>1,151</b>	<b>-405</b>	<b>340,788</b>	<b>-782</b>
New loans	82,706	-82	85	-1	11	-1	82,802	-84
<b>Changes:</b>								
Change in loss allowance model or method	-	0	-	0	-	0	-	0
Repayment	-58,179	71	-2,053	77	-292	74	-60,524	222
Change in risk parameters	-	-7	-	10	-	-121	-	-118
Other	-132	2	-58	4	-90	1	-281	7
Sales	-	-	-	-	-	67	-	67
<b>Transfer between stages:</b>								
Transfer from stage 1 to stage 2	-4,595	40	4,595	-53	-	-	-	-13
Transfer from stage 2 to stage 1	3,000	-5	-3,000	6	-	-	-	2
Transfer to stage 3	-309	74	-383	78	693	-242	0	-90
Transfer from stage 3	70	0	46	-1	-117	15	-	13
Write-off	-	-	-	-	-265	246	-265	246
<b>Closing balance</b>								
<b>31 Dec 2021</b>	<b>354,657</b>	<b>-74</b>	<b>6,773</b>	<b>-89</b>	<b>1,090</b>	<b>-366</b>	<b>362,520</b>	<b>-529</b>

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
<b>Opening Balance, SEK M</b>								
<b>1 Jan 2022</b>	<b>354,657</b>	<b>-74</b>	<b>6,773</b>	<b>-89</b>	<b>1,090</b>	<b>-366</b>	<b>362,520</b>	<b>-529</b>
New loans	91,856	-48	87	0	13	0	91,956	-49
<b>Changes:</b>								
Change in loss allowance model or method	-	4	-	7	-	1	-	12
Repayment	-67,105	32	-1,850	28	-290	79	-69,245	139
Change in risk parameters	-	-15	-	14	-	-98	-	-99
Other	-250	1	-58	2	-14	0	-322	3
Sales	0	-	-20	3	-34	10	-55	12
<b>Transfer between stages:</b>								
Transfer from stage 1 to stage 2	-5,160	42	5,160	-72	-	-	-	-29
Transfer from stage 2 to stage 1	2,643	-3	-2,643	6	-	-	-	3
Transfer to stage 3	-266	0	-260	1	526	-199	-	-198
Transfer from stage 3	75	0	58	-1	-133	13	0	12
Write-off	-	-	-	-	-194	167	-194	167
<b>Closing balance</b>								
<b>31 Dec 2022</b>	<b>376,450</b>	<b>-59</b>	<b>7,247</b>	<b>-102</b>	<b>963</b>	<b>-394</b>	<b>384,660</b>	<b>-556</b>



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### Note 23 Loans to the public, cont.

SEK M

Loans to the public before provisions	Not credit-impaired		Credit-impaired	Total
	Stage 1	Stage 2	Stage 3	
<b>2021</b>	<b>354,658</b>	<b>6,773</b>	<b>1,090</b>	<b>362,520</b>
Credit reserve requirement	-85	-100	-421	-606
Withheld remuneration to the regional insurance companies	12	11	54	77
Recognised loss allowance	-74	-89	-366	-529
<b>Total loans to the public 2021</b>	<b>354,584</b>	<b>6,684</b>	<b>724</b>	<b>361,991</b>

Loans to the public before provisions	Not credit-impaired		Credit-impaired	Net carrying amount
	Stage 1	Stage 2	Stage 3	Total
<b>2022</b>	<b>376,450</b>	<b>7,248</b>	<b>963</b>	<b>384,660</b>
Credit reserve requirement	-81	-121	-434	-636
Withheld remuneration to the regional insurance companies	21	19	40	80
Recognised loss allowance	-59	-102	-394	-556
<b>Total loans to the public 2022</b>	<b>376,390</b>	<b>7,145</b>	<b>569</b>	<b>384,104</b>

A condition for full payment of the regional insurance companies' distribution remuneration by the Bank Group is that the loans generated by each regional insurance company for the Bank Group (excluding Wasa Kredit) are of high quality. If this is not the case, up to 80% of any credit losses are offset against the accrued remuneration to the regional insurance companies. This model for settlement of credit losses is kept separate and is taken into consideration by Länsförsäkringar Bank when the provisions are established.

The loss allowance increased SEK 27 M (-253) during the year. The increase was primarily attributable to the subsidiary Wasa Kredit AB, and mainly due to migrations from stage 2 and stage 3 as well as negative changes in risk parameters. The contractual amounts outstanding for financial assets that were written off during the year and that are still encompassed by compliance measures amount to SEK 241 M (399) as per 31 December 2022.

The table below shows the forward-looking macroeconomic scenarios used for calculating the loss allowance. The macroeconomic scenarios applied in the model calculations were updated in the fourth quarter to reflect the current macroeconomic situation. The updated macroeconomic scenarios implemented in the model calculations in December entail only minor changes compared with the preceding quarter. Three potential macroeconomic scenarios are considered when calculating expected credit losses: a base scenario that is currently weighted at 60%, and a more positive scenario and a more negative scenario that are both weighted at 20%.

SEK M	Base scenario				Negative scenario				Positive scenario			
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
House prices, annual change in %	1.98	4.03	5.03	5.03	-4.12	4.03	5.03	5.03	8.42	4.03	5.03	5.03
GDP, annual change in %	-0.87	1.26	2.32	2.24	-1.51	0.93	2.32	2.24	-0.22	1.59	2.32	2.24
Unemployment, level in %	8.15	8.38	8.13	7.29	8.73	9.04	8.62	7.52	7.74	7.92	7.73	7.01

### Modified loan receivables in loans to the public

SEK M	31 Dec 2022	31 Dec 2021
Loan receivables modified during the period that were in stages 2 and 3 when they were modified		
Amortised cost before modification	67	174
Modification gain/loss	0	0
Gross carrying amount for loan receivables that have been modified since initial recognition and on the modification date were in stage 2 or 3 and that were transferred to stage 1 during the period	45	237

### Note 24 Unit-linked insurance assets, policyholder bears the risk

	31 Dec 2022	31 Dec 2021
Equity funds	174,716	202,467
Fixed-income funds	17,370	16,635
<b>Total unit-linked insurance assets</b>	<b>192,086</b>	<b>219,102</b>
Amortised cost	146,596	135,718



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### Note 25 Financial leasing

Financial lease agreements specified by maturity structure where the Group is the lessor.

31 Dec 2022	Up to 1 year	1-5 years	More than 5 years	Total
Present value of future minimum lease payments	2,563	4,162	1,017	7,742
Unearned financial income <sup>1)</sup>	724	973	142	1,838
<b>Gross investment</b>	<b>3,287</b>	<b>5,135</b>	<b>1,158</b>	<b>9,580</b>

31 Dec 2021	Up to 1 year	1-5 years	More than 5 years	Total
Present value of future minimum lease payments	2,559	4,135	862	7,556
Unearned financial income <sup>1)</sup>	536	730	105	1,372
<b>Gross investment</b>	<b>3,095</b>	<b>4,865</b>	<b>967</b>	<b>8,927</b>

<sup>1)</sup> Attributable to present value calculation.

	2022	2021
Provision for impaired loans pertaining to minimum lease payments	149	151
Financial income from net investments in the lease	382	331
Gains or losses on sales	23	20
Variable portion of lease payments included in net profit for the year	7	7

Minimum lease payments are payments, excluding variable fees, service charges and taxes that are made by the lessee to the lessor over the lease term, with additions for any amount that is guaranteed by the lessee or a related party to the lessee. Variable fees comprise the portion of lease payments that are not fixed and that are calculated based on factors other than only the passage of time. Financial leasing is included in loans to the public.

### Note 26 Shares and participations

Carrying amount	31 Dec 2022	31 Dec 2021
Listed shares and participations	3,229	3,982
Unlisted shares and participations	3,343	2,876
<b>Total shares and participations</b>	<b>6,572</b>	<b>6,858</b>

	31 Dec 2022	31 Dec 2021
Fair value	6,572	6,858
Cost	3,642	3,374

In 2022, the Group divested shares and participations measured at fair value through other comprehensive income, and the accumulated gain amounted to SEK 19 M (0.1).

### Note 27 Bonds and other interest-bearing securities

Carrying amount	31 Dec 2022	31 Dec 2021
Swedish government	-	13
Swedish mortgage institutions	37,674	37,636
Other Swedish issuers	6,375	7,931
Foreign states	1,810	1,788
Other foreign issuers	10,911	12,317

**Total bonds and other interest-bearing securities** **56,770** **59,686**

Fair value	56,770	59,686
Amortised cost	58,915	57,931
Nominal value	57,655	56,973

Listed securities	55,511	58,304
Unlisted securities	1,259	1,382

#### Carrying amounts of the securities compared with nominal amounts

Total fixed-income funds	1,677	1,842
Total surplus	-	907
Total deficit	-2,550	-34

For loss allowance, refer to note 15 Credit losses.

### Note 28 Treasury bills and other eligible bills

Carrying amount	31 Dec 2022	31 Dec 2021
Swedish government	10,275	14,967
Finnish government	133	131
German government	450	428

**Total treasury bills and other eligible bills** **10,857** **15,526**

Fair value	10,857	15,526
Amortised cost	11,206	15,481
Nominal value	11,132	15,211

For loss allowance, refer to note 15 Credit losses.



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### Note 29 Fair value adjustment of interest-rate-risk hedged items in portfolio hedge

	31 Dec 2022	31 Dec 2021
<b>Assets</b>		
Carrying amount, 1 January	735	305
Changes during the year pertaining to lending	-4,847	-305
Changes during the year pertaining to funding	-735	735
Changes during the year pertaining to deposits	-	-
<b>Carrying amount, 31 December</b>	<b>-4,847</b>	<b>735</b>
<b>Liabilities</b>		
Carrying amount, 1 January	376	1,809
Changes during the year pertaining to deposits	-36	-
Changes during the year pertaining to funding	-11,975	-1,809
Changes during the year pertaining to lending	-376	376
<b>Carrying amount, 31 December</b>	<b>-12,010</b>	<b>376</b>

### Note 30 Other receivables

	31 Dec 2022	31 Dec 2021
Receivables pertaining to direct insurance	3,181	2,965
Accounts receivable	362	374
Receivables, reinsurance	740	544
Deposits with companies that have ceded reinsurance	162	112
Other receivables	1,284	2,435
<b>Total other receivables</b>	<b>5,729</b>	<b>6,430</b>

Accounts receivable related to contracts with customers amounted to SEK 178 M (173) in the Parent Company and SEK 0 M (1) in Länsförsäkringar Fondliv. Accounts receivable pertaining to leases amounted to SEK 173 M (181).

Other receivables related to contracts with customers amounted to SEK 6 M (28) in the Parent Company and SEK 270 M (459) in Länsförsäkringar Fondliv.

In its calculation of loss allowance for other financial assets, the Group uses the simplified method that is described in more detail in note 1 Accounting policies. For loss allowance, refer to note 15 Credit losses.

### Note 31 Prepaid expenses and accrued income

	31 Dec 2022	31 Dec 2021
Accrued interest and rental income	60	36
Deferred acquisition costs	2,744	2,536
Other accrued income	280	294
Recognised assets from expenses for completing an agreement	-	9
Other prepaid expenses	704	633
<b>Total prepaid expenses and accrued income</b>	<b>3,787</b>	<b>3,508</b>
<b>Opening balance deferred acquisition costs, 1 January</b>	<b>2,536</b>	<b>1,831</b>
Capitalised acquisition costs	1,151	1,760
Amortisation	-942	-1,054
Impairment	-1	-
<b>Closing balance deferred acquisition costs, 31 December</b>	<b>2,744</b>	<b>2,536</b>

Recognised assets from expenses for completing an agreement refer to adjusting Länsförsäkringar Bank's card system from Visa to Mastercard, including expenses for replacement cards. The amortisation period for replacement cards was 2.5 years.

### Note 32 Cash and cash equivalents

	31 Dec 2022	31 Dec 2021
Cash and balances with central banks	4,947	14,361
Balances with other banks	4,298	2,515
<b>Total cash and cash equivalents</b>	<b>9,245</b>	<b>16,877</b>

For loss allowance, refer to note 15 Credit losses.



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### Note 33 Equity

SEK M	Restricted equity		Non-restricted equity including comprehensive income for the year	Total equity
	Share capital	Restricted reserves		
<b>Opening equity, 1 January 2021</b>	<b>1,042</b>	<b>5,360</b>	<b>26,645</b>	<b>33,048</b>
Effect of merger <sup>1)</sup>	-842	-5,362	6,204	-
Dividends paid	-	-	-1,001	-1,001
Net profit for the year	-	-	3,229	3,229
Change in translation reserve	-	19	20	40
Change in fair value reserve	-	-	63	63
Change in hedging reserve	-	-	88	88
Tax on items recognised in other comprehensive income	-	-	0	0
<b>Total other comprehensive income</b>	<b>-</b>	<b>19</b>	<b>172</b>	<b>192</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>19</b>	<b>3,401</b>	<b>3,421</b>
Dividends, etc., on Additional Tier 1 instruments	-	0	-81	-81
Transfer between restricted and non-restricted equity	-	135	-135	0
<b>Closing equity, 31 December 2021</b>	<b>200</b>	<b>152</b>	<b>35,035</b>	<b>35,387</b>
<b>Opening equity, 1 January 2022</b>	<b>200</b>	<b>152</b>	<b>35,035</b>	<b>35,387</b>
Dividends paid	-	-	-1,751	-1,751
Net profit for the year	-	-	1,995	1,995
Change in translation reserve	-	11	2	13
Change in fair value reserve	-	-	-226	-226
Change in hedging reserve	-	-	201	201
Tax on items recognised in other comprehensive income	-	1	-	1
<b>Total other comprehensive income</b>	<b>-</b>	<b>12</b>	<b>-23</b>	<b>-11</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>12</b>	<b>1,971</b>	<b>1,983</b>
Dividends, etc., on Additional Tier 1 instruments	-	-	-89	-89
Transfer between restricted and non-restricted equity	-	0	0	0
Realised gain/loss from sale of shares	-	-	19	19
<b>Closing equity, 31 December 2022</b>	<b>200</b>	<b>164</b>	<b>35,185</b>	<b>35,549</b>

<sup>1)</sup> Refers to changes in the Group's equity due to the merger.

The quotient value per share is SEK 19,19. All shares are ordinary shares. Of the shares issued on 31 December 2022, 1,532,678 were Series A shares (carrying ten votes each), 8,885,949 were Series B shares and 5,955 were Series C shares (carrying one vote each).



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### Note 33 Equity, cont.

#### Specification of reserves in equity

Changes in these reserves are included in other comprehensive income

	2022	2021
<b>Translation reserve</b>		
Opening translation reserve, 1 January	-25	-65
Translation differences for the year	13	40
<b>Closing translation reserve, 31 December</b>		
	<b>-12</b>	<b>-25</b>
<b>Fair value reserve</b>		
Opening fair value reserve, 1 January	-240	-303
Change for the year in financial assets measured at FVOCI	-284	82
Tax attributable to change for the year	58	-19
<b>Closing fair value reserve, 31 December</b>		
	<b>-466</b>	<b>-240</b>
<b>Hedging reserve</b>		
Opening hedging reserve, 1 January	-170	-259
Change for the year in cash flow hedges	253	111
Tax attributable to change for the year	-52	-23
<b>Closing hedging reserve, 31 December</b>		
	<b>31</b>	<b>-170</b>

#### Translation reserve

The translation reserve includes all exchange-rate differences arising on the translation of the financial statements from foreign operations that have prepared their financial statements in a different currency to the currency in which the consolidated financial statements are presented. The Parent Company and Group present their financial statements in Swedish kronor (SEK).

#### Fair value reserve

The fair value reserve comprises the accumulated net change in financial assets measured at FVOCI until the asset is derecognised from the statement of financial position.

#### Hedging reserve

The hedging reserve comprises hedges of variable interest rates against fixed interest rates pertaining to the Parent Company's debt securities in issue and hedges of currency risks in future cash flows pertaining to the Bank Group's debt securities in issue in foreign currency.

#### Other capital contributed

Other capital contributed refers to equity that has been provided by the owners. The item includes surpluses paid in conjunction with issues.

#### Restricted reserves

Restricted reserves may not be reduced through profit distribution. The statement of changes in equity for the Group includes some restricted reserves in other capital contributed equity and the remainder in retained earnings.

#### Retained earnings, including net profit for the year

Retained earnings, including net profit for the year, includes profit in the Parent Company, subsidiaries and associated companies.

#### Dividends paid

A dividend of SEK 698 M is proposed for 2022. All capital that is not required for Länsförsäkringar AB's operations is returned over time to the shareholders in the form of dividends. A prerequisite for the payment of dividends is that a credit rating of A can be justified for the Group's credit-rated companies.

### Note 34 Subordinated liabilities

	31 Dec 2022	31 Dec 2021
Subordinated debts with three-month variable interest rates	1,748	1,747
Subordinated debts with a fixed interest rate	849	848
<b>Total subordinated liabilities</b>	<b>2,597</b>	<b>2,595</b>

The subordinated debts is listed and can be redeemed on 1 March 2023 and 25 February 2026 at the earliest. These loans fall due on 1 March 2028 and 25 February 2031. Interest on the variable loans was 3.6% and 3.4% on 31 December 2022. The interest rate on fixed loans is 1.8% and 1.2%.

Early redemption of subordinated debt of SEK 1.1 billion will take place in March 2023 in accordance with approval from the FSA.





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### Note 35 Technical provisions

	2022			2021		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
<b>Unearned premiums</b>						
Opening balance, 1 January	3,619	435	3,184	3,117	383	2,733
Provisions for the period	228	4	225	425	51	373
Exchange-rate changes	70	3	67	78	1	77
<b>Closing balance, 31 December</b>	<b>3,918</b>	<b>442</b>	<b>3,475</b>	<b>3,619</b>	<b>435</b>	<b>3,184</b>
of which non-life insurance	3,918	442	3,475	3,619	435	3,184
<b>Unexpired risks</b>						
Opening balance, 1 January	56	56	-	62	62	-
Provisions for the period	9	-1	10	-6	-6	-
<b>Closing balance, 31 December</b>	<b>65</b>	<b>55</b>	<b>10</b>	<b>56</b>	<b>56</b>	<b>-</b>
of which non-life insurance	65	55	10	56	56	-
<b>Life-assurance reserve</b>						
Opening balance, 1 January	2,422	-	2,422	2,323	-	2,323
Provisions for the period	14	-	14	9	-	9
Deposits	588	-	588	645	-	645
Payments	-107	-	-107	-105	-	-105
Difference between premiums paid and life-assurance reserve for premiums paid during the financial year	-207	-	-207	-230	-	-230
Costs withdrawn	-8	-	-8	-11	-	-11
Change due to changed interest-rate assumption	-298	-	-298	-85	-	-85
Change due to changed cost assumption	-4	-	-4	-23	-	-23
Change due to changed transfer assumption	160	-	160	-102	-	-102
Other changes	-11	-	-11	-1	-	-1
<b>Closing balance, 31 December</b>	<b>2,550</b>	<b>-</b>	<b>2,550</b>	<b>2,422</b>	<b>-</b>	<b>2,422</b>
of which life assurance	2,550	-	2,550	2,422	-	2,422
<b>Claims outstanding</b>						
Claims incurred and reported	5,892	5,330	562	5,783	5,287	497
Claims incurred and not reported	6,830	4,880	1,951	6,575	4,825	1,750
Annuities	1,546	-	1,546	1,518	-	1,518
Claims adjustment costs	265	-	265	236	-	236
<b>Total opening balance, 1 January</b>	<b>14,533</b>	<b>10,210</b>	<b>4,323</b>	<b>14,112</b>	<b>10,112</b>	<b>4,000</b>
Provisions for the period	-1,507	-1,610	103	327	95	232
Effect of interest rate revaluations on provision for annuities	-25	-	-25	16	-	16
Transferred insurance portfolio	-	-	-	-	-	-
Exchange-rate changes	129	9	120	79	3	76
<b>Closing balance, 31 December</b>	<b>13,130</b>	<b>8,609</b>	<b>4,522</b>	<b>14,533</b>	<b>10,210</b>	<b>4,323</b>
of which non-life insurance	12,456	8,549	3,908	13,916	10,152	3,765
of which life assurance	674	60	614	617	58	559
<b>Specification of closing balance claims outstanding</b>						
Claims incurred and reported	5,656	3,705	1,951	5,892	5,330	562
Claims incurred and not reported	5,647	3,615	2,032	6,830	4,880	1,951
Annuities	1,581	1,289	292	1,546	-	1,546
Claims adjustment costs	247	-	247	265	-	265
<b>Total closing balance, 31 December</b>	<b>13,130</b>	<b>8,609</b>	<b>4,522</b>	<b>14,533</b>	<b>10,210</b>	<b>4,323</b>
<b>Carrying amount at year-end</b>	<b>19,662</b>	<b>9,106</b>	<b>10,556</b>	<b>20,631</b>	<b>10,701</b>	<b>9,929</b>
of which non-life insurance	16,439	9,046	7,392	17,592	10,643	6,949
of which life assurance	3,223	60	3,164	3,039	58	2,980
<b>Run-off profit/loss, non-life insurance</b>	<b>1,494</b>	<b>-979</b>	<b>515</b>	<b>593</b>	<b>-238</b>	<b>355</b>

The discount rate curve defined by the EIOPA is used to calculate annuities, the life-assurance reserve and disability annuities. This curve has been produced to correspond to a risk-free interest rate term structure and is based on market data for Swedish swap rates. A macroeconomic assumption of a long-term interest rate of 3.45 % is also included. Other non-life insurance is not discounted.



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### Note 36 Provisions, policyholder bears the risk

Unit-linked insurance commitments	31 Dec 2022	31 Dec 2021
Opening balance	219,450	166,411
Deposits	17,460	23,772
Migrations, repurchases and cancellations	-7,021	-5,352
Claims paid	-3,684	-3,628
Costs withdrawn	-854	-913
Change in value	-32,888	39,318
Yield tax	-187	-144
Other changes	12	-15
<b>Closing balance, unit-linked insurance commitments</b>	<b>192,289</b>	<b>219,450</b>
Conditional bonus Guarantee management	2,969	3,340
<b>Total provisions</b>	<b>195,258</b>	<b>222,791</b>

### Note 37 Deferred tax assets and liabilities

Recognised deferred tax assets and tax liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Intangible assets	-11	-23	-	-	-11	-23
Financial assets	-	-	-	-	-	-
Receivables	-51	-12	-	-	-51	-12
Other assets	-	1	55	1	55	2
Liabilities	-	-	-	0	-	0
Loss carryforwards	-	-3	-	-	-	-3
Untaxed reserves	-	-	943	1,008	943	1,008
Cash-flow hedges	-	-44	8	-	8	-44
<b>Deferred tax assets (-) / deferred tax liabilities (+)</b>	<b>-62</b>	<b>-82</b>	<b>1,006</b>	<b>1,010</b>	<b>944</b>	<b>928</b>
Offset	-	-	-	-	-	-
<b>Net deferred tax assets (-) / deferred tax liabilities (+)</b>	<b>-62</b>	<b>-82</b>	<b>1,006</b>	<b>1,010</b>	<b>944</b>	<b>928</b>

The Group has no temporary differences with tax effects in Group or associated companies.

Deferred tax assets have been recognised for tax loss carryforwards. It is anticipated that the loss carryforwards will be utilised within one year.

### Change in deferred tax in temporary differences and loss carryforwards

2022	Amount at 1 January	Adjusted opening balance due to the merger	Recognised in profit or loss	Recognised in other comprehensive income	Amount at 31 December
Financial assets	-	-	-	-	-
Receivables	-12	-	-39	-	-
Other assets	2	-	53	-	-51
Liabilities	0	-	0	-	55
Loss carryforwards	-3	-	3	-	-
Untaxed reserves	1,008	-	-66	-	943
Cash-flow hedges	-44	-	-	52	8
<b>Deferred tax assets (-) / deferred tax liabilities (+)</b>	<b>928</b>	<b>-</b>	<b>-36</b>	<b>52</b>	<b>944</b>

2021	Amount at 1 January	Adjusted opening balance due to the merger	Recognised in profit or loss	Recognised in other comprehensive income	Amount at 31 December
Financial assets	1	-1	-	-	0
Receivables	-8	-12	9	-	-12
Other assets	1	1	0	-	2
Liabilities	-12	12	0	-	0
Loss carryforwards	-30	-	26	-	-3
Untaxed reserves	944	-	65	-	1,008
Cash-flow hedges	-67	-	-	23	-44
<b>Deferred tax assets (-) / deferred tax liabilities (+)</b>	<b>797</b>	<b>0</b>	<b>108</b>	<b>23</b>	<b>928</b>



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### Note 38 Other provisions

	31 Dec 2022	31 Dec 2021
Provisions for pensions	48	51
Other provisions	67	105
<b>Total other provisions</b>	<b>115</b>	<b>156</b>

#### Defined-benefit pension plans

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 vast 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).

#### Defined-contribution pension plans

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 Group's payments to defined-contribution plans are recognised as expenses during the period in which the employee performed the services to which the contributions refer. Primarily, contributions to the Insurance Industry's Pension Fund (FPK) are recognised here. This pension plan encompasses all employees except for a few individuals who have individual solutions.

The pension agreement for the insurance industry, the FTP plan, through insurance with the FPK is a multi-employer defined-benefit pension plan. According to IAS 19 Employee Benefits, this pension plan entails that a company is, as a rule, to recognise its proportional share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension commitment. Disclosures are also to be presented in the accounts according to the requirements for defined-benefit pension plans. FPK is unable to provide necessary information which is why the pension plans above are recognised as defined-contribution plans in accordance with IAS 19. Also, no information is available on surpluses and deficits in the plan or whether these surpluses and deficits would then affect the contributions for the plan in future years.

FTP plan contributions for 2023 are expected to total SEK 93 M.

	2022	2021
Expenses for defined-contribution plans	307	305

### Note 39 Debt securities in issue

	31 Dec 2022	31 Dec 2021
Commercial paper	1,407	617
Bond loans	255,255	261,197
<i>of which, covered bonds</i>	<i>220,754</i>	<i>220,592</i>
Senior non-preferred debt	8,833	4,258
<i>of which, green bonds</i>	<i>2,297</i>	<i>-</i>
Cashier's cheques issued	21	25
<b>Total debt securities in issue</b>	<b>265,515</b>	<b>266,097</b>

### Note 40 Deposits from the public

	31 Dec 2022	31 Dec 2021
Deposits from insurance companies	2,268	2,804
Deposits from households	130,806	124,754
Deposits from other Swedish public	18,238	16,952
<b>Total deposits from the public</b>	<b>151,312</b>	<b>144,510</b>

### Note 41 Due to credit institutions

	31 Dec 2022	31 Dec 2021
Swedish banks	8,992	5,892
Other Swedish credit institutions	-	2,000
<b>Total liabilities due to credit institutions</b>	<b>8,992</b>	<b>7,892</b>
Payable on demand	1	43

Genuine repurchase transactions amounted to SEK 154 M (1,533).

### Note 42 Other liabilities

	31 Dec 2022	31 Dec 2021
Liabilities, direct insurance	851	1,086
Liabilities, Länsförsäkringar Liv		
Försäkrings AB	12	27
Liabilities, assumed insurance	285	186
Liabilities, reinsurance	244	157
Accounts payable	398	452
Tax liabilities	239	182
Deposits from reinsurers	63	67
Lease liabilities	1,219	1,296
Other liabilities	1,218	1,082
<b>Total other liabilities</b>	<b>4,531</b>	<b>4,534</b>

### Note 43 Accrued expenses and deferred income

	31 Dec 2022	31 Dec 2021
Accrued interest expense	1,094	938
Other accrued expenses	2,879	2,154
Prepaid rent	-	242
Contract liabilities	45	58
Other deferred income	954	1,192
<b>Total accrued expenses and deferred income</b>	<b>4,972</b>	<b>4,584</b>

Contract liabilities refer to advance payments that Länsförsäkringar Bank received when its card provider was replaced. These contract liabilities will be reduced over time as the bank meets the previously set transaction volumes.



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### Note 44 Pledged assets and contingent liabilities

	31 Dec 2022	31 Dec 2021
<b>Pledged assets</b>		
<b>Registered assets on behalf of policyholders<sup>1)</sup></b>		
Unit-linked insurance assets for which the policyholder bears the risk	192,086	219,102
Shares and participations	4,551	4,980
Bonds and other interest-bearing securities	6,924	9,278
Derivatives	-2	0
Other receivables	512	2,684
Cash and cash equivalents	1,540	1,147
<b>Total registered assets</b>	<b>205,611</b>	<b>237,191</b>
<b>Other pledged assets</b>		
Pledged securities in the Riksbank	2,354	4,552
Pledged securities in Euroclear	1,893	2,040
Loan receivables, covered bonds	282,069	266,887
Loan receivables, substitute collaterals	10,390	9,790
Collateral paid due to repurchase agreement	154	1,533
Securities collateral paid, derivatives	12,454	3,466
Other collateral for securities	-	35
Pledged bank funds	94	10
<b>Total other pledged assets</b>	<b>309,409</b>	<b>288,313</b>
<b>Total pledged assets</b>	<b>515,019</b>	<b>525,503</b>

<sup>1)</sup> In an insolvency situation, preferential rights accrue to policyholders to the extent stipulated in the Insurance Business Act. Assets in the preferential rights register are to be used to cover commitments to policyholders. The Group's technical provisions in the Solvency II balance sheet amounted to SEK 190,045 M on 31 December 2022. The amounts in the table are for assets measured at fair value according to the Insurance Business Act.

	31 Dec 2022	31 Dec 2021
<b>Contingent liabilities</b>		
Guarantees and other contingent liabilities	31	33
<b>Total contingent liabilities</b>	<b>31</b>	<b>33</b>
<b>Other commitments</b>		
Loans approved but not disbursed	19,669	21,107
Unutilised portion of overdraft facilities	3,042	3,180
Remaining amount to invest in investment asset	1,198	1,140
Unutilised portion of credit card facilities	2,083	1,936
<b>Total other commitments</b>	<b>25,992</b>	<b>27,365</b>

Registered assets follow the regulations stipulated in the Swedish Insurance Business Act. In the event of insolvency, the policyholders have preferential rights to the registered assets. During the course of the operations, the company has the right to add and withdraw assets from the register as long as all insurance commitments are covered for liabilities in accordance with the Insurance Business Act.

Loans to the public were provided as collateral for the issuance of covered bonds and mortgage bonds. In the event of the company's insolvency, bond holders have preferential rights to the assets that are registered as cover pool.

Other pledged securities will be transferred to the pledgee in the event of bankruptcy.

Länsförsäkringar AB and Länsförsäkringar Fondliv have signed a service agreement with Länsförsäkringar Liv Försäkrings AB due to Länsförsäkringar Liv Försäkrings AB's run-off. Länsförsäkringar AB and Länsförsäkringar Fondliv undertake to deliver services at a predetermined price per year. The remuneration levels in the agreement reflect these companies' plans to gradually reduce the costs for the services rendered. The agreement includes a renegotiation clause that entails that the parties can review the remuneration level every 36 months if the circumstances have significantly changed. The agreement resulted in an increase of a 0.1 percentage point in the Länsförsäkringar AB Group's solvency ratio, primarily as a result of the agreement's effect on Länsförsäkringar Fondliv's assumption regarding operating expense cash flow.



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### Note 44 Pledged assets and contingent liabilities, cont.

#### Reconciliation of gross carrying amount and loss allowance for commitments

	Not credit-impaired				Credit-impaired		Total	
	Stage 1		Stage 2		Stage 3			
SEK M	Credit risk exposure	Loss allowance	Credit risk exposure	Loss allowance	Credit risk exposure	Loss allowance	Credit risk exposure	Loss allowance
<b>Opening balance, 1 January 2021</b>	<b>24,883</b>	<b>-32</b>	<b>379</b>	<b>-9</b>	<b>12</b>	<b>-1</b>	<b>25,274</b>	<b>-42</b>
New loan commitments and increase in existing credit commitments	103,446	-22	81	-5	6	-15	103,534	-42
<b>Changes:</b>								
Change in loss allowance model or method	-	0	-	0	-	0	-	0
Net change in existing loan commitments and credit commitments (utilised and repaid)	-49,748	11	-126	3	-2	2	-49,875	16
Change in risk parameters	-	11	-	3	-	-1	-	14
<b>Transfer of loan commitments and credit commitments:</b>								
Transfer from stage 1 to stage 2	-616	4	616	-5	-	-	-	-1
Transfer from stage 2 to stage 1	141	-1	-141	1	-	-	-	0
Transfer to stage 3	-13	1	-2	1	15	-2	-1	-1
Transfer from stage 3	3	0	1	0	-4	0	-	0
Expired loan commitments	-52,352	14	-340	6	-16	13	-52,707	33
<b>Closing balance, 31 December 2021</b>	<b>25,744</b>	<b>-15</b>	<b>469</b>	<b>-6</b>	<b>11</b>	<b>-2</b>	<b>26,225</b>	<b>-23</b>
<b>Opening balance, 1 January 2022</b>	<b>25,744</b>	<b>-15</b>	<b>469</b>	<b>-6</b>	<b>11</b>	<b>-2</b>	<b>26,225</b>	<b>-23</b>
New loan commitments and increase in existing credit commitments	65,293	-12	80	-3	18	-12	65,391	-27
<b>Changes:</b>								
Change in loss allowance model or method	-	6	-	2	-	1	-	8
Net change in existing loan commitments and credit commitments (utilised and repaid)	-21,342	4	-110	1	-8	3	-21,460	8
Change in risk parameters	-	-2	-	0	-	0	-	-2
<b>Transfer of loan commitments and credit commitments:</b>								
Transfer from stage 1 to stage 2	-483	3	483	-7	-	-	-	-4
Transfer from stage 2 to stage 1	192	-1	-192	1	-	-	-	0
Transfer to stage 3	-33	0	-8	1	41	-6	-	-5
Transfer from stage 3	4	-	1	0	-4	0	-	0
Expired loan commitments	-45,071	6	-265	2	-25	9	-45,361	17
<b>Closing balance, 31 December 2022</b>	<b>24,304</b>	<b>-11</b>	<b>457</b>	<b>-9</b>	<b>33</b>	<b>-6</b>	<b>24,795</b>	<b>-25</b>

The loss allowance increased SEK 3 M (8) during the year. This was due to changes in the degree of use of existing loan commitments and credit commitments as well as improvements to credit risk parameters.

On 31 December 2022, the total loss allowance for commitments and guarantees amounted to SEK 36 M (31), of which the Bank Group's recognised loss allowance amounted to SEK 26 M (23) and the remainder of SEK 10 M (7) was settled against remuneration to the regional insurance companies. For more information on the regional insurance companies' distribution remuneration and settlement of any credit losses, refer to note 23 Loans to the public.


**Note 45 Anticipated recovery and settlement periods for assets and liabilities**

Amount expected to be recovered	31 Dec 2022			31 Dec 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
Goodwill	-	728	728	-	634	634
Other intangible assets	425	3,439	3,865	738	3,124	3,862
Deferred tax assets	12	50	62	50	31	82
Property and equipment	34	713	746	38	443	481
Owner-occupied property	-	767	767	-	907	907
Shares in Länsförsäkringar Liv Försäkrings AB	-	8	8	-	8	8
Shares and participations in associated companies and joint ventures	-	131	131	-	75	75
Reinsurers' portion of technical provisions	1,415	7,691	9,106	1,717	8,984	10,701
Loans to the public	27,093	357,012	384,104	21,369	340,623	361,991
Unit-linked insurance assets, for which the policyholder bears the risk	7,504	184,581	192,086	13,751	205,351	219,102
Shares and participations	-	6,572	6,572	-	6,858	6,858
Bonds and other interest-bearing securities	12,079	44,691	56,770	12,846	46,840	59,686
Treasury bills and other eligible bills	6,561	4,295	10,857	10,230	5,296	15,526
Derivatives	2,873	5,384	8,256	1,120	3,005	4,125
Fair value adjustment of interest-rate-risk hedged items in portfolio hedge	-4,847	-	-4,847	735	-	735
Other receivables	5,727	1	5,729	6,426	4	6,430
Prepaid expenses and accrued income	2,001	1,787	3,787	1,734	1,774	3,508
Cash and cash equivalents	9,245	-	9,245	16,877	-	16,877
<b>Total assets</b>	<b>70,122</b>	<b>617,851</b>	<b>687,973</b>	<b>87,631</b>	<b>623,958</b>	<b>711,589</b>
<b>Amount expected to be recovered</b>						
<b>Liabilities</b>						
Subordinated liabilities	-	2,597	2,597	-	2,595	2,595
Technical provisions	6,814	12,849	19,662	6,647	13,984	20,631
Unit-linked insurance liabilities, policyholder bears the risk	7,628	187,630	195,258	13,983	208,808	222,791
Deferred tax liabilities	9	997	1,006	1	1,008	1,010
Other provisions	4	110	115	35	120	156
Debt securities in issue	52,153	213,362	265,515	44,435	221,662	266,097
Deposits from the public	149,420	1,893	151,312	143,916	593	144,510
Due to credit institutions	8,992	-	8,992	6,042	1,850	7,892
Derivatives	1,118	9,357	10,475	121	908	1,029
Fair value adjustment of interest-rate-risk hedged items in portfolio hedge	-12,010	-	-12,010	376	-	376
Other liabilities	3,543	988	4,531	3,448	1,086	4,534
Accrued expenses and deferred income	4,972	-	4,972	4,584	-	4,584
<b>Total liabilities</b>	<b>222,643</b>	<b>429,781</b>	<b>652,424</b>	<b>223,588</b>	<b>452,615</b>	<b>676,202</b>

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## Note 46 Classification of financial assets and liabilities

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	Financial assets measured at FVPL			Financial assets measured at FVOCI			Total carrying amount	Fair value
	Measured at FVPL	Derivatives used in hedge accounting	Equity instruments	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments		
<b>31 Dec 2022</b>								
<b>Assets</b>								
Shares in Länsförsäkringar Liv Försäkrings AB	-	-	-	-	-	8	8	8
Loans to the public	-	-	-	384,104	-	-	384,104	380,162
Unit-linked insurance assets, policyholder bears the risk	192,086	-	-	-	-	-	192,086	192,086
Shares and participations	4,804	-	1,562	-	-	207	6,572	6,572
Bonds and other interest-bearing securities	6,801	-	-	-	49,969	-	56,770	56,770
Treasury bills and other eligible bills	-	-	-	-	10,857	-	10,857	10,857
Derivatives	120	8,137	-	-	-	-	8,256	8,256
Other receivables	-	-	-	1,148	-	-	1,148	1,143
Prepaid expenses and accrued income	-	-	-	579	-	-	579	579
Cash and cash equivalents	-	-	-	9,245	-	-	9,245	9,245
<b>Total assets</b>	<b>203,809</b>	<b>8,137</b>	<b>1,562</b>	<b>395,076</b>	<b>60,826</b>	<b>215</b>	<b>669,625</b>	<b>665,678</b>

	Financial liabilities measured at FVPL			Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Measured at FVPL	Identified at FVPL	Derivatives used in hedge accounting			
<b>31 Dec 2022</b>						
<b>Liabilities</b>						
Subordinated liabilities	-	-	-	2,597	2,597	2,428
Debt securities in issue	-	-	-	265,515	265,515	253,369
Unit-linked insurance commitment	-	192,289	-	-	192,289	192,289
Deposits from the public	-	-	-	151,312	151,312	154,568
Due to credit institutions	-	-	-	8,992	8,992	8,992
Derivatives	94	-	10,382	-	10,475	10,475
Other liabilities	-	-	-	2,031	2,031	2,026
Accrued expenses and deferred income	-	-	-	1,798	1,798	1,798
<b>Total liabilities</b>	<b>94</b>	<b>192,289</b>	<b>10,382</b>	<b>432,245</b>	<b>635,009</b>	<b>625,945</b>



## Note 46 Classification of financial assets and liabilities, cont.

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	Measured at FVPL	Derivatives used in hedge accounting	Equity instruments	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments		
<b>31 Dec 2021</b>								
<b>Assets</b>								
Shares in Länsförsäkringar Liv Försäkrings AB	-	-	-	-	-	8	8	8
Loans to the public	-	-	-	361,991	-	-	361,991	362,274
Unit-linked insurance assets, policyholder bears the risk	219,102	-	-	-	-	-	219,102	219,102
Shares and participations	5,294	-	1,413	-	-	151	6,858	6,858
Bonds and other interest-bearing securities	9,261	-	-	-	50,425	-	59,686	59,686
Treasury bills and other eligible bills	-	-	-	-	15,526	-	15,526	15,526
Derivatives	31	4,095	-	-	-	-	4,125	4,125
Other receivables	-	-	-	2,266	-	-	2,266	2,266
Prepaid expenses and accrued income	-	-	-	430	-	-	430	430
Cash and cash equivalents	-	-	-	16,877	-	-	16,877	16,877
<b>Total assets</b>	<b>233,688</b>	<b>4,095</b>	<b>1,413</b>	<b>381,563</b>	<b>65,951</b>	<b>159</b>	<b>686,869</b>	<b>687,152</b>

	Financial liabilities measured at FVPL			Financial liabilities measured at amortised cost	Total carrying amount	Fair value
	Measured at FVPL	Identified at FVPL	Derivatives used in hedge accounting			
<b>31 Dec 2021</b>						
<b>Liabilities</b>						
Subordinated liabilities	-	-	-	2,595	2,595	2,593
Debt securities in issue	-	-	-	266,097	266,097	268,158
Unit-linked insurance commitments	-	219,450	-	-	219,450	219,450
Deposits from the public	-	-	-	144,510	144,510	147,224
Due to credit institutions	-	-	-	7,892	7,892	7,892
Derivatives	82	-	947	-	1,029	1,029
Other liabilities	-	-	-	2,235	2,235	2,235
Accrued expenses and deferred income	-	-	-	1,217	1,217	1,217
<b>Total liabilities</b>	<b>82</b>	<b>219,450</b>	<b>947</b>	<b>424,546</b>	<b>645,025</b>	<b>649,797</b>

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

The carrying amount of other receivables, cash and cash equivalents, due to credit institutions and other liabilities is deemed to comprise a reasonable approximation of their fair value since these assets and liabilities have short terms.





## Note 47 Fair value valuation techniques

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

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

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

Level 3 refers to prices based on own assumptions and judgements

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	31 Dec 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total carrying amount	Level 1	Level 2	Level 3	Total carrying amount
<b>Assets</b>								
Shares in Länsförsäkringar Liv Försäkrings AB	-	-	8	8	-	-	8	8
Unit-linked insurance assets for which the policyholder bears the risk	191,941	-	144	192,086	219,102	-	-	219,102
Shares and participations	3,229	23	3,320	6,572	3,982	21	2,855	6,858
Bonds and other interest-bearing securities	55,511	-	1,259	56,770	58,704	-	982	59,686
Treasury bills and other eligible bills	6,273	4,584	-	10,857	15,526	-	-	15,526
Derivatives	0	8,256	-	8,256	0	4,125	-	4,125
<b>Liabilities</b>								
Derivatives	2	10,473	-	10,475	0	1,029	-	1,029
		<b>Shares in Länsförsäkringar Liv Försäkrings AB</b>	<b>Shares and participations</b>	<b>Bonds and other interest-bearing securities</b>	<b>Unit-linked insurance assets</b>	<b>Total</b>		
<b>Change Level 3</b>								
<b>Opening balance, 1 January 2021</b>		<b>8</b>	<b>2,054</b>	<b>610</b>	-			<b>2,672</b>
Transferred from level 2 to level 3		-	34	-	-			34
Acquisitions		-	152	397	-			550
Divestments and reclassifications		-	-2	-48	-			-50
Recognised in profit or loss		-	616	23	-			639
Recognised in other comprehensive income		-	0	-	-			0
<b>Closing balance, 31 December 2021</b>		<b>8</b>	<b>2,855</b>	<b>982</b>	-			<b>3,845</b>
<b>Opening balance, 1 January 2022</b>		<b>8</b>	<b>2,855</b>	<b>982</b>	-			<b>3,845</b>
Transferred from level 2 to level 3		-	-	-	-			-
Transferred from level 1 to level 3 <sup>1)</sup>		-	-	-	144			144
Acquisitions		-	219	283	-			502
Divestments and reclassifications		-	-27	-38	-			-65
Recognised in profit or loss		-	273	32	-			305
Recognised in other comprehensive income		-	0	-	-			0
<b>Closing balance, 31 December 2022</b>		<b>8</b>	<b>3,320</b>	<b>1,259</b>	<b>144</b>			<b>4,732</b>

<sup>1)</sup> A transfer from Level 1 to Level 3 took place in 2022 for four funds in the unit-linked insurance assets with exposure to Russia. No trading has taken place in these funds since the war in Ukraine broke out and no official NAV prices have been set. Given that there is no formal trading in the funds and due to the uncertainty surrounding the underlying value, it is Länsförsäkringar's assessment that these funds comprise holdings in Level 3.

Shares and participations and other assets in Level 3 are measured at fair value. Since there is no active market for these shares, the fair value cannot be calculated reliably based on such a listing. Instead, regular valuations are performed based on, for example, recent company reports and forecast results. The fair value of Level 2 shares and participations that pertain to unlisted Series B shares in Mastercard Incorporated (MA) is measured based on the price of the Series A share on the balance-sheet date. Derivatives in Level 2 essentially refer to swaps for which fair value is calculated by discounting expected future cash flows. Commercial paper recognised as "Treasury bills and other eligible bills" and "Bonds and other interest-bearing securities" was previously classified in Level 1 but due to a reinterpretation in the second quarter of 2022 is now classified as Level 2. The valuation was determined by calculated prices of observable market data. Comparative figures have been adjusted and

the transfers amounted to SEK 7.3 billion. Holdings in Level 3 primarily comprise holdings of a strategic nature.

Shares in Länsförsäkringar Liv in Level 3 are measured at the company's share capital. Länsförsäkringar Liv is operated according to mutual principles and earnings are not distributed to the owner; instead they accrue in their entirety to the policyholders.

Derivatives in Level 2 essentially refer to swaps for which fair value is calculated by discounting expected future cash flows.

Bonds and other interest-bearing securities in Level 3 that are not listed in an active market comprise interest-bearing, unlisted loans. Valuations are performed by external managers based on generally accepted valuation techniques, which means that the underlying holdings held by the issuer of the loan are valued based on relevant observable market data wherever available. Holdings for which market data is not available are measured at a fair value corresponding to the



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cost adjusted for impairment.

### Financial instruments measured at amortised cost in the statement of financial position

Fair values for deposits from the public (Level 2) and loans to the public (Level 3) have been calculated using discounted expected cash flows where the discount rates applied are the current deposit and lending

rates (including discounts).

Fair value (Level 2) for debt securities in issue and subordinated liabilities is determined based on listed prices. Parts of debt securities in issue that are considered to be illiquid are adjusted based on expected current issue prices. Commercial paper does not have external market prices and the fair value is determined based on the yield curve of each currency.

### Note 48 Information about offsetting

The table shows the financial instruments covered by a legally binding agreement regarding netting or a similar agreement, together with related collateral.

The Group has ISDA and CSA agreements with derivative counterparties for OTC derivatives not covered by central counterparty clearing. Corresponding netting agreements are in place for repurchase agreements, which means that all exposures are covered by these types of agreements. The agreements entitle the parties to offset liabilities and receivables in the event of suspension of payment or insolvency. The net amount comprises the amount that in the event of suspension of payment or insolvency would be received if the amount is an asset, or paid if the amount is a liability.

31 Dec 2022	Gross amount	Offset in statement of financial position	Net amounts in statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Netting framework agreement	Collateral Received (-) / Pledged (+)	
<b>Assets</b>						
Derivatives	11,201	-2,945	8,256	-44	-7,908	305
Repurchase agreements	154	-	154	-	-154	0
<b>Liabilities</b>						
Derivatives	-13,420	2,945	-10,475	44	9,473	-959
Repurchase agreements	-154	-	-154	-	154	0
<b>Total</b>	<b>-2,219</b>	<b>0</b>	<b>-2,219</b>	<b>0</b>	<b>1,565</b>	<b>-654</b>

31 Dec 2021	Gross amount	Offset in statement of financial position	Net amounts in statement of financial position	Related amounts not offset in the statement of financial position		Net amount
				Netting framework agreement	Collateral Received (-) / Pledged (+)	
<b>Assets</b>						
Derivatives	5,033	-908	4,125	-129	-3,451	546
Repurchase agreements	875	-	875	-	-875	0
<b>Liabilities</b>						
Derivatives	-1,937	908	-1,029	129	593	-307
Repurchase agreements	-1,533	-	-1,533	-	1,533	0
<b>Total</b>	<b>2,439</b>	<b>0</b>	<b>2,439</b>	<b>0</b>	<b>-2,200</b>	<b>239</b>

The Group uses derivative instruments to reduce risks or enhance management efficiency and, when used, these are recognised according to the policies for hedge accounting. Disclosures on the Group's derivative instruments are provided in table 20 in note 2 Risk and capital management.



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### Note 49 Disclosures on related parties

The 23 regional insurance companies have chosen to organise joint operations in the Länsförsäkringar AB Group. 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.

The assessment of whether a close relationship exists or not is based on the financial significance of the relationship and not only ownership. Accordingly, this includes the 23 regional insurance companies and their subsidiaries, and 14 local insurance companies in other related parties, which together own 100% of Länsförsäkringar AB. Other related parties also include Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, Humlegården Fastigheter AB and Hällefors & Tierp Skogar AB since these companies are wholly owned in the Länsförsäkringar Alliance. Länsförsäkringar Liv Försäkrings AB and all associated companies and joint ventures are also considered to be legal entities closely related to the Länsförsäkringar AB Group. Related key persons are Board members, senior executives and their close family members.

#### Policies for transactions

Transactions between closely related parties occur both as transactions of a non-recurring nature and transactions on a continuous basis.

Transactions of a non-recurring nature comprise the acquisitions and divestment of assets and similar transactions. These are limited in scope. In non-recurring transactions, the transactions are based on written agreements that comply with market standards and terms.

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

#### Pricing

Pricing for service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. Overall, pricing is intended to distribute costs fairly within the Länsförsäkringar Alliance based on consumption. Joint development projects and joint service are financed collectively and invoiced based on an established distribution key.

#### Process and decisions-making process

Corporate management within Länsförsäkringar AB, jointly with a

service committee with representatives from the regional insurance companies, deals with the service levels and price lists for the sale of goods and services to related companies. Based on these discussions, the Board of Länsförsäkringar AB makes decision on the service levels and price lists to related companies.

#### Related-party transactions in the Group 2022

##### *Regional insurance companies and local insurance companies*

Länsförsäkringar AB is wholly owned by the 23 regional insurance companies, together with 14 local insurance companies. A large portion of the Group's customer contact takes place through the regional insurance companies and the local insurance companies. Remuneration for the mediation of the Länsförsäkringar AB Group's insurance products is regulated in commission agreements between these parties. Commission is also paid to regional insurance companies for their work with Länsförsäkringar Bank's, Länsförsäkringar Hypotek's and Länsförsäkringar Fondförvaltning's customer-related issues in the geographical area of operations of each regional insurance company. The assignment and remuneration are regulated in partnership agreements signed by the parties. This solution creates a unique local presence and market awareness.

Länsförsäkringar AB Group manages and reconciles the Länsförsäkringar Alliance's internal and external reinsurance. The Group also carries out development projects and service for the regional insurance companies in a number of areas, such as personal injury claims adjustment, legal affairs and actuarial services, product and concept development and the development of IT support and other IT services.

##### *Länsförsäkringar Mäklarservice AB*

Länsförsäkringar Mäklarservice AB is jointly owned by the regional insurance companies and Länsförsäkringar AB. The company works on behalf of the regional insurance companies and Länsförsäkringar AB within non-life insurance, and on behalf of the regional insurance companies within life assurance.

##### *Länsförsäkringar Liv Försäkrings AB*

Länsförsäkringar Liv Försäkrings AB is wholly owned by the Länsförsäkringar AB. The operations are conducted according to mutual policies and, accordingly, are not consolidated in the Länsförsäkringar AB Group.

Länsförsäkringar Liv Försäkrings AB purchases development and service from Länsförsäkringar AB. The primary task of the service operations is to provide service mainly within the areas of business analysis, accounting, office services, HR and communication.



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### Disclosures on related parties, cont.

#### Related-party transactions 2022

	Income	Expenses	Receivables	Liabilities	Commitments
Associated companies and joint ventures	31	33	0	0	-
Länsförsäkringar Liv Försäkrings AB	254	157	195	1,248	-
<b>Owners</b>					
Regional insurance companies	2,672	3,036	7,742	11,284	82
<b>Other related parties</b>					
Länsförsäkringar Mäklarservice AB	31	9	3	58	5
Länsförsäkringar Fastighetsförmedling AB	1	0	3	0	0
Other	4	172	14	9	2
<b>Total other related parties</b>	<b>36</b>	<b>181</b>	<b>19</b>	<b>67</b>	<b>8</b>

#### Interest income and interest expense 2022

	Interest income	Interest expense
Regional insurance companies	-	32
Länsförsäkringar Liv Försäkrings AB	-	7
Other related parties	-	0

#### Related-party transactions 2021

	Income	Expenses	Receivables	Liabilities	Commitments
Associated companies and joint ventures	31	-	-	-	-
Länsförsäkringar Liv Försäkrings AB	280	186	494	745	-
<b>Owners</b>					
Regional insurance companies	2,823	3,068	8,818	12,722	78
<b>Other related parties</b>					
Länsförsäkringar Mäklarservice AB	36	9	5	35	5
Länsförsäkringar Fastighetsförmedling AB	2	0	2	0	-
Other	20	161	47	17	0
<b>Total other related parties</b>	<b>58</b>	<b>170</b>	<b>53</b>	<b>53</b>	<b>6</b>

#### Interest income and interest expense 2021

	Interest income	Interest expense
Regional insurance companies	-	2
Länsförsäkringar Liv Försäkrings AB	-	-
Other	2	-

Receivables from and liabilities to regional insurance companies include technical provisions.

#### Agreements

Länsförsäkringar Liv Försäkrings AB has a run-off agreement with Länsförsäkringar AB and Länsförsäkringar Fondliv for Länsförsäkringar Liv Försäkrings AB's run off. Note 44 Pledged assets and contingent liabilities provides additional information about this agreement.

Significant agreements for the Länsförsäkringar AB Group primarily comprise agreements with the 23 regional insurance companies regarding commission agreements, claims adjustment agreements, and development and management agreements.

Another significant agreement for the Länsförsäkringar AB Group is the sales agreement with Länsförsäkringar Mäklarservice AB.

#### Transactions between the Länsförsäkringar AB Group and its Board and management

For information regarding remuneration of closely related key persons such as Board members and senior executives see note 12 Employees, staff costs and remuneration of senior executives. In all other respects, no transactions took place between these individuals and their related parties apart from normal customer transactions.

For Länsförsäkringar Liv Försäkrings AB's transactions with related parties, see the company's 2022 Annual Report.

### Note 50 Group companies

Holding in directly and indirectly owned subsidiaries	Registered office of subsidiary, country	Participating interest in %	
		31 Dec 2022	31 Dec 2021
Agria Pet Insurance Ltd	UK	100	100
Capstone Financial Services Limited	UK	100	-
Försäkringsaktiebolaget Agria (publ)	Sweden	100	100
Länsförsäkringar Bank AB (publ)	Sweden	100	100
Länsförsäkringar Fondförvaltning AB	Sweden	100	100
Länsförsäkringar Fondliv Försäkringsaktiebolag (publ)	Sweden	100	100
Länsförsäkringar Grupplivförsäkringsaktiebolag	Sweden	100	100
Länsförsäkringar Hypotek AB (publ)	Sweden	100	100
LF Sak Fastighets AB	Sweden	100	100
Agria Vet Guide AB	Sweden	100	100
Wasa Kredit AB	Sweden	100	100

Participating interest refers to the share of capital, which corresponds to the number of votes for the total number of shares.



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### Note 51 Supplementary information to statement of cash flows

	2022	2021
<b>Interest paid and dividends received</b>		
Dividends received	26	49
Interest received	9,539	6,364
Interest paid	-3,429	-1,517
<b>Adjustment for non-cash items</b>		
Depreciation/amortisation and impairment of assets	527	621
Unrealised gains/losses on investment assets	35,106	-40,978
Technical provisions after ceded reinsurance	-26,865	54,935
Pension provisions	-3	0
Other provisions	-38	9
Other items not affecting liquidity	38	-242
<b>Total</b>	<b>8,765</b>	<b>14,346</b>

### Note 52 Events after balance-sheet date

On 20 January 2023, the FSA approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models. This approval also includes a transition from the Standardised Approach to the IRB Approach for the class of exposures to corporates in Wasa Kredit. The decision means that all of the bank's PD models will be replaced by new models. The effect of the implementation is that the new models entail a slight increase in the total risk exposure amount (REA), which will be reported from the first quarter of 2023.

Länsförsäkringar Bank has announced the early redemption of subordinated debt (Tier 2 capital loans) on the first possible redemption date in accordance with the terms of the loans. Redemption will take place on the first redemption date, which is 1 March 2023. This subordinated debt has already been deducted from own funds as per 31 December 2022.

Jonas Ekegren took office as the CFO of Länsförsäkringar AB on 21 February 2023.

On 1 March 2023 the bonus rate in the savings forms of New Trad and Old Trad was raised from 1% to 4% due to the high return on investment assets during the first two months of 2023.

Sara Rindevall will become the new President of Länsförsäkringar Fondliv on 1 April 2023.

### Note 53 Information regarding the Parent Company

Länsförsäkringar AB (publ) is a limited liability company registered in Sweden with its registered offices in Stockholm. Corporate Registration Number 502010-9681. The office address is Tegeluddsvägen 11-13, Stockholm, Sweden. The postal address is SE-106 50 Stockholm.

The 2022 consolidated financial statements comprise the Parent Company and its subsidiaries. The Länsförsäkringar AB Group also included participations owned in associated companies. Länsförsäkringar AB (publ) is wholly owned by the 23 regional insurance companies and the 14 local insurance companies.



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<b>Five-year summary</b>					
<b>Parent Company, amounts in SEK M unless otherwise stated</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>EARNINGS</b>					
Premiums earned (after ceded reinsurance)	2,585	2,447	2,339	2,142	2,128
Investment income transferred from financial operations	9	3	8	17	21
Claims payments (after ceded reinsurance) <sup>1)</sup>	-1,876	-1,769	-1,819	-1,580	-1,575
Operating expenses	-499	-474	-439	-445	-453
Other technical revenue and expenses	-2	-1	-1	-2	-1
<b>Technical result for insurance operations</b>	<b>217</b>	<b>206</b>	<b>88</b>	<b>133</b>	<b>120</b>
Remaining investment income	1,605	1,644	136	1,346	103
Other income	3,684	3,290	-	-	-
Other expenses	-4,309	-3,657	-	-	-
<b>Profit before appropriations and tax</b>	<b>1,197</b>	<b>1,484</b>	<b>224</b>	<b>1,478</b>	<b>223</b>
Net profit for the year	1,171	1,446	162	1,398	379
<b>Premium income (after ceded reinsurance)</b>					
Non-life insurance	2,625	2,497	2,407	2,181	2,091
<b>FINANCIAL POSITION</b>					
Investment assets measured at fair value	43,950	46,395	6,075	6,984	6,907
Technical provisions (after ceded reinsurance)	4,230	4,006	3,802	3,682	3,729
<b>Solvency capital</b>					
Equity	18,497	19,059	547	1,319	501
Deferred tax	-11	-10	-7	-6	-3
Untaxed reserves	1,188	1,174	1,154	1,139	1,139
Surplus values	23,908	24,138	1,685	1,206	1,887
<b>Solvency capital</b>	<b>43,582</b>	<b>44,361</b>	<b>3,379</b>	<b>3,657</b>	<b>3,524</b>
<b>Solvency margin, %</b>	<b>1,660</b>	<b>1,776</b>	<b>140</b>	<b>168</b>	<b>169</b>
<b>Own funds<sup>2)</sup></b>	<b>20,548</b>	<b>24,381</b>	<b>3,825</b>	<b>3,479</b>	<b>3,586</b>
<b>Minimum capital requirement</b>	<b>2,633</b>	<b>3,375</b>	<b>875</b>	<b>793</b>	<b>709</b>
<b>Solvency capital requirement</b>	<b>9,215</b>	<b>13,499</b>	<b>1,944</b>	<b>1,762</b>	<b>1,576</b>
<b>Solvency ratio, %</b>	<b>223</b>	<b>181</b>	<b>197</b>	<b>197</b>	<b>228</b>
<b>Own funds for insurance group</b>	<b>59,099</b>	<b>65,203</b>	<b>57,412</b>	<b>50,220</b>	<b>43,870</b>
<b>Solvency capital requirement for insurance group</b>	<b>41,836</b>	<b>45,368</b>	<b>39,186</b>	<b>37,966</b>	<b>33,874</b>
<b>Solvency ratio, % for insurance group</b>	<b>141</b>	<b>144</b>	<b>147</b>	<b>132</b>	<b>130</b>
<b>KEY FIGURES</b>					
<b>Insurance operations</b>					
Claims ratio	73	72	77	74	74
Expense ratio	19	20	19	21	21
Combined ratio	92	92	96	95	95
<b>Asset management</b>					
Direct yield	0.40	0.20	0.20	-0.20	-0.10
Total return ratio	-0.10	8.50	3.40	10.00	5.60

<sup>1)</sup> Includes claims adjustment costs from 2021. Previous comparative periods are excluding claims adjustment costs.

<sup>2)</sup> Of which SEK 20,548 M (24,381) is Tier 1 capital.



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Income Statement (SEK M)	Note	2022	2021
<b>Technical recognition of non-life insurance operations</b>			
<b>Premiums earned (after ceded reinsurance)</b>			
Premium income	3	4,416	4,290
Premiums for ceded reinsurance		-1,791	-1,793
Change in Provision for unearned premiums and unexpired risks		-43	-96
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks		3	46
<b>Total</b>		<b>2,585</b>	<b>2,447</b>
Investment income transferred from financial operations	4	9	3
<b>Claims payments (after ceded reinsurance)</b>			
Claims paid			
Before ceded reinsurance		-3,688	-3,427
Reinsurers' portion		1,887	1,723
<b>Total</b>	5	<b>-1,801</b>	<b>-1,704</b>
<b>Change in Provision for claims outstanding</b>			
Before ceded reinsurance		1,530	-132
Reinsurers' portion		-1,606	67
<b>Total</b>		<b>-75</b>	<b>-65</b>
<b>Claims payment (after ceded reinsurance)</b>			
Operating expenses	6,8,9	-499	-474
Other technical expenses		-2	-1
<b>Technical result for non-life insurance operations</b>		<b>217</b>	<b>206</b>
<b>Non-technical recognition</b>			
Technical result for non-life insurance operations		217	206
Investment income, revenue	10	2,095	1,526
Unrealised gains on investment assets	10	-	241
Investment income, expenses	10	-126	-111
Unrealised losses on investment assets	10	-330	0
Investment income transferred to non-life insurance operations		-33	-12
Other income	7.11	3,684	3,290
Other expenses	7.11	-4,309	-3,657
<b>Profit before appropriations and tax</b>		<b>1,197</b>	<b>1,484</b>
<b>Appropriations</b>			
Tax allocation reserve		-14	-20
<b>Profit before tax</b>		<b>1,183</b>	<b>1,464</b>
Tax on net profit for the year	12	-12	-18
<b>Net profit for the year</b>		<b>1,171</b>	<b>1,446</b>

Statement of other comprehensive income		
SEK M	2022	2021
<b>Net profit for the year</b>	<b>1,171</b>	<b>1,446</b>
<b>Other comprehensive income</b>		
<b>Items that cannot be transferred to profit and loss</b>		
Change in fair value of equity instruments measured at FVOCI	-2	2
Tax attributable to items that cannot be reversed to profit or loss	1	0
<b>Total comprehensive income</b>	<b>1,170</b>	<b>1,448</b>





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### Performance analysis 2022

SEK M	Total	Accident and health	Health care	Commercial	Legal expenses	Liability	Motor third party liability
<b>Technical result for non-life insurance operations</b>							
Premiums earned (after ceded reinsurance)	2,585	409	886	138	2	269	40
Investment income transferred from financial operations	9	-	-	1	-	5	1
Claims payments (after ceded reinsurance)	-1,876	-198	-724	-91	-4	-204	-62
Operating expenses	-499	-95	-176	-24	-1	-50	-9
Other technical expenses	-2	-	-	-	-	-	-2
<b>Technical result for non-life insurance operations, 2022</b>	<b>217</b>	<b>116</b>	<b>-13</b>	<b>25</b>	<b>-2</b>	<b>20</b>	<b>-32</b>
Technical result for non-life insurance operations, 2021	206	83	20	23	-	129	-10
Run-off result (before ceded reinsurance) 2022 <sup>1) 2)</sup>	1,332	62	12	5	-2	32	87
Run-off result (after ceded reinsurance) 2022	356	68	12	6	-2	33	4
<b>Technical provisions before ceded reinsurance</b>							
Provision for unearned premiums and unexpired risks	1,225	78	230	74	1	166	22
Provision for claims outstanding	12,032	806	110	226	2	860	1,691
<b>Total technical provisions, before ceded reinsurance</b>	<b>13,257</b>	<b>884</b>	<b>340</b>	<b>300</b>	<b>3</b>	<b>1,026</b>	<b>1,713</b>
<b>Reinsurers' portion of technical provisions</b>							
Provision for unearned premiums and unexpired risks	497	-	-	11	-	5	-
Provision for claims outstanding	8,530	6	-	48	-	1	1,542
<b>Total reinsurers' portion of technical provisions</b>	<b>9,027</b>	<b>6</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>7</b>	<b>1,542</b>

<sup>1)</sup> Most of the gross run-off gain derives from the Länsförsäkringar Alliance's reinsurance programme.

<sup>2)</sup> The risk margin is included as part of the Provision for claims outstanding and calculated as an addition to the undiscounted best estimate of the provision for claims payments per claim year. The risk margin is calculated and recognised in each claim year and there are expected run-off gains for previous claim years since the best estimate of the provision for claims payments is recognised as expected future costs and the risk margin comprises an addition to these. At the same time that the risk margin is discounted for prior years' claims as a function of the discontinuation of the best estimate of the provision for claims payments for each claim year, a provision is made for the risk margin for this year's claims and thus affects the result for claims for the year.

### Notes to Performance analysis

SEK M	Total	Accident and health	Health care	Commercial	Legal expenses	Liability	Motor third party liability
<b>Note A Premiums earned (after ceded reinsurance)</b>							
Premium income	4,416	427	910	170	2	288	53
Premiums for ceded reinsurance	-1,791	-1	-	-27	-	-14	-10
Change in Provision for unearned premiums and unexpired risks	-43	-17	-25	-3	-	-5	-3
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	3	-	-	-2	-	1	-
<b>Premiums earned (after ceded reinsurance)</b>	<b>2,585</b>	<b>409</b>	<b>886</b>	<b>138</b>	<b>2</b>	<b>269</b>	<b>40</b>
<b>Note B Claims payments (after ceded reinsurance)</b>							
<b>Claims paid</b>							
Before ceded reinsurance	-3,688	-196	-718	-67	-4	-120	-98
Reinsurers' portion	1,887	-	-	15	-	1	47
<b>Change in provision for claims outstanding</b>							
Before ceded reinsurance	1,530	-8	-6	-35	-	-86	73
Reinsurers' portion	-1,606	6	-	-3	-	1	-83
<b>Claims payments (after ceded reinsurance)</b>	<b>-1,876</b>	<b>-198</b>	<b>-724</b>	<b>-91</b>	<b>-4</b>	<b>-204</b>	<b>-62</b>



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### Performance analysis 2022, cont.

SEK M	Motor	Transit	Household and home-owner	Credit and Guarantees	Direct insurance Swedish risks	Direct insurance foreign risks	Total assumed re-insurance
<b>Technical result for non-life insurance operations</b>							
Premiums earned (after ceded reinsurance)	159	164	-	2	2,068	7	509
Investment income transferred from financial operations	-	-	-	-	7	-	1
Claims payments (after ceded reinsurance)	-143	-115	-	-8	-1,549	-2	-325
Operating expenses	-26	-39	-	-	-420	-1	-78
Other technical expenses	-	-	-	-	-2	-	-
<b>Technical result for non-life insurance operations, 2022</b>	<b>-10</b>	<b>9</b>	<b>-</b>	<b>-7</b>	<b>105</b>	<b>3</b>	<b>109</b>
Technical result for non-life insurance operations, 2022	11	2	-	0	257	2	-53
Run-off result (before ceded reinsurance) 2022 <sup>1) 2)</sup>	-2	-26	-	2	170	1	1,161
Run-off result (after ceded reinsurance) 2022	6	1	-	1	128	-	227
<b>Technical provisions before ceded reinsurance</b>							
Provision for unearned premiums and unexpired risks	479	55	1	21	1,128	4	93
Provision for claims outstanding	108	135	1	46	3,985	2	8,046
<b>Total technical provisions, before ceded reinsurance</b>	<b>587</b>	<b>190</b>	<b>2</b>	<b>68</b>	<b>5,112</b>	<b>6</b>	<b>8,139</b>
<b>Reinsurers' portion of technical provisions</b>							
Provision for unearned premiums and unexpired risks	417	2	-	17	452	2	43
Provision for claims outstanding	64	29	-	35	1,726	-	6,804
<b>Total reinsurers' portion of technical provisions</b>	<b>481</b>	<b>31</b>	<b>-</b>	<b>53</b>	<b>2,178</b>	<b>2</b>	<b>6,847</b>

<sup>1)</sup> Most of the gross run-off gain derives from the Länsförsäkringar Alliance's reinsurance programme.

<sup>2)</sup> The risk margin is included as part of the Provision for claims outstanding and calculated as an addition to the undiscounted best estimate of the provision for claims payments per claim year. The risk margin is calculated and recognised in each claim year and there are expected run-off gains for previous claim years since the best estimate of the provision for claims payments is recognised as expected future costs and the risk margin comprises an addition to these. At the same time that the risk margin is discounted for prior years' claims as a function of the discontinuation of the best estimate of the provision for claims payments for each claim year, a provision is made for the risk margin for this year's claims and thus affects the result for claims for the year.

### Notes to Performance analysis

SEK M	Motor	Transit	Household and home-owner	Credit and Guarantees	Direct insurance Swedish risks	Direct insurance foreign risks	Total assumed re-insurance
<b>Note A Premiums earned (after ceded reinsurance)</b>							
Premium income	392	178	-	14	2,434	13	1,969
Premiums for ceded reinsurance	-226	-10	-	-11	-298	-6	-1,486
Change in Provision for unearned premiums and unexpired risks	-8	-5	-	-4	-70	-	27
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	1	-	-	3	3	-	-1
<b>Premiums earned (after ceded reinsurance)</b>	<b>159</b>	<b>163</b>	<b>-</b>	<b>2</b>	<b>2,068</b>	<b>7</b>	<b>510</b>
<b>Note B Claims payments (after ceded reinsurance)</b>							
<b>Claims paid</b>							
Before ceded reinsurance	-414	-111	-	-	-1,728	-2	-1,958
Reinsurers' portion	273	8	-	-	344	-	1,543
<b>Change in provision for claims outstanding</b>							
Before ceded reinsurance	-11	-31	-	-39	-143	-	1,674
Reinsurers' portion	8	19	-	30	-22	-	-1,584
<b>Claims payments (after ceded reinsurance)</b>	<b>-143</b>	<b>-115</b>	<b>-</b>	<b>-8</b>	<b>-1,549</b>	<b>-2</b>	<b>-325</b>



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Balance sheet (SEK M)	Note	31 Dec 2022	31 Dec 2021
<b>ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	13	0	0
Other intangible assets	14	323	346
<b>Total</b>		<b>323</b>	<b>346</b>
<b>Investment assets</b>			
Investments in Group companies and associated companies			
Shares and participations in Group companies	15	16,136	16,076
Interest-bearing securities issued by Group companies and loans to Group companies	16	23	517
Shares in Länsförsäkringar Liv Försäkrings AB		8	8
Shares and participations in associated companies	17	95	45
Shares and participations	18	910	1,150
Bonds and other interest-bearing securities	19	2,696	4,345
Derivatives	20.21	29	5
Deposits with companies that have ceded reinsurance		144	112
<b>Total</b>		<b>20,042</b>	<b>22,257</b>
<b>Reinsurers' portion of Technical provisions</b>			
Unearned premiums and unexpired risks	28	497	492
Claims outstanding	29	8,530	10,126
<b>Total</b>		<b>9,027</b>	<b>10,618</b>
<b>Receivables</b>			
Receivables, direct insurance	22	518	509
Receivables, reinsurance		738	544
Other receivables	23	1,155	585
<b>Total</b>		<b>2,411</b>	<b>1,638</b>
<b>Other assets</b>			
Tangible assets	25	270	82
Cash and bank balances		3,647	2,400
Deferred tax	12	11	10
<b>Total</b>		<b>3,927</b>	<b>2,492</b>
<b>Prepaid expenses and accrued income</b>			
Deferred acquisition costs	26	76	72
Other prepaid expenses and accrued income	24	355	309
<b>Total</b>		<b>431</b>	<b>381</b>
<b>TOTAL ASSETS</b>		<b>36,161</b>	<b>37,733</b>



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Balance sheet, cont. (SEK M)	Note	31 Dec 2022	31 Dec 2021
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>	27		
Share capital (10 424 582 shares)		200	200
Development Expenditures Fund		245	255
Statutory reserve		4	4
Fair value reserve		-471	-469
Retained earnings		17,347	17,623
Net profit for the year		1,172	1,446
<b>Total</b>		<b>18,497</b>	<b>19,059</b>
<b>Untaxed reserves</b>			
Contingency reserve		1,139	1,139
Tax allocation reserve		49	35
<b>Total</b>		<b>1,188</b>	<b>1,174</b>
<b>Technical provisions (before ceded reinsurance)</b>			
Unearned premiums and unexpired risks	28	1,225	1,156
Claims outstanding	29	12,032	13,468
<b>Total</b>		<b>13,257</b>	<b>14,624</b>
<b>Other provisions</b>			
Pensions and similar commitments	30	45	45
Deferred tax liabilities	12	-	-
Current tax liabilities		-	-
Other provisions	31	26	36
<b>Total</b>		<b>71</b>	<b>81</b>
<b>Deposits from reinsurers</b>			
		<b>4</b>	<b>9</b>
<b>Liabilities</b>			
Liabilities, direct insurance	32	547	641
Liabilities, reinsurance		523	338
Derivatives	20.21	3	20
Other liabilities	33	1,395	939
<b>Total</b>		<b>2,468</b>	<b>1,938</b>
<b>Accrued expenses and deferred income</b>			
Reinsurers' portion of deferred acquisition costs	26	5	5
Other accrued expenses and deferred income	34	671	843
<b>Total</b>		<b>676</b>	<b>848</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>36,161</b>	<b>37,733</b>



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### Consolidated statement of changes in equity for Länsförsäkringar AB, Parent Company

SEK M	Restricted equity			Non-restricted equity			Total equity
	Share capital	Development Expenditures Fund	Statutory reserve	Fair value reserve	Retained earnings	Net profit for the year	
Opening equity, 1 January 2021	200	-	4	36	145	162	547
Appropriation of profit	-	-	-	-	162	-162	0
Dividends paid	-	-	-	-	-302	-	-302
Merger difference <sup>1)</sup>	-	-	-	-	18,065	-	18,065
Dividends paid before merger date	-	-	-	-	-698	-	-698
Transfer to Development Expenditures	-	345	-	-	-345	-	-
Fund on merger	-	-	-	-506	506	-	0
Transfer to fair value reserve on merger	-	-	-	-	-	-	0
Net profit for the year	-	-	-	-	-	1,446	1,446
Other comprehensive income for the year	-	-	-	1	-	-	1
Change in reserve	-	-	-	0	0	-	0
Capitalised internally generated development expenditures	-	-90	-	-	90	-	0
<b>Closing equity, 31 December 2021</b>	<b>200</b>	<b>255</b>	<b>4</b>	<b>-469</b>	<b>17,623</b>	<b>1,446</b>	<b>19,059</b>
Opening equity, 1 January 2022	200	255	4	-469	17,623	1,446	19,059
Appropriation of profit	-	-	-	-	1,446	-1,446	0
Dividends paid	-	-	-	-	-1,751	-	-1,751
Net profit for the year	-	-	-	-	-	1,171	1,171
Other comprehensive income for the year	-	-	-	-1	-	-	-1
Realised gain/loss from sale of shares	-	-	-	-	19	-	19
Capitalised internally generated development expenditures	-	-10	-	-	10	-	0
<b>Closing equity, 31 December 2022</b>	<b>200</b>	<b>245</b>	<b>4</b>	<b>-470</b>	<b>17,347</b>	<b>1,171</b>	<b>18,497</b>

<sup>1)</sup> Gamla Länsförsäkringar ABs (publ) earnings for 1 Jan-2 May 2021 are included in comprehensive income for the period. The difference between the transferring company's value of assets and liabilities at the beginning of the merger year is recognised, less approved dividends, as the merger difference in equity. The merger difference has been recognised as restricted equity as far as permitted in BFNAR 2020:5. The remainder was recognised as non-restricted equity.



# Notes to the Parent Company's financial statements

All figures in SEK M unless otherwise stated.

## Note 1 Accounting policies

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#### Company information

The Annual Report for Länsförsäkringar AB (publ), Corp. Reg. No. 502010-9681, pertains to the fiscal year 1 January–31 December 2022. The company is an insurance company registered in Sweden, with its registered office in Stockholm. The address of the head office is Tegeluddsvägen 11-13, SE-106 50 Stockholm, Sweden. The company is wholly owned by the 23 regional insurance companies and 14 local insurance companies.

#### Compliance with standards and legislation

The company prepares its accounts in accordance with the Swedish Annual Accounts Act for Insurance Companies (1995:1560) (ÅRFL), and also applies the FSA's regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision (FFFS 2019:23) and its amendments, and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. In accordance with the regulations and general guidelines, Länsförsäkringar AB applies legally restricted IFRS. This means that all IFRS and interpretations approved by the EU are applied as far as possible within the framework of Swedish legislation, taking into consideration the connection between accounting and taxation.

#### Conditions relating to the preparation of the company's financial statements

The company's functional currency is Swedish kronor (SEK) and the financial statements are presented in SEK. All amounts, unless otherwise stated, are rounded to the nearest million Swedish kronor (SEK M). Assets and liabilities are recognised at cost, except for most of the company's financial assets and liabilities that are measured at fair value. The accounting policies stated below have been applied to all periods presented in the financial statements, unless otherwise stated.

#### Judgements and estimates in the financial statements

The preparation of accounts in accordance with legally restricted IFRS requires that corporate management make judgements and estimates, and make assumptions that affect the application of the accounting policies and the recognised amounts of income, expenses, assets, liabilities and contingent liabilities. These judgements and estimates are based on previous knowledge and experiences and the information available on the balance-sheet date. The actual outcome may deviate from these judgements and estimates, but estimates are regularly evaluated to reduce deviations. Changes in the abovementioned estimates are recognised in the period in which the change is made if the change only affected that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

#### Significant judgements applied to the company's accounting policies

An area in which corporate management makes significant judgements is the classification of insurance contracts. Under IFRS 4 Insurance Contracts, contracts that transfer significant insurance risk are classified as insurance contracts. Länsförsäkringar AB has assessed all insurance contracts, and the majority of these are classified as contracts with significant insurance risk. The level of insurance risk was assessed by considering whether one or more scenarios of commercial significance exist in which Länsförsäkringar AB would be obligated to pay a significant amount of compensation. Contracts totalling minor amounts have, for materiality reasons, been classified as insurance contracts under IFRS 4. The company bases the classification of financial assets and liabilities on the purpose of the holding.

#### Significant sources of estimation uncertainty

Provisions for claims outstanding and the depreciation period for deferred acquisition costs are two areas in the insurance operations that involve a certain level of uncertainty. To calculate the technical provisions, an actuarial estimate is

made of anticipated costs for claims for which final settlement has not been completed, including claims that have occurred but have not yet been reported to the company. The provision also reflects anticipated future cost increases and expenses for claims adjustment. The valuation of the provisions is described in the section on the recognition of technical provisions in the Group note 1 Accounting policies and in note 2 Risks and risk management. The assumption for the depreciation period for deferred acquisition costs is based on statistics relating to the terms of the insurance contracts.

The valuation techniques described in the Group note 1, Accounting policies are used in the measurement of financial assets for which no observable market data is available.

#### Accounting changes due to reclassifications

Bank balances, that were previously recognised under Receivables were reclassified to cash and bank balances. Comparative figures relating to 31 December 2021 have been restated in the amount of SEK 1,562 M.

#### New accounting regulations that have not yet been applied

A number of new or amended standards and interpretations described below will not take effect until forthcoming fiscal years, and have not been applied in advance when preparing these financial statements. Other than those, no other new or revised IFRS and interpretations not yet in force are deemed to have any material effect on the financial statements.

#### Differences between the Group's and the Parent Company's accounting policies

The deviations arising between the Group's and the Parent Company's accounting policies are due to the limitations on the possibility of applying IFRS in the Parent Company, as a result of the Swedish Annual Accounts Act for Insurance Companies and with respect to the relationship between accounting and taxation.

The Parent Company applies the same accounting policies as the Group except in the following cases.

#### Presentation format and classification

The statement of income and the balance sheet for the Parent Company are presented following the presentation format of the Swedish Annual Accounts Act for Insurance Companies (1995:1560), as opposed to the formats for the consolidated statement of income and statement of financial position, which are based on IAS 1 Presentation of Financial Statements

*Shares and participations in Group companies and associated companies*  
Shares and participations in subsidiaries and associated companies are recognised at cost. Dividends are recognised in profit or loss under Investment income, revenue.

#### Shareholders' and Group contributions

Shareholders' contributions are recognised as shares and participations in Group companies. The receiving subsidiary recognises the shareholders' contribution in equity.

Group contributions are recognised in accordance with the main rule of RFR 2. Group contributions received by the company from a Group company are recognised according to the same policies as dividends.



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Group contributions paid to subsidiaries are recognised as an increase in the cost of shares and participations in Group companies.

### *Leased assets*

Länsförsäkringar AB has made use of the option in RFR 2 to not apply IFRS 16 Leases in legal entities due to the relationship between accounting and taxation. Lease payments are recognised as a cost straight-line over the term. Right-of-use assets and lease liabilities are thus not recognised in the balance sheet.

### *Untaxed reserves*

Changes in untaxed reserves are recognised in profit or loss under appropriations. The contingency reserve is a collective contingency-related strengthening of technical provisions. Access is limited and requires official permission in certain cases. Reversal can only take place against losses in the insurance operations or for lower volumes in the insurance operations.

### **Impairment testing of participations in subsidiaries**

If there is an indication of an impairment requirement, the recoverable amount of the asset is calculated. If it is not possible to determine the significantly independent cash flows for an individual asset, the assets are to be grouped when testing for impairment at the lowest value where it is possible to identify the significantly independent cash flows, known as a cash-generating unit. A cash-generating unit is the smallest group of assets that generates cash inflows that are independent of the cash inflows from other assets or groups of assets

An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. Impairment is recognised in profit or loss. The recoverable amount is the higher of fair value less selling expenses and value in use.

### **Reversal of impairment of participations in subsidiaries**

Impairment is reversed when there is no longer an indication of impairment and a change has occurred in the assumptions that formed the basis for calculating the recoverable amount. A reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been recognised, if no impairment had been applied.

Impairment of participations in subsidiaries is recognised in profit or loss as investment income, expenses.



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### Note 2 Risks and risk management

The Parent Company Länsförsäkringar AB's risk-management system is part of the Group-wide risk-management system and the company's organisation, distribution of responsibilities and risk-management methods are thus described in note 2 Risk and capital management in the Länsförsäkringar AB Group.

This note describes the risks in the Parent Company Länsförsäkringar AB's insurance business and how they are managed. The exposures and sensitivities presented refer to the Parent Company's own insurance business and management of the company's own investment assets. However, since the Parent Company's solvency capital requirement is calculated using internal models for consolidated data, the solvency capital requirement does not include the risks in the consolidated subsidiaries Agria, Länsförsäkringar Gruppliv and Länsförsäkringar Fondliv.

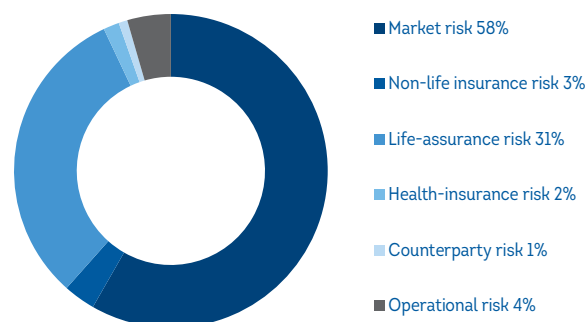
#### Risk map and capital requirements

The following points describe the Parent Company Länsförsäkringar AB's operations and risk-taking:

- The company conducts non-life insurance operations using reinsurance where deemed necessary from a risk and business perspective.
- The operations largely comprise short-tail business, with elements of more long-term commitments in, for example, liability insurance.
- The operations primarily focus on small and medium-sized businesses and private individuals.
- The company manages the reinsurance cover for the entire Länsförsäkringar Alliance, which entails non-life insurance risk and significant gross counterparty exposure but no major net risks.
- The operations include internationally assumed reinsurance and some international operations via fronting<sup>1</sup> and FOS business<sup>2</sup>.
- The company is exposed to volatility in the financial markets through the management of investment assets.

**Figure 1. Regulatory capital requirement per risk category in accordance with Solvency II, including diversification under Länsförsäkringar's internal model**

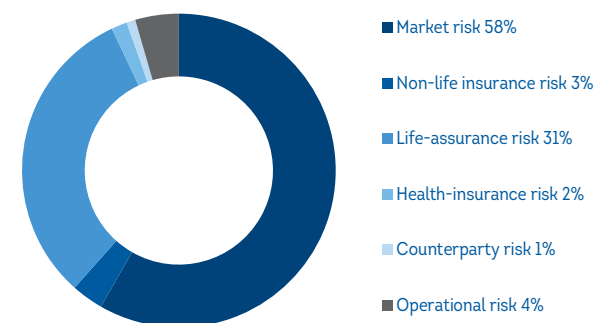
31 December 2022



<sup>1</sup> Mutual undertakings which pursue non-life insurance operations and which have concluded with other mutual undertakings an agreement which provides for the full reinsurance of the insurance policies issued by them or under which the accepting undertaking is to meet the liabilities arising under such policies in the place of the ceding undertaking.

<sup>2</sup> Freedom of service entails the possibility of taking out legal insurance abroad directly from Sweden as part of the EU free movement of goods and services in the EU/EEA.

31 December 2021



The Parent Company Länsförsäkringar AB's largest net risk exposure is found in the investment assets that the company manages and is thus included in market risk. The largest gross insurance-risk exposure is the company's commitments in the joint reinsurance cover for the Länsförsäkringar Alliance. These exposures are restricted by external reinsurance cover, which is why the net risk is low relative to other insurance risks.

#### Insurance risks

##### Risk exposure

The Parent Company Länsförsäkringar AB underwrites liability, cargo, property and motor insurance as well as assumed international reinsurance. The company also has a share of the pools that comprise the Länsförsäkringar Alliance's joint reinsurance solution. Furthermore, the company has insurance commitments in accident and health insurance as well as health care insurance.

Insurance risk in the Parent Company Länsförsäkringar AB is dominated by non-life insurance risk, mainly comprising premium risk, followed by reserve risk and health-insurance risk. Catastrophe risk comprises minor exposure through the use of reinsurance cover with relatively low retention, which limits the exposure. The company is also exposed to cancellation risk since expected profit from future premiums for existing insurance contracts is included in the company's own funds.

##### Risk management

The company endeavours to have a well-diversified portfolio with a well-defined structure of insurance terms and conditions, risk selection criteria and risk inspections depending on the business line. The company has also insured itself against the risk of very large claims through ceded reinsurance. The criteria for selecting the reinsurer, limits per counterpart and limits for retention are regulated in governance documents.

##### Risk sensitivity

Table 1 shows the sensitivity of the company's earnings and equity to changes in claims frequency and claims inflation. The sensitivities are not included in the insurance commitments of the subsidiaries.





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**Table 1. Sensitivity analysis, insurance risk (SEK M)**

Assumption		Impact on profit before tax		Impact on equity	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Insurance risk	10 % increased claims frequency/average claim	-188	-177	-149	-140
Claims inflation	1% higher annual claims inflation	-151	-144	-120	-114

Table 2 shows the annual trend for estimated final claims costs from the end of the claim year and beyond, gross and for own account. The table includes claims paid and the provision for claims payments including the provision for unknown claims (claims incurred but not reported (IBNR)). Claims adjustment costs and payments of determined annuities are included in the table. However, the claims adjustment reserve and annuity reserve are recognised on separate lines. Assumed reinsurance taken out on an underwriting annual basis<sup>1)</sup> and for which historical information about the claim year is not available is excluded from the table and reported on a separate row. Amounts in different currencies have all been converted at the closing-day rate. The average duration of Parent Company Länsförsäkringar AB's insurance portfolio is 3.3 years (3.0).

**Table 2. Estimated claims costs gross and for own account, SEK M**

Estimated claims costs gross	2016	2017	2018	2019	2020	2021	2022	Total
At end of claim year	1,900	1,996	2,467	2,502	3,451	3,138	2,609	
One year later	1,728	1,931	2,181	2,432	3,271	3,425		
Two years later	1,633	1,827	2,137	2,428	3,244			
Three years later	1,568	1,795	2,078	2,362				
Four years later	1,553	1,771	2,036					
Five years later	1,512	1,661						
Six years later	1,449							
Estimated claims costs	1,449	1,661	2,036	2,362	3,244	3,425	2,609	
Accumulated claims payments	1,114	1,340	1,675	1,933	2,395	2,295	1,089	
Provision for claims payments	335	321	362	429	848	1,130	1,519	<b>4,944</b>
Provision for claims payments, older year classes								3,852
Provision for claims payments for assumed reinsurance								1,439
<b>Total provision for claims payments, gross</b>								<b>10,235</b>
Annuity reserve, gross								1,555
Claims adjustment reserve, gross								242
<b>Provision for claims outstanding, gross</b>								<b>12,032</b>
<b>Estimated claims costs for own account</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Total</b>
At end of claim year	1,132	1,152	1,258	1,211	1,307	1,395	1,537	
One year later	940	1,123	1,166	1,155	1,226	1,340		
Two years later	947	1,103	1,133	1,135	1,263			
Three years later	922	1,094	1,120	1,104				
Four years later	910	1,083	1,091					
Five years later	893	1,072						
Six years later	900							
Estimated claims costs	900	1,072	1,091	1,104	1,263	1,340	1,537	
Accumulated claims payments	832	1,012	1,026	994	1,008	1,015	812	
Provision for claims payments	68	60	65	110	255	324	725	<b>1,607</b>
Provision for claims payments, older year classes								504
Provision for claims payments for assumed reinsurance								891
<b>Total provision for claims payments, for own account</b>								<b>3,001</b>
Annuity reserve, for own account								266
Claims adjustment reserve, for own account								242
<b>Provision for claims outstanding, for own account</b>								<b>3,510</b>

<sup>1)</sup> Claims costs related to the year in which the contract was signed.



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### Market risk

The Parent Company Länsförsäkringar AB's exposure to and management of market risk is described in note 2 Risk and capital management of the Länsförsäkringar AB Group.

### Risk sensitivity

Table 3 shows how changes in the financial markets affect the company's earnings and equity.

Table 4 shows sensitivity to exchange-rate changes

**Table 3. Sensitivity analysis, market risks, SEK M**

Assumption		Of which impact on other					
		Impact on profit before tax		comprehensive income before tax		Impact on equity	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Property risk	10% lower property prices	-190	-176	-	-	-151	-139
Interest-rate risk assets and liabilities net <sup>1)</sup>	100 bps higher interest rate	-63	-16	-	-	-50	-13
Interest-rate risk assets and liabilities net <sup>1)</sup>	100 bps lower interest rate	64	10	-	-	51	8
Equities risk <sup>2)</sup>	10% lower share prices including hedge funds	-91	-115	-16	-10	-72	-91
Credit-spread risk	100 bps increased credit-spread	-31	-61	-	-	-25	-48
Currency risk <sup>3)</sup>	10% strengthening of SEK	-52	-30	-	-	-42	-24

<sup>1)</sup> Interest rate risk from investment assets (including accrued interest) and from annuities in technical provisions. Other technical provisions are not discounted except for certain insignificant amounts of accident insurance.

<sup>2)</sup> Shares and participations, including derivatives and equities in hedge funds.

<sup>3)</sup> Including indirect exposure via a look-through approach of funds.

**Table 4. Impact on earnings of a 10% increase in the SEK exchange rate, SEK M**

Currency <sup>1)</sup>	Impact on profit before tax	
	31 Dec 2022	31 Dec 2021
USD	-29	-23
DKK	-16	-9
EUR	-8	-1
CHF	-4	-3
CAD	-3	0
JPY	-2	-1
TWD	2	1
CNY	2	2
ZAR	2	2
KRW	2	2
Other	2	2
<b>Total</b>	<b>-52</b>	<b>-29</b>

<sup>1)</sup> Currency risk includes indirect exposure via a look-through approach of funds, net of liabilities in foreign currency.

### Counterparty risk

The Parent Company Länsförsäkringar AB's exposure to and management of counterparty risk is described in note 2 Risk and capital management of the Länsförsäkringar AB Group.

### Risk sensitivity

Table 5 shows the credit quality of assets for various counterparty categories. Table 6 shows the distribution of the counterparties included in the company's reinsurance cover by credit quality step.

**Table 5. Exposure by credit quality step, SEK M**

	Market value	
	31 Dec 2022	31 Dec 2021
<b>Cash and bank balances and cash and cash equivalents classified as other receivables</b>		
A	2,661	2,043
<b>Total</b>	<b>2,661</b>	<b>2,043</b>
<b>Bonds and other interest-bearing securities<sup>1)2)</sup></b>		
AAA - Swedish Government	0	0
AAA - Other	1,678	3,293
AA	74	72
A	0	0
BBB	1	2
BB or lower	132	293
No rating available	811	685
<b>Total bonds and other interest-bearing securities</b>	<b>2,696</b>	<b>4,345</b>
<b>Derivat<sup>3)</sup></b>		
AA	0	3
A	2	3
BB	0	0
<b>Total derivatives</b>	<b>2</b>	<b>6</b>
<b>Total</b>	<b>5,359</b>	<b>6,394</b>

<sup>1)</sup> Disclosures as per 31 December 2021 have been adjusted to exclude interest-bearing securities issued by Group companies.

<sup>2)</sup> Market value including interest for directly-owned holdings, which also include analysed fixed-income funds.

<sup>3)</sup> Net after taking collateral into account. Only exposures from receivables that entail counterparty risk are included.



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**Table 6. Distribution of exposure of externally purchased reinsurance cover for the Parent Company Länsförsäkringar AB.**

Exposure for externally purchased cover	Percentage distribution per credit quality step according to S&P Global	
	31 Dec 2022	31 Dec 2021
Regional insurance companies	88%	81%
AA	4%	7%
A	7%	11%
BBB or lower	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Liquidity risk

The Parent Company Länsförsäkringar AB's exposure to and management of liquidity risk is described in note 2 Risk and capital management of the Länsförsäkringar AB Group.

### Risk sensitivity

Table 7 shows the actual cash flows that will occur in each period, based on the remaining contractual, maturities. The amounts presented in maturities are undiscounted cash flows. Most of the bonds and interest-bearing securities can be realised at short notice to cover contractual commitments at any time on the liabilities side.

**Table 7. Maturity analysis for financial assets and liabilities and insurance undertakings**

SEK M	2022						2021					
	<3 months	3 months-1 year	1-5 years	5-10 years	>10 years	Total	<3 months	3 months-1 year	1-5 years	5-10 years	>10 years	Total
<b>Assets</b>												
Interest-bearing issued by Group companies and loans to Group companies	-	0	25	2	-	27	-	465	45	7	-	517
Bonds and other interest-bearing <sup>2)</sup>	4	991	967	173	-	2,135	1	2,068	1,218	206	-	3,493
Reinsurers' portion of technical provisions	382	1,006	3,145	1,370	3,124	9,027	491	1,197	3,482	1,644	3,804	10,618
Other receivables	58	-	-	-	-	58	277	-	-	-	-	277
Prepaid expenses and accrued income	22	-	-	-	-	22	33	-	-	-	-	33
<b>Total assets</b>	<b>466</b>	<b>1,997</b>	<b>4,137</b>	<b>1,545</b>	<b>3,124</b>	<b>11,269</b>	<b>802</b>	<b>3,730</b>	<b>4,745</b>	<b>1,857</b>	<b>3,804</b>	<b>14,938</b>
<b>Liabilities</b>												
Technical provision <sup>3)</sup>	1,156	2,258	4,604	1,759	3,480	13,257	1,196	2,338	4,950	1,985	4,155	14,624
Other liabilities	1,068	-	-	-	-	1,068	676	-	-	-	-	676
Accrued expenses and deferred income	2	-	-	-	-	2	211	-	-	-	-	211
<b>Total liabilities</b>	<b>2,226</b>	<b>2,258</b>	<b>4,604</b>	<b>1,759</b>	<b>3,480</b>	<b>14,327</b>	<b>2,083</b>	<b>2,338</b>	<b>4,950</b>	<b>1,985</b>	<b>4,155</b>	<b>15,511</b>
Derivatives, in and outflows, net	26	-	-	-	-	26	-15	-	-	-	-	-15
<b>Total derivatives</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>-15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15</b>

<sup>1)</sup> Note that the table shows financial assets and not the total assets corresponding to the commitments, which would include, for example, premium receivables and the company's property holdings.

<sup>2)</sup> The balance-sheet item Bonds and other interest-bearing securities includes Fixed-income funds. These have no contractual maturities and have been excluded from the table. The recovery periods for securities do not reflect the liquidity in the portfolio but rather the final maturity of the securities. These are realisable at any time.

<sup>3)</sup> Technical provisions are recognised gross, before ceded reinsurance.

### Capital management

Länsförsäkringar AB has own funds that exceed the capital requirement under the rules on insurance operations by a healthy margin, as a shown in table 8. Refer also to the Länsförsäkringar AB Group's note 2 Risk and capital management.

**Table 8. Capital position under Solvency II, SEK M**

SEK M	31 Dec 2022	31 Dec 2021
Own funds	24,381	0
Capital requirement	13,499	0
Solvency ratio	181%	0%



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<b>Note 3 Premium income</b>		
	2022	2021
Direct insurance, Sweden	2,434	2,302
Direct insurance, other EEA	13	11
Assumed reinsurance	1,969	1,977
<b>Total</b>	<b>4,416</b>	<b>4,290</b>

<b>Note 4 Investment income transferred from financial operations</b>		
	2022	2021
Transferred investment income	9	3
<b>Interest rates, %</b>		
Provisions for insurance policies with long-term claims in run-off	0.60	0.23
Provisions for insurance policies with short-term claims in run-off	0.00	0.00

The estimated total return on the assets corresponding to the technical provisions is transferred from the financial operations to the technical result. The transferred investment income is calculated on the basis of half the premiums earned after ceded reinsurance and on the basis of the average of opening and closing provisions for claims outstanding after ceded reinsurance during the year. The investment income is divided into two parts. One part is added to the annuities result by reducing the cost for the upward adjustment of the provision for annuities, and one part is recognised as transferred investment income.

<b>Note 5 Claims payments</b>		
	2022	2021
Claims paid	-1,596	-1,517
Operating expenses for claims adjustment	-225	-204
Claims adjustment reinsurance	20	17
<b>Total</b>	<b>-1,801</b>	<b>-1,704</b>

<b>Note 6 Operating expenses</b>		
	2022	2021
<b>Procurement and administration</b>		
Acquisition costs <sup>1)</sup>	-353	-346
Change in deferred acquisition costs	4	10
Reinsurers' portion of change in Deferred acquisition costs	0	0
Administration expenses	-183	-169
Commission and profit shares in ceded reinsurance	32	31
<b>Total</b>	<b>-499</b>	<b>-474</b>
<b>Other operating expenses</b>		
Operating expenses in asset management	-58	-60
Operating expenses for claims adjustment	-225	-204
Expenses for support and service operations	-4,309	-3,657
<b>Total</b>	<b>-4,592</b>	<b>-3,921</b>
<b>Total</b>	<b>-5,091</b>	<b>-4,395</b>
1) Of which, commission for direct insurance		
	-155	-150
<b>Total operating expenses by type of cost</b>		
	<b>2022</b>	<b>2021</b>
Staff costs	-1,500	-1,314
Costs for premises	-207	-199
Depreciation	-69	-261
IT costs	-2,451	-1,876
Other expenses	-865	-745
<b>Total</b>	<b>-5,091</b>	<b>-4,395</b>

<b>Note 7 Leases</b>		
<b>Lease agreements in which the company is the lessee.</b>		
Non-cancellable lease payments pertaining to rent for premises amount to:		
	2022	2021
Up to 1 year	-283	-263
1-5 years	-750	-736
More than 5 years	-200	-314
<b>Total</b>	<b>-1,232</b>	<b>-1,313</b>

A rental charge of SEK M -161 (-167) was recognised in profit for 2022. The leases are valid for five to ten years until 31 October 2024 and 2029, respectively. Every time that lease contracts are renewed, a basic rent level is established that is subsequently index-linked to the consumer price index.

<b>Leases in which the company is the lessor.</b>		
Future non-cancellable lease payments pertaining to rent for premises:		
	2022	2021
Up to 1 year	88	90
More than 1 year but not more than 5 years	-	-
<b>Total</b>	<b>88</b>	<b>90</b>

In 2022, rental income of SEK 88 M (90) was recognised. The company leases premises to Group companies.



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### Note 8 Fees and remuneration of auditors

The following fees have been paid to auditors

	2022	2021
Deloitte AB, audit assignments	-6	-
Deloitte AB, audit activities in addition to audit assignment	-	-
Deloitte AB, tax consulting	-	-
Deloitte AB, other services	-1	-
KPMG AB, audit assignments	-	-6
KPMG AB, audit activities in addition to audit assignment	-	-
KPMG AB, tax consulting	-	-1
KPMG AB, other services	-	-1
<b>Total</b>	<b>-7</b>	<b>-8</b>

Audit assignments pertain to a review of the Annual Report and accounts, and the administration by the Board of Directors and President, other work assigned to the company's auditors, and advice or other assistance required due to observations made during the review or implementation of such other assignments. Everything else comes under Other assignments.

### Note 9 Employees, staff costs and remuneration of senior executives

Average number of employees, Sweden	2022	2021
Men	537	476
Women	568	552
<b>Total number of employees</b>	<b>1,105</b>	<b>1,028</b>
<b>Salaries and other remuneration, as well as social security expenses, other employees</b>	<b>2022</b>	<b>2021</b>
Salaries and remuneration	852	766
of which, variable salary	-	-
Social security expenses	489	458
of which, pension costs	178	178
<b>Total</b>	<b>1,342</b>	<b>1,224</b>

### Note 9, cont.

Board of Directors and senior executives, 21 (32)	2022	2021
Salaries and remuneration	35	31
of which, fixed salary to President	15	7
of which, variable salary to President	-	-
of which, fixed salary to other senior executives	16	19
of which, variable salary to other senior executives	-	-
Social security expenses	22	21
of which, pension costs	9	9
<b>Total</b>	<b>57</b>	<b>53</b>
<b>Total salaries, other remuneration and social security expenses</b>	<b>2022</b>	<b>2021</b>
Salaries and remuneration	890	797
of which, variable salary	-	-
Social security expenses	513	480
of which, pension costs	187	187
<b>Total</b>	<b>1,402</b>	<b>1,277</b>

#### Remuneration of the Board

Directors' fees are payable to the Chairman and members of the Board in accordance with a decision of the Annual General Meeting. Employee representatives and Board members of the Länsförsäkringar AB Group do not receive any directors' fees.

#### Remuneration of senior executives

Remuneration of the President and other senior executives comprises basic salary and other benefits. Pension benefits and other benefits paid to the President and other senior executives are included as part of total remuneration. Other senior executives are the individuals who, together with the President, comprise corporate management.



## Note 9 Employees, staff costs and remuneration of senior executives, cont.

### Remuneration and other benefits for senior executives

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	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, %	
					Defined-contribution	
<b>2022</b>						
Mathias Collén, President	0.3	-	-	<b>0.3</b>		35
Malin Rylander Leijon, former President	4.2	-	1.5	<b>5.7</b>		35
Fredrik Bergström, former President	10.1	-	1.4	<b>11.5</b>		35
Maria Engholm, Chairman of the Board	0.9	-	-	<b>0.9</b>		-
Caesar Åforts, former Chariman of the Board	0.4	-	-	<b>0.4</b>		-
Erik Grimlund, Deputy Chairman of the Board	0.3	-	-	<b>0.3</b>		-
Bengt-Erik Jansson, Board member	0.4	-	-	<b>0.4</b>		-
Christian Bille, Board member	0.4	-	-	<b>0.4</b>		-
Susanne Bäck, Board member	0.4	-	-	<b>0.4</b>		-
Lennart Käll, Board member	0.4	-	-	<b>0.4</b>		-
Karin Mattsson, Board member	0.4	-	-	<b>0.4</b>		-
Beatrice Kämpe Nikolausson, Board member	0.4	-	-	<b>0.4</b>		-
Maria Wallin Wählberg, Board member	0.4	-	-	<b>0.4</b>		-
<b>Other senior executives</b>						
Parent Company (6 individuals)	15.7	0.0	6.0	<b>21.8</b>		40
Subsidiaries and Länsförsäkringar AB (2 individuals)	7.8	0.1	2.8	<b>10.7</b>		35
<b>Total 2022</b>	<b>42.4</b>	<b>0.1</b>	<b>11.8</b>	<b>54.3</b>		
<b>Total remuneration from Parent Company</b>	<b>36.2</b>	<b>0.0</b>	<b>8.9</b>	<b>45.2</b>		
<b>Total remuneration from subsidiaries</b>	<b>7.8</b>	<b>0.1</b>	<b>2.8</b>	<b>10.7</b>		

	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, %	
					Defined-contribution	
<b>2021</b>						
Fredrik Bergström, President	6.1	-	2.1	<b>8.2</b>		35
Björn Dalemo, former President	1.1	-	0.4	<b>1.5</b>		35
Caesar Åforts, Chairman of the Board	0.8	-	-	<b>0.8</b>		-
Bengt-Erik Jansson, Board member	0.4	-	-	<b>0.4</b>		-
Maria Engholm, Deputy Chairman of the Board	0.6	-	-	<b>0.6</b>		-
Christian Bille, Board member	0.2	-	-	<b>0.2</b>		-
Susanne Bäck, Board member	0.4	-	-	<b>0.4</b>		-
Lennart Käll, Board member	0.2	-	-	<b>0.2</b>		-
Karin Mattsson, Board member	0.4	-	-	<b>0.4</b>		-
Beatrice Kämpe Nikolausson, Board member	0.4	-	-	<b>0.4</b>		-
Jonas Rosman, Board member	0.1	-	-	<b>0.1</b>		-
Maria Wallin Wählberg, Board member	0.4	-	-	<b>0.4</b>		-
Hans Ljungkvist, former Board member	0.2	-	-	<b>0.2</b>		-
Jan-Olof Torsentsson, former Board member	0.1	-	-	<b>0.1</b>		-
Niklas Larsson, former Board member	0.1	-	-	<b>0.1</b>		-
Göran Karmehag, former Board member	0.1	-	-	<b>0.1</b>		-
Mikael Bergström, former Board member	0.1	-	-	<b>0.1</b>		-
Charlotte Barnekow, former Board member	0.1	-	-	<b>0.1</b>		-
Mikael Sundquist, former Board member	0.1	-	-	<b>0.1</b>		-
<b>Other senior executives</b>						
Parent Company (14 individuals)	19.0	0.2	6.7	<b>25.9</b>		35
Subsidiaries and Länsförsäkringar AB (2 individuals)	7.8	0.4	2.6	<b>10.8</b>		35
<b>Total 2021</b>	<b>38.7</b>	<b>0.6</b>	<b>11.9</b>	<b>51.2</b>		
<b>Total remuneration from Parent Company</b>	<b>30.9</b>	<b>0.2</b>	<b>9.2</b>	<b>40.4</b>		
<b>Total remuneration from subsidiaries</b>	<b>7.8</b>	<b>0.4</b>	<b>2.6</b>	<b>10.8</b>		

Remuneration to one of the former Presidents includes salary costs during the period of notice and severance pay.

Pension costs pertain to the impact on net profit for the year.



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### Pensions

The retirement age for the President is 65. The pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary. The retirement age for other senior executives is 65. The pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary.

### Severance pay

A mutual period of notice of six months applies to the President. If the company terminates employment, severance pay corresponding to 12 months' salary is paid during the period of notice. A mutual period of notice of three or six months applies for other senior executives. If the company terminates employment, severance pay corresponding to 12 or 18 months' salary is paid during the period of notice.

### Preparation and decision-making process applied in relation to the issue of remuneration of corporate management

A Remuneration Policy for the Länsförsäkringar AB Group regulates the preparation and decision-making process for remuneration of corporate management. The Remuneration Committee prepares important remuneration decisions and decisions on measures for following up the application of the Remuneration Policy. The Board decides on remuneration and other terms of employment for corporate management and employees with overall responsibility for one of the company's control functions.

### Composition and mandate of Remuneration Committee

The composition and duties of the Remuneration Committee are regulated in the Board's formal work plan. The Remuneration Committee comprises the Chairman and one Board member.

### Policies for remuneration of corporate management

Senior executives in the Länsförsäkringar AB Group are to have market-based employment terms and conditions. The total remuneration must be on par with the industry. The structure and level of remuneration should correspond to the company's values, meaning that it should be reasonable, moderate and well-balanced, and also contribute to good ethics and organisational culture, characterised by openness and transparency.

### Fixed remuneration

Fixed remuneration is paid according to the general policy above.

### Pensions

Pensions should comply with the terms of the collective agreements between the Swedish Insurance Employers' Association (FAO), the Swedish Union of Insurance Employees (FTF) and the Swedish Confederation of Professional Associations (SACO).

### Other benefits

In addition to the above benefits, a company car, health care insurance and other benefits are offered to all employees.

Loans to senior executives	31 Dec 2022	31 Dec 2021 <sup>1)</sup>
Board members	12	10
President and Executive Vice		
President	10	5
Other senior executives	11	13
<b>Total</b>	<b>33</b>	<b>28</b>

<sup>1)</sup> Comparative figures have been adjusted.

Personnel mortgages granted comprise personnel loans and unsecured loans. Personnel loans and unsecured loans carry terms comparable to what applies for other customers. Interest for personnel mortgages is set based on the interest rate that the 10% of the best customers have received for their fixed-interest periods for the past month. The interest for unsecured loans is the government funding rate on 30 November last year, plus 1%.

Number of women among senior executives, %	31 Dec 2022	31 Dec 2021
Board members	50	58
Other senior executives	57	44



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<b>Note 10 Investment income, net</b>	<b>2022</b>	<b>2021</b>
<b>Dividends</b>		
Dividends received on shares and participations	6	5
Dividends and Group contributions received from Group and associated companies	1,921	1,465
<b>Total dividends</b>	<b>1,927</b>	<b>1,470</b>
<b>Interest income</b>		
Bonds and other interest-bearing securities <sup>1)</sup>	27	17
Interest-bearing securities issued by Group companies	0	0
Derivatives	1	2
Financial assets not measured at FVPL <sup>2)</sup>	5	-1
Other interest income	11	0
<b>Total interest income</b>	<b>44</b>	<b>18</b>
<b>Realised profit, net</b>		
Shares and participations	72	31
Bonds and other interest-bearing securities	3	4
Interest-bearing securities issued by Group companies	-2	0
Derivatives	-14	2
<b>Total realised profit, net</b>	<b>59</b>	<b>37</b>
<b>Unrealised profit, net</b>		
Shares and participations	-215	232
Bonds and other interest-bearing securities	-112	10
Interest-bearing securities issued by Group companies	-2	-1
Derivatives	-1	0
<b>Total unrealised profit, net</b>	<b>-330</b>	<b>241</b>
<b>Exchange-rate gains/losses, net</b>	<b>-41</b>	<b>-39</b>
<b>Interest expense</b>		
Derivatives	-5	-2
Financial liabilities that are not measured at FVPL	-2	0
Other interest expense	0	0
<b>Total interest expense</b>	<b>-7</b>	<b>-2</b>
<b>Asset management expenses</b>	<b>-58</b>	<b>-60</b>
<b>Other financial expenses</b>	<b>-4</b>	<b>-2</b>
<b>Translation, annuity reserve</b>	<b>49</b>	<b>-7</b>
<b>Total investment income, net</b>	<b>1,639</b>	<b>1,656</b>
<b>Investment income by measurement category</b>		
Financial assets measured at FVPL	-198	312
Financial assets measured at amortised cost	5	-1
Financial liabilities measured at amortised cost	-2	0
<b>Items not specified by category</b>		
Other items	1,834	1,345
<b>Total investment income, net</b>	<b>1,639</b>	<b>1,656</b>

<sup>1)</sup> Of which negative interest rate on interest-bearing securities of SEK 1.7 M (2.5).

<sup>2)</sup> Of which negative interest rate on cash and bank balances of SEK 0.9 M (-1.1).

<b>Note 11 Other income and expenses</b>	<b>2022</b>	<b>2021</b>
Income from service operations <sup>1)</sup>	3,684	3,290
Expenses for service operations	-4,309	-3,657

<b>1) Revenue from Contracts with Customers</b>	<b>2022</b>	<b>2021</b>
Income from companies in the Länsförsäkringar AB Group	1,260	1,149
Income from Länsförsäkringar Liv	158	145
Income from the regional insurance companies	2,165	1,855
Income from other related parties	-	-
Income from external customers	103	141
<b>Total income from contracts with customers</b>	<b>3,684</b>	<b>3,290</b>

Other income was, in its entirety, classified as income from contracts with customers, which means that comparative figures for 2021 were adjusted





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### Note 12 Taxes

	2022	2021
Current tax	-12	-10
<b>Total current tax</b>	<b>-12</b>	<b>-10</b>
<b>Deferred tax</b>		
Deferred tax expense attributable to temporary differences	0	-8
<b>Total deferred tax</b>	<b>0</b>	<b>-8</b>
<b>Total recognised tax income/expense</b>	<b>-12</b>	<b>-18</b>
	<b>2022</b>	<b>2021</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	1,183	1,464
Tax at applicable tax rate	-244	-302
Tax on non-deductible costs	-17	-13
Tax on non-taxable income	249	298
Tax attributable to earlier years	0	7
Reversal of deferred tax liabilities	0	-8
<b>Total tax on net profit for the year</b>	<b>-12</b>	<b>-18</b>
Current tax rate, %	20.6	20.6
Effective tax rate, %	1.0	1.2
<b>Tax items recognised in other comprehensive income</b>		
Tax on financial assets measured at FVOCI	1	0
<b>Total Tax attributable to other comprehensive income</b>	<b>1</b>	<b>0</b>

Recognised deferred tax assets and tax liabilities are attributable to the following:

31 December	Deferred tax assets		Deferred tax liabilities		Net	
	2022	2021	2022	2021	2022	2021
Pension provisions	-11	-10	-	-	0	-10
<b>Deferred tax assets (-) / tax liabilities (+)</b>	<b>-11</b>	<b>-10</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-10</b>
<b>Net deferred tax assets (-) / tax liabilities (+)</b>	<b>-11</b>	<b>-10</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-10</b>

The company has no temporary differences with tax effects in Group and associated companies.

#### Change in deferred tax in temporary differences

2022	Amount at 1 January	Recognised in equity	Recognised in profit or loss	Amount at 31 December
Pension provisions	-10	-	-1	-11
<b>Deferred tax assets (-) / tax liabilities (+)</b>	<b>-10</b>	<b>-</b>	<b>-1</b>	<b>-11</b>

2021	Amount at 1 January	Recognised in equity	Recognised in profit or loss	Amount at 31 December
Pension provisions	-7	-	8	1
Pension provisions in connection with merger	-11	-	-	-11
<b>Deferred tax assets (-) / tax liabilities (+)</b>	<b>-18</b>	<b>-</b>	<b>8</b>	<b>-10</b>

### Note 13 Goodwill

	2022	2021
Opening and closing acquisition	144	144
Opening and closing amortisation	-144	-144
<b>Carrying amount at year-end</b>	<b>0</b>	<b>0</b>



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### Note 14 Other intangible assets

Capitalised expenditure for development and acquired intangible assets

Capitalised expenses	Internally generated IT systems	Acquired IT systems	Acquired customer-based assets	Total
<b>Cost</b>				
Opening cost, 1 January 2021	142	26	323	491
Added in connection with merger	755	48	-	802
Acquisitions	128	12	-	140
Acquisitions through investments in subsidiaries	-	-	-	-
Divestments/disposals	-5	-31	-	-36
Reclassification	-174	174	-	-
<b>Closing cost, 31 December 2021</b>	<b>847</b>	<b>228</b>	<b>323</b>	<b>1,398</b>
Opening cost, 1 January 2022	847	228	323	1,398
Acquisitions	48	-	-	48
Acquisitions through investments in subsidiaries	-	-	-	-
Divestments/disposals	-	-23	-	-23
Exchange-rate differences	-	-	-	-
<b>Closing cost, 31 December 2022</b>	<b>895</b>	<b>205</b>	<b>323</b>	<b>1,423</b>
<b>Amortisation</b>				
Opening accumulated amortisation, 1 January 2021	-68	-15	-323	-405
Added in connection with merger	-162	-31	-	-193
Acquired accumulated amortisation	-	-	-	-
Amortisation	-35	-16	-	-51
Divestments/disposals	2	30	-	33
Reclassification	95	-95	-	-
Exchange-rate differences	-	-	-	-
<b>Closing accumulated amortisation, 31 December 2021</b>	<b>-167</b>	<b>-126</b>	<b>-323</b>	<b>-616</b>
Opening accumulated amortisation, 1 January 2022	-167	-126	-323	-616
Acquired accumulated amortisation	-	-	-	-
Amortisation	-12	-4	-	-16
Divestments/disposals	-	3	-	3
<b>Closing accumulated amortisation, 31 December 2022</b>	<b>-179</b>	<b>-127</b>	<b>-323</b>	<b>-629</b>
<b>Impairment</b>				
Opening accumulated impairment, 1 January 2021	-74	-11	-	-85
Impairment	-200	-	-	-200
Added in connection with merger	-153	-	-	-153
Divestments/disposals	3	-	-	3
Reclassification	54	-54	-	-
<b>Closing accumulated impairment, 31 December 2021</b>	<b>-370</b>	<b>-65</b>	<b>-</b>	<b>-435</b>
Opening accumulated impairment, 1 January 2022	-370	-65	-	-435
Impairment	-35	-	-	-35
Added in connection with merger	-	-	-	-
Divestments/disposals	-	-	-	-
Reclassification	-	-	-	-
<b>Closing accumulated impairment, 31 December 2022</b>	<b>-406</b>	<b>-65</b>	<b>-</b>	<b>-470</b>
<b>Carrying amount, 31 December</b>				
2021	309	37	0	346
<b>2022</b>	<b>310</b>	<b>13</b>	<b>0</b>	<b>323</b>

The periods of amortisation for internally generated and acquired IT systems are determined based on a useful life that varies between three and 20 years. Acquired customer-based assets are depreciated over a period of 8 or 25 years. Straight-line amortisation is applied consistently and all amortisation and impairment are recognised in profit or loss as Other administration expenses.



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### Note 15 Shares and participations in Group companies

Company name	Corporate Registration Number	Registered office	Number of shares and participations	Participating interest	Carrying amount, property	Market value, property	Equity 31 Dec 2022	Of which profit 2022	Carrying amount 31 Dec 2022 <sup>1)</sup>	Fair value <sup>1)</sup>
Försäkringsaktiebolaget Agria (publ)	516401-8003	Stockholm	40,000	100	-	-	1,073	362	1,044	2,507
LF Sak										
Fastighets AB	556683-6416	Stockholm	1,000	100	343	1,905	343	0	68	1,905
Länsförsäkringar Bank AB (publ)	516401-9878	Stockholm	9,548,708	100	-	-	11,544	386	9,230	20,646
Länsförsäkringar Fondliv Försäkrings AB (publ)	516401-8219	Stockholm	10,000	100	-	-	3,402	557	5,555	12,837
Grupplivförsäkringsaktiebolag (publ)	516401-6692	Stockholm	28,000	100	-	-	92	56	239	178
<b>Total 31 Dec 2022</b>							<b>16,454</b>	<b>1,361</b>	<b>16,136</b>	<b>38,072</b>
<b>Total 31 Dec 2021</b>							<b>17,008</b>	<b>950</b>	<b>16,076</b>	<b>40,186</b>

1) The amounts stated refer to Länsförsäkringar AB's equity share calculated according to IFRS. The net asset value is stated for LF Sak Fastighets AB.

All of the shares and participations in Group companies are unlisted.

Cost	31 Dec 2022	31 Dec 2021
Opening balance	16,176	1,451
Adjusted opening balance due to merger	-	14,535
Group contributions Fondliv	60	190
<b>Closing balance</b>	<b>16,236</b>	<b>16,176</b>

Accumulated depreciation	31 Dec 2022	31 Dec 2021
Opening balance	-100	-100
<b>Closing balance</b>	<b>-100</b>	<b>-100</b>
<b>Carrying amount</b>	<b>16,136</b>	<b>16,076</b>

### Note 16 Interest-bearing securities issued by Group companies and loans to Group companies

	31 Dec 2022	31 Dec 2021
Listed bonds,		
Länsförsäkringar Hypotek AB (publ)	23	517
<b>Total fair value</b>	<b>23</b>	<b>517</b>
Amortised cost	26	514

### Note 17 Shares and participations in associated companies

Company name	Corporate Registration Number	Registered office	Number of shares and participations	Participating interest	Equity 31 Dec 2022 <sup>2)</sup>	Of which profit 2022 <sup>2)</sup>	Carrying amount 31 Dec 2022 <sup>3)</sup>	Carrying amount 31 Dec 2021 <sup>3)</sup>	Fair value
Baby Journey AB <sup>1)</sup>	559214-9966	Stockholm	907	16.7	4.6	1.7	50.0	-	50
CAB Group AB	556131-2223	Örebro	1,582	28.8	139.1	12.6	10.7	10.7	43.6
Länsförsäkringar Trygghetstjänster AB	559316-2034	Stockholm	11,700	23.4	81.4	-23.7	28.1	28.1	19.1
European Alliance Partners Company AG <sup>1)</sup>	CH-0203026423-1	Zürich	9,248	12.5	100.1	3.8	6.0	6.0	13.5
Fastighets HB Humlegården <sup>4)</sup>	916604-6459	Stockholm	-	-	-	-	-	0.0	-
<b>Total</b>						<b>-5.5</b>	<b>94.8</b>	<b>44.8</b>	<b>126.2</b>

<sup>1)</sup> The reason that European Alliance Partners Company AG and Baby Journey AB are classified as associated companies despite the fact that the participating interest are less than 20% is that Länsförsäkringar AB is deemed to have a significant influence in the companies. Länsförsäkringar AB is represented on the companies' Boards and is entitled to participate in all decisions to be made, including strategic issues and issues regarding guidelines, budget and business plans. Furthermore, a large amount of information is exchanged with the companies.

<sup>2)</sup> 100% of the associated companies' equity and earnings

<sup>3)</sup> The amounts stated refer to Länsförsäkringar AB's equity share calculated according to IFRS.

<sup>4)</sup> Fastighets HB Humlegården was liquidated in 2022.

All shares and participations are unlisted.



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### Not 17 Shares and participations in associated companies, cont.

Cost	31 Dec 2022	31 Dec 2021
Opening balance	45	17
Added and deducted assets	50	28
<b>Closing balance</b>	<b>95</b>	<b>45</b>
<b>Carrying amount</b>	<b>95</b>	<b>45</b>
<b>Fair value</b>	<b>126</b>	<b>73</b>

### Note 18 Shares and participations

	31 Dec 2022	31 Dec 2021
Listed shares and participations	754	1,050
Unlisted shares and participations	156	100
<b>Total shares and participations</b>	<b>910</b>	<b>1,150</b>
	31 Dec 2022	31 Dec 2021
Fair value	910	1,150
Cost	706	728

### Note 19 Bonds and other interest-bearing securities

	31 Dec 2022	31 Dec 2021
<b>Issuer</b>		
Swedish government	-	-
Swedish mortgage institutions	852	2,015
Other Swedish issuers	805	1,254
Foreign states	23	24
Other foreign issuers	1,016	1,052
<b>Total fair value</b>	<b>2,696</b>	<b>4,345</b>
Amortised cost	2,729	4,299
<b>Market status</b>		
Listed securities	2,123	3,785
Unlisted securities	573	560
<b>Total</b>	<b>2,696</b>	<b>4,345</b>
<b>Carrying amounts compared with nominal amounts</b>		
<b>Total surplus</b>	<b>0</b>	<b>57</b>
<b>Total deficit</b>	<b>-105</b>	<b>-13</b>

### Note 20 Derivatives

	Fair values 31 Dec 2022	Nominal amount 31 Dec 2022	Fair values 31 Dec 2021	Nominal amount 31 Dec 2021
<b>Derivatives with positive values or valued at zero</b>				
Interest-rate derivatives	0	1	0	26
Currency derivatives	29	199	5	188
	<b>29</b>	<b>200</b>	<b>5</b>	<b>214</b>
<b>Derivatives with negative values</b>				
Interest-rate derivatives	1	617	0	45
Currency derivatives	2	6	20	412
	<b>3</b>	<b>623</b>	<b>20</b>	<b>457</b>

### Note 21 Information about offsetting

The table shows the financial instruments covered by a legally binding agreement regarding netting or a similar agreement, together with related collateral. The company has ISDA and CSA agreements with all derivative counterparties, which means that all exposures are covered by these types of agreements. The agreements entitle the parties to offset liabilities and receivables in the event of and suspension of payment or insolvency. The net amount comprises the amount that in the event of suspension of payment or insolvency would be received if the amount is an asset, or paid if the amount is a liability.

#### Financial assets and liabilities that are offset or subject to netting agreements

31 Dec 2022	Gross amount	Offset in balance sheet	Net amounts in balance sheet	Related amounts not offset in the balance sheet		Net amount
				Netting framework agreement	Collateral Received (-) / Pledged (+)	
<b>Assets</b>						
Derivatives	29	-	29	-2	0	28
<b>Liabilities</b>						
Derivatives	-3	-	-3	2	-26	-27
<b>Total</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>0</b>	<b>-26</b>	<b>1</b>

#### Financial assets and liabilities that are offset or subject to netting agreements

31 Dec 2021	Gross amount	Offset in balance sheet	Net amounts in balance sheet	Related amounts not offset in the balance sheet		Net amount
				Netting framework agreement	Collateral Received (-) / Pledged (+)	
<b>Assets</b>						
Derivatives	5	-	5	1	20	26
<b>Liabilities</b>						
Derivatives	-20	-	-20	-1	-	-21
<b>Total</b>	<b>-15</b>	<b>-</b>	<b>-15</b>	<b>0</b>	<b>20</b>	<b>5</b>



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### Note 22 Receivables, direct insurance

	31 Dec 2022	31 Dec 2021
Receivables, policyholders	439	414
Receivables, insurance brokers	73	77
Receivables, insurance companies	6	18
<b>Total</b>	<b>518</b>	<b>509</b>

### Note 23 Other receivables

	31 Dec 2022	31 Dec 2021
Receivables, Group companies	858	1,835
Other receivables	297	312
<b>Total</b>	<b>1,155</b>	<b>2,147</b>

In its calculation of loss allowance for financial receivables, the company uses the simplified method that is described in more detail in note 1 Accounting policies. The loss allowance on 31 December 2022 amounted to SEK 0 M (0).

### Note 24 Prepaid expenses and accrued income

	31 Dec 2022	31 Dec 2021
Other accrued income	30	33
Prepaid expenses	324	276
<b>Total</b>	<b>355</b>	<b>309</b>

### Note 25 Property and equipment

	2022	2021
<b>Leasehold improvements</b>		
<b>Cost</b>		
Opening cost, 1 January	122	-
Added in connection with merger	-	258
Acquisitions	175	64
Divestments/disposals	-65	-200
<b>Closing cost, 31 December</b>	<b>230</b>	<b>121</b>
<b>Depreciation</b>		
Opening accumulated depreciation, 1 January	-51	-
Added in connection with merger	-	-245
Depreciation	-11	-6
Divestments/disposals	51	200
<b>Closing accumulated depreciation, 31 December</b>	<b>-9</b>	<b>-50</b>
<b>Impairment</b>		
Opening accumulated impairment, 1 January	-	-
Added in connection with merger	-	-57
Divestments/disposals	-	57
<b>Closing accumulated impairment, 31 December</b>	<b>-</b>	<b>0</b>
<b>Carrying amount, 31 December</b>	<b>221</b>	<b>70</b>
<b>Equipment</b>		
<b>Cost</b>		
Opening cost, 1 January	20	3
Added in connection with merger	-	23
Acquisitions	46	4
Divestments/disposals	-7	-10
<b>Closing cost, 31 December</b>	<b>59</b>	<b>21</b>
<b>Depreciation</b>		
Opening accumulated depreciation, 1 January	-9	-2
Added in connection with merger	-	-11
Depreciation	-7	-4
Divestments/disposals	6	8
<b>Closing accumulated depreciation, 31 December</b>	<b>-10</b>	<b>-9</b>
<b>Impairment</b>		
Opening accumulated impairment, 1 January	-	-
<b>Closing accumulated impairment, 31 December</b>	<b>-</b>	<b>-</b>
<b>Carrying amount, 31 December</b>	<b>49</b>	<b>11</b>
	<b>2022</b>	<b>2021</b>
<b>Total carrying amount, 31 December</b>	<b>270</b>	<b>82</b>

Equipment includes SEK 2 M (2) representing works of art that are not depreciated. Accumulated impairment for art amounted to SEK 0 M (0) has been made.



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### Note 26 Deferred acquisition costs

	31 Dec 2022	31 Dec 2021
Opening deferred acquisition costs	72	62
Depreciation for the year	-175	-163
Capitalisation for the year	179	173
<b>Total</b>	<b>76</b>	<b>72</b>
Opening Reinsurers' portion of deferred acquisition costs	5	5
Depreciation for the year	-13	-12
Capitalisation for the year	13	12
<b>Total</b>	<b>5</b>	<b>5</b>
<b>Total</b>	<b>71</b>	<b>67</b>

All acquisition costs have an depreciation period of less than one year.

### Note 27 Equity

A specification of changes in equity is presented on the Statement of changes in equity.

	31 Dec 2022	
Shares at a quotient value of SEK 19.19	Votes per share	Number
Series A	10	1,532,678
Series B	1	8,885,949
Series C	1	5,955
<b>Number of shares outstanding</b>		<b>10,424,582</b>

### Note 27 cont.

31 Dec 2021

Shares at a quotient value of SEK 19.19	Votes per share	Number
Series A	10	1,532,678
Series B	1	8,885,949
Series C	1	5,955
<b>Number of shares outstanding</b>		<b>10,424,582</b>

#### Restricted reserves

Restricted reserves may not be reduced through profit distribution.

#### Development Expenditures Fund

Provisions to the Development Expenditures Fund include expenses for internally generated intangible assets. The fund is dissolved as the intangible assets are amortised.

#### Statutory reserve

The aim of the statutory reserve is to save a portion of the net profit that is not utilised to cover losses brought forward. The statutory reserve comprises restricted equity. No new transfers to the statutory reserve are required, although transfers can be made voluntarily. The statutory reserve also includes the amount of SEK 4,801 M that was included in the share premium reserve prior to 1 January 2006.

#### Non-restricted equity

##### Fair value reserve

The fair value reserve comprises the accumulated net change in the fair value of financial assets measured at FVOCI until the asset is derecognised from the balance sheet.

#### Retained earnings

Retained earnings comprises profit brought forward from the preceding year after deductions for any dividends paid during the year.

### Shareholdings in Länsförsäkringar AB

### Number of shares

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



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### Note 28 Unearned premiums and unexpired risks

	31 Dec 2022			31 Dec 2021		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
<i>Unearned premiums</i>						
Opening balance	1,100	435	664	986	383	603
Provisions for the period	35	4	31	102	51	50
Exchange-rate changes	26	3	23	12	1	11
<b>Closing balance</b>	<b>1,160</b>	<b>442</b>	<b>718</b>	<b>1,100</b>	<b>435</b>	<b>664</b>
<i>Unexpired risks</i>						
Opening balance	56	56	0	62	62	0
Provisions for the period	9	-1	10	-6	-6	0
<b>Closing balance</b>	<b>65</b>	<b>55</b>	<b>10</b>	<b>56</b>	<b>56</b>	<b>0</b>
<b>Total of unearned premiums and unexpired risks</b>	<b>1,225</b>	<b>497</b>	<b>727</b>	<b>1,156</b>	<b>492</b>	<b>664</b>

### Note 29 Claims outstanding

	31 Dec 2022			31 Dec 2021		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
Claims incurred and reported	5,419	3,985	1,434	5,387	5,249	138
Claims incurred and not reported	6,268	4,859	1,409	6,138	4,807	1,331
Annuities	1,546	1,282	264	1,518	-	1,518
Claims adjustment costs	235	0	235	212	-	212
<b>Total opening balance</b>	<b>13,468</b>	<b>10,126</b>	<b>3,342</b>	<b>13,255</b>	<b>10,056</b>	<b>3,199</b>
Provisions for the period	-1,530	-1,606	75	132	67	65
Exchange-rate changes	119	10	110	66	3	63
Effect of interest rate revaluations for annuities	-25	0	-25	15	-	15
<b>Total change for the year</b>	<b>-1,436</b>	<b>-1,596</b>	<b>160</b>	<b>213</b>	<b>70</b>	<b>143</b>
Claims incurred and reported	5,243	3,650	1,593	5,419	3,985	1,434
Claims incurred and not reported	4,992	3,590	1,402	6,268	4,859	1,409
Annuities	1,555	1,289	266	1,546	1,282	264
Claims adjustment costs	242	0	242	235	-	235
<b>Total closing balance</b>	<b>12,032</b>	<b>8,530</b>	<b>3,503</b>	<b>13,468</b>	<b>10,126</b>	<b>3,342</b>

The provision for claims outstanding should cover anticipated future payments for all claims incurred, including claims that have not yet been reported to the company, known as IBNR provisions. The provision also includes anticipated future payments including all expenses for claims adjustment. Accepted actuarial methods are used as a basis for estimating provision requirements. The discount rate curve defined by the EIOPA is used to calculate annuities. This curve has been produced to correspond to a risk-free interest rate term structure and is based on market data for Swedish swap rates. A macroeconomic assumption of a long-term interest rate of 3.45% is also included. Other insurance is not discounted.



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### Note 30 Pensions and similar commitments

	31 Dec 2022	31 Dec 2021
Provisions for pensions	10	13
Other provisions	35	32
<b>Total provisions for pensions</b>	<b>45</b>	<b>45</b>

Pension provisions of SEK 10 M (13) are encompassed by the Pension Obligations Vesting Act.

#### Defined-benefit pension plans

There are a number of minor plans that almost only 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 vast majority of cases are life annuities. In the event that upward adjustment of the pension has been agreed, the company follows the norms applied by the Insurance Industry's Pension Fund (FPK).

#### Defined-contribution pension plans

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 Group's payments to defined-contribution plans are recognised as expenses during the period in which the employee performed the services to which the contributions refer. Primarily, contributions to the Insurance Industry's Pension Fund (FPK) are recognised here. This plan encompasses all employees except for a few individuals who have individual solutions. The pension agreement for the insurance industry, the FTP plan, through insurance with the FPK, is a multi-employer defined-benefit pension plan. According to IAS 19 Employee Benefits, this pension plan entails that a company is, as a rule, to recognise its proportional share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension commitment. FTP plan contributions for 2023 are expected to total SEK 52 M.

	31 Dec 2022	31 Dec 2021
Expenses for defined-contribution plans	170	171

### Note 31 Other provisions

	31 Dec 2022	31 Dec 2021
Provision for interest subsidies for personal loans to former employees who have retired	14	24
Other provisions	12	12
<b>Total</b>	<b>26</b>	<b>36</b>

### Note 32 Liabilities, direct insurance

	31 Dec 2022	31 Dec 2021
Liabilities to policyholders	538	635
Liabilities to insurance brokers	5	6
Liabilities to insurance companies	5	0
<b>Total</b>	<b>547</b>	<b>641</b>

### Note 33 Other liabilities

	31 Dec 2022	31 Dec 2021
Liabilities, Group companies	1,126	618
Liabilities, Länsförsäkringar Liv Försäkrings AB	2	2
Other liabilities	267	319
<b>Total</b>	<b>1,395</b>	<b>939</b>

### Note 34 Other accrued expenses and deferred income

	31 Dec 2022	31 Dec 2021
Accrued holiday and overtime remuneration	95	91
Social security expenses	34	29
Special employer's contribution	44	45
Provisions for staff costs	9	10
Premiums, received but not due	157	217
Other accrued expenses	266	211
Other deferred income	66	240
<b>Total</b>	<b>671</b>	<b>843</b>







### Note 35 Classification of financial assets and liabilities by category, cont.

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	Financial assets measured at FVPL			Financial assets measured at FVOCI		Total carrying amount	Fair value
	Measured at FVPL	Equity instruments	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments		
<b>31 Dec 2021</b>							
<b>ASSETS</b>							
Interest-bearing securities issued by Group companies and loans to Group companies	517	-	-	-	-	517	517
Shares and participations	1,050	-	-	-	100	1,150	1,150
Shares in Länsförsäkringar Liv Försäkrings AB <sup>1)</sup>	-	-	-	-	8	8	8
Bonds and other interest-bearing securities	4,345	-	-	-	-	4,345	4,345
Derivatives	5	-	-	-	-	5	5
Other receivables	-	-	252	-	-	252	252
Cash and bank balances	-	-	2,400	-	-	2,400	2,400
Prepaid expenses and accrued income	-	-	33	-	-	33	33
<b>Total</b>	<b>5,917</b>	<b>-</b>	<b>2,685</b>	<b>-</b>	<b>108</b>	<b>8,710</b>	<b>8,710</b>
		<b>Financial liabilities measured at FVPL</b>		<b>Financial liabilities measured at amortised cost</b>		<b>Total carrying amount</b>	<b>Fair value</b>
<b>LIABILITIES</b>							
Derivatives		20		-		20	20
Other liabilities		-		675		675	675
Accrued expenses and deferred income		-		211		211	211
<b>Total</b>		<b>20</b>		<b>887</b>		<b>906</b>	<b>906</b>

The carrying amounts of assets classified as Financial assets measured at amortised cost and liabilities classified as Financial liabilities measured at amortised cost comprise a reasonable approximation of the fair value based on the cost of the assets and liabilities since these assets and liabilities have short terms.

#### Fair value valuation techniques

Financial assets and liabilities measured at fair value in the balance sheet are presented in the table based on the valuation techniques applied:

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

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

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



## Note 35 Classification of financial assets and liabilities, cont.

31 Dec 2022

31 Dec 2021

	31 Dec 2022				31 Dec 2021			
	Level 1	Level 2	Level 3	Total carrying amount	Level 1	Level 2	Level 3	Total carrying amount
<b>ASSETS</b>								
Interest-bearing securities issued by Group companies and loans to Group companies	23	-	-	23	517	-	-	517
Shares and participations	754	-	156	910	1,050	-	100	1,150
Shares in Länsförsäkringar Liv AB	-	-	8	8	-	-	8	8
Bonds and other interest-bearing securities	2,123	-	573	2,696	3,785	-	560	4,345
Derivatives	0	29	-	29	0	5	-	5
<b>LIABILITIES</b>								
Derivatives	1	2	-	3	0	20	-	20

There were no significant transfers between Level 1 and Level 2 in 2022. There were no transfers from Level 3 in 2022. Most of the holdings in Level 3 comprise Private Debt funds 79% (85%). The remainder of Level 3 comprises directly owned equities 21% (15). Shares and participations in Level 3 are measured at equity per share based on the most recent company report. Shares in Länsförsäkringar Liv Försäkrings AB are valued at the company's share capital. The life-assurance operations are conducted according to mutual principles through Länsförsäkringar Liv Försäkrings AB, whose earnings are not distributed to the owner; instead, they accrue in their entirety to the policyholders. Delisted, insolvent companies are measured at zero, if no other listing can be found. Bonds and other interest-bearing securities that are not listed in an active market comprise interest-bearing, unlisted loans that are valued using unobservable market data and are classified according to measurement Level 3. Valuations are performed by external managers based on generally accepted valuation techniques, which means that the underlying holdings held by the issuer of the loan are valued based on relevant observable market data wherever available, and holdings for which market data is not available are measured at a fair value corresponding to the cost adjusted for any impairment. Gains and losses are recognised in profit or loss under Investment income, revenue and Investment income, expenses.

### Shares and participations measured at cost in the balance sheet

The fair value (Level 3) of shares and participations was measured at equity per share based on the most recent company report and, where appropriate, plus outstanding acquired goodwill or surpluses in properties.

Change Level 3	Shares in Länsförsäkringar Liv Försäkrings AB	Shares and participations	Bonds and other interest-bearing securities	Total
Opening balance, 1 January 2021	-	75	417	492
Adjusted opening balance in connection with merger	8	3	-	11
Acquisitions	-	19	175	194
Divestments	-	0	-48	-48
Recognised in profit or loss	-	3	16	19
Transfer to Level 3	-	-	-	-
<b>Closing balance, 31 December 2021</b>	<b>8</b>	<b>100</b>	<b>560</b>	<b>668</b>
Opening balance, 1 January 2022	8	100	560	668
Acquisitions	-	62	33	95
Divestments	-	-	-38	-38
Recognised in profit or loss	-	-6	18	12
Transfer to Level 3	-	-	-	-
<b>Closing balance, 31 December 2022</b>	<b>16</b>	<b>156</b>	<b>573</b>	<b>737</b>

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### Note 36 Anticipated recovery and settlement periods, amounts expected to be recovered

	31 Dec 2022			31 Dec 2021		
	Not more than 1 year	More than 1 year	Total	Not more than 1 year	More than 1 year	Total
<b>Assets</b>						
Goodwill	-	-	-	-	-	-
Other intangible assets <sup>1)</sup>	51	272	323	251	96	346
Shares and participations in Group companies	-	16,136	16,136	-	16,076	16,076
Shares and participations in associated companies	-	95	95	-	45	45
Shares in Länsförsäkringar Liv Försäkrings AB	-	8	8	-	8	8
Interest-bearing securities issued by Group companies and loans to Group companies	0	23	23	466	51	517
Shares and participations	-	910	910	-	1,150	1,150
Bonds and other interest-bearing securities	966	1,730	2,696	2,060	2,285	4,345
Derivatives	29	-	29	5	-	5
Deposits with companies that have ceded reinsurance	144	-	144	112	-	112
Reinsurers' portion of technical provisions	1,388	7,639	9,027	1,688	8,930	10,618
Receivables pertaining to direct insurance	518	-	518	509	-	509
Receivables, reinsurance	738	-	738	544	-	544
Other receivables	1,155	-	1,155	585	-	585
Deferred tax assets	-	11	11	-	10	10
Property and equipment <sup>1)</sup>	17	252	270	10	72	82
Cash and bank balances	3,647	-	3,647	2,400	-	2,400
Prepaid expenses and accrued income	431	-	431	381	-	381
<b>Total assets</b>	<b>9,085</b>	<b>27,076</b>	<b>36,161</b>	<b>9,012</b>	<b>28,722</b>	<b>37,733</b>
<b>Liabilities</b>						
Technical provisions	3,414	9,843	13,257	3,534	11,091	14,624
Other provisions	-	71	71	-	81	81
Deposits from reinsurers	4	-	4	9	-	9
Current tax liabilities	-	-	0	-	-	0
Deferred tax liabilities	-	-	0	-	-	0
Liabilities, direct insurance	547	-	547	641	-	641
Liabilities, reinsurance	523	-	523	338	-	338
Derivatives recognised as liabilities	3	-	3	20	-	20
Other liabilities	1,395	-	1,395	939	-	939
Accrued expenses and deferred income	676	-	676	848	-	848
<b>Total liabilities</b>	<b>6,562</b>	<b>9,914</b>	<b>16,476</b>	<b>6,328</b>	<b>11,171</b>	<b>17,499</b>

<sup>1)</sup> The amount that is expected to be recovered within 12 months corresponds to depreciation for the year.

The recovery periods for securities do not reflect the liquidity in the portfolio but rather the final maturity of the securities.



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### Note 37 Pledged assets and contingent liabilities

	31 Dec 2022	31 Dec 2021
<b>Pledged assets</b>		
<b>Registered assets on behalf of policyholders<sup>1)</sup></b>		
Shares and participations in Group companies	4,219	4,196
Shares and participations	910	1,149
Interest-bearing securities issued by Group companies and loans to Group companies	23	517
Bonds and other interest-bearing securities	2,796	4,345
Derivatives	-1	0
Receivables, direct insurance	353	404
Cash and bank balances	1,242	2,035
<b>Total registered assets</b>	<b>9,543</b>	<b>12,646</b>

<sup>1)</sup> In an insolvency situation, preferential rights accrue to policyholders to the extent stipulated in the Insurance Business Act. Assets in the preferential rights register are to be used to cover commitments to policyholders. The company's technical provisions in the Solvency II balance sheet amounted to SEK 3,472 M on 31 December 2022. The amounts in the table are for assets measured at fair value according to the Insurance Business Act.

	31 Dec 2022	31 Dec 2021
<b>Other pledged assets</b>		
Pledged bank funds	18	1
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
<b>Commitments</b>		
Remaining amount to invest in investment assets	84	114

Agreement with Länsförsäkringar Liv  
Länsförsäkringar AB and Länsförsäkringar Fondliv have signed a service agreement with Länsförsäkringar Liv due to Länsförsäkringar Liv's run-off. For further information, refer to the Group note 44 Pledged assets and contingent liabilities.

### Note 38 Disclosures on related parties

#### Organisation

Länsförsäkringar AB is owned by the 23 regional insurance companies and 14 local insurance companies. The operations of Länsförsäkringar AB and its subsidiaries are organised into five business units: Non-life, Agria, Bank, Life and Traditional Life Assurance, and with the following units: Change Management and Communication, Economy and Finance, Customer and Channel Support, IT and Legal Affairs.

Länsförsäkringar AB purchases and owns equipment that is subsequently leased to Group companies and Länsförsäkringar Liv.

Länsförsäkringar AB leases office premises from the property owner Utile Dulci 2 HB and, in turn, lets parts of these premises to the Group companies and Länsförsäkringar Liv.

Länsförsäkringar Bank manages subsidised loans to employees on behalf of the Parent Company Länsförsäkringar AB, issued after the bank performs standard credit rating checks.

For information regarding remuneration of related key persons, such as Board members and senior executives, see note 9 Employees, staff costs and remuneration of senior executives.

Länsförsäkringar AB and Länsförsäkringar Fondliv have signed a service agreement with Länsförsäkringar Liv due to Länsförsäkringar Liv's run-off. For further information, refer to the Group note 37 Pledged assets and contingent liabilities.

#### Related parties

Legal entities closely related to Länsförsäkringar AB include all of the Group companies, Länsförsäkringar Liv, the regional insurance companies and their subsidiaries, the local insurance companies and Länsförsäkringar Mäklarservice AB. Related key persons are Board members, senior executives and their close family members and companies owned by them.

#### Pricing

Pricing for service operations within the Länsförsäkringar Alliance is based on direct and indirect costs. A price list is established in conjunction with the target process. Overall, pricing is intended to distribute costs within the corporate group based on consumption. Joint development projects and joint service are financed collectively and invoiced based on an established distribution key.

#### Agreements

Significant agreements for Länsförsäkringar AB are primarily outsourcing agreements with Länsförsäkringar Liv regarding asset management, IT, service and development. Furthermore, agreements have been entered into with Länsförsäkringar Mäklarservice AB regarding sales and with the regional insurance companies regarding reinsurance contracts for the Länsförsäkringar Alliance in addition to agreements regarding commission for sales, claims adjustment and reinsurance management

#### Related-party transactions

2022	Income	Expenses	Receivables	Liabilities
Group companies	2,507	20	1,797	1,071
Associated companies	31	33	0	0
Länsförsäkringar Liv	159	67	7	2
Regional insurance companies	2,513	99	7,668	6,085
Other related parties	31	171	8	1

2021	Income	Expenses	Receivables	Liabilities
Parent company	2,686	35	2,380	626
Group companies	31	0	0	0
Länsförsäkringar Liv	158	69	14	2
Regional insurance companies	2,686	93	8,773	7,606
Other related parties	37	169	39	1

Bank balances from Länsförsäkringar Bank AB amount to:

	2022	2021
Cash and cash equivalents with Länsförsäkringar Bank AB	1,728	1,562



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### Note 39 Supplementary disclosures on income-statement items by insurance class

2022	Total	Accident and health	Motor third-party liability	Motor other classes	Marine, air and cargo	Fire and other property damage	General liability	Legal expenses	Credit and guarantee insurance	Total direct insurance	Assumed re-insurance
Premiums earned, gross	4,373	1,295	50	384	176	101	358	3	10	2,376	1,996
Claims payments, gross	-2,158	-927	-26	-425	-144	-82	-226	-4	-39	-1,874	-284
Operating expenses, gross	-531	-271	-9	-26	-40	-14	-65	-1	-4	-430	-102
Profit/loss from ceded reinsurance	-1,474	5	-46	57	18	-14	-16	0	25	29	-1,503
<b>Profit/loss</b>	<b>210</b>	<b>102</b>	<b>-31</b>	<b>-10</b>	<b>10</b>	<b>-8</b>	<b>50</b>	<b>-3</b>	<b>-7</b>	<b>103</b>	<b>107</b>
Premium income, gross	4,416	1,337	53	392	181	104	364	2	14	2,447	1,969

### Note 40 Off-balance sheet financial arrangements

Länsförsäkringar AB has external suppliers of IT operations at a cost of SEK 859 M (756). The costs also include machinery equipment for computer operations. Some regional insurance companies and Länsförsäkringar Liv are also included in the arrangement. Their remuneration to Länsförsäkringar AB is included in service revenue, which is recognised in Other income in non-technical result.

### Note 41 Significant events after the end of the fiscal year

Jonas Ekegren took office as the CFO of Länsförsäkringar AB on 21 February 2023.

### Note 42 Appropriation of profit

According to the statement of financial position for Länsförsäkringar AB, non-restricted equity totalling SEK 18,048,063,127 is at the disposal of the Annual General Meeting.

#### The Parent Company's non-restricted equity comprises (SEK)

Fair value reserve	-470,563,360
Retained earnings	17,346,967,360
Net profit for the year	1,171,659,127

**Non-restricted equity, 31 December 2022** **18,048,063,127**

The Board of Directors proposes that SEK 67 per share of the unappropriated earnings in the Parent Company be paid to the shareholders

	698,446,994
To be carried forward	17,349,616,133

**Total** **18,048,063,127**

The dividend is calculated on 10,424,582 shares.

#### cont. Note 42

Proposed appropriation of profit and statement by the Board  
According to the statement of financial position for Länsförsäkringar AB, non-restricted equity totalling SEK 18,048,063,127 is at the disposal of the Annual General Meeting.

The dividend from Länsförsäkringar AB's equity has been proposed after considering the rules on solvency capital requirement under the Swedish Insurance Business Act and the prudence rule of Chapter 17, Section 3 of the Swedish Companies Act. Länsförsäkringar AB's solvency ratio under Solvency II after the proposed appropriation of profit amounts to 223% (181). The corresponding solvency ratio for the insurance group amounts to 141% (144) after the proposed appropriation of profit. It is the Board's assessment that the proposed dividend will not prevent the company and other companies included in the Group from fulfilling their short or long-term commitments and is also not deemed to restrict the company's planned investments or expected liquidity requirements. Accordingly, the Board's overall assessment is that the proposed dividend is justified taking into consideration the demands on the amount of equity in the company and the Group imposed by the nature, scope and risks associated with the operations, and the company's and the Group's solvency requirements, liquidity and financial position. Of the Parent Company's total equity, SEK 148 M (345) is attributable to assets and liabilities being measured at fair value according to Chapter 4, Section 14a of the Swedish Annual Accounts Act (1995:1554).



## Statement from the Board

The Board of Directors and President affirm that this Annual Report was prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements were prepared in accordance with the international accounting standards referred to in Regulation (EC) No1606/2002 of the Euro-

pean Parliament and the Council issued on 19 July 2002 on the application of international accounting standards. The Annual Report and consolidated financial statements provide a true and fair view of the Parent Company's and the Group's financial position and earnings. The Board of Directors' Report provides a true and

fair overview of the Parent Company's and the Group's operations, financial position and earnings, and describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

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Stockholm, the date set out in electronic signing

Maria Engholm  
*Chairman*

Eric Grimlund  
*Deputy Chairman*

Christian Bille  
*Board member*

Susanne Bäck  
*Board member*

Bengt-Erik Jansson  
*Board member*

Lennart Käll  
*Board member*

Beatrice Kämpe Nikolausson  
*Board member*

Karin Mattsson  
*Board member*

Maria Wallin Wällberg  
*Board member*

Susanne Lindberg  
*Employee Representative*

Hans Holm  
*Employee Representative*

Mirek Swartz  
*Employee Representative*

Mathias Collén  
*President*

The Annual Report and the consolidated financial statements above were approved for publishing by the Board of Directors on 14 March 2023. The Group's income statement, statement of comprehensive income and statement of financial position, as well as the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting to be held on 28 April 2023.

Our audit report was submitted on the date set out in electronic signing  
Deloitte AB

Patrick Honeth  
*Authorised Public Accountant  
Auditor in charge*



# Auditor's Report

To the general meeting of the shareholders of Länsförsäkringar AB (publ) corporate identity number 502010-9681

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### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Länsförsäkringar AB (publ) for the financial year 2022-01-01-2022-12-31 except for the corporate governance report on pages 56-63. The annual accounts and consolidated accounts of the company are included on pages 41-166 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for

Insurance Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

#### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Other matter

The audit of the annual accounts for 2021 was performed by another auditor who submitted an auditor's report dated March 11, 2022, with unmodified opinions in the Report on the annual accounts.

#### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.





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### Provision for claims outstanding

The Groups (parent company) provision for claims outstanding (gross of reinsurance) amounts to 13 130 MSEK (12 032) as of 31 December 2022 in the consolidated accounts.

The Group's provision for claims outstanding represents a material balance sheet item and is based on complex actuarial calculations and assumptions about future outcomes, primarily regarding the timing and size of claims incurred. The result of management's assessments regarding the requirement for provision for claims outstanding depends on inputs, the choice of actuarial methods and the precision of management judgment in determining actuarial assumptions. The key areas with the greatest impact on the recorded amount of the provision are assessments of settlement time, inflation, morbidity, mortality (annuity reserve), discount rate and claims settlement cost for attributable cash flows.

Note 1 to the Consolidated Accounts give a description of the accounting policies applied for the valuation of the Group's claims outstanding and Note 2 deals with the Group's exposure to and management of the insurance risks associated with the provision for claims outstanding. Note 35 further describes the methods applied by the Group in the valuation of the balance sheet item and the development of the provision for claims outstanding over time. The corresponding note in the parent company is note 29.

As the calculation of the provision for claims outstanding is significantly dependent on estimations and judgments this is an area of particular importance in our audit.

We have involved actuary specialists in our audit procedures and our audit procedures have included but were not limited to:

- Evaluated whether actuarial valuation methods and models for calculating provision for claims outstanding comply with generally accepted standards and practices.
- Evaluated the key controls deemed most relevant to the assessment of the choice of actuarial methods, assessment of assumptions and evaluation and analysis of historical claims development. We have also evaluated and examined a selection of general IT controls linked to relevant systems and applications assessed as critical to the data that forms the basis for the valuation of provision for claims outstanding.
- On a sample basis, examined input data used in the calculations of the provision for claims outstanding.
- Performed independent calculations based on actuarial methods for a substantial part of the provision for claims outstanding.
- Evaluated management's significant estimations and judgments.
- Evaluated whether the disclosures, for example regarding methods and assumptions applied, insurance risks and claims development, linked to the provision for claims outstanding are fair and complete based on applicable accounting policies

### Provisions for expected credit losses

Accounting and valuation of loan receivables according to IFRS 9 is an area that largely affects Länsförsäkringar Banks financial reporting. IFRS 9 requires significant assessments to determine the size of the provisions for expected credit losses.

Key areas of judgment include:

- The interpretation of the requirements for determining the size of the provision for expected losses, which are reflected in the bank's model for calculating expected credit losses.
- Identification of exposures with a significant deterioration in credit quality.
- Assumptions that are applied in the model for calculating expected credit losses, such as the counterparty's financial position, expected future cash flows and forward-looking macroeconomic factors.

As of December 31, 2022, lending to the public for the Group amounted to SEK 384 660 (62 098) million, with provisions for expected loan losses of SEK 556 (11) million, after taking into account the off set against accrued remuneration to the regional insurance companies according to the distribution model.

Given the significant share of the total assets, the impact that the inherent uncertainty and subjectivity involved in the assessment of the need for provisions, and since the disclosure requirements are significant, we consider this to be a key audit matter for our audit.

The description of accounting principles for provisions for expected credit losses are included in note 1. Other related information on credit risk is included in note 3 and detailed information in note 11 and 16 in the annual report.

### Valuation of financial instruments at fair value

The Group's (Parent Company's) financial instruments recorded at fair value consist of shares and participations, bonds and other interest-bearing securities, treasury bills and other eligible bills and derivatives and amount to SEK 82,455 (3,625) million in assets and to SEK 10,475 (3) million in liabilities as of 31 December 2022.

The main risk associated with valuation of financial instruments at fair value relates to financial instruments categorized as level 3 in accordance with the guiding principles in IFRS 13, that is, financial instruments where quoted prices on an active market are missing (level 1) and/or cannot be derived from observable market data (level 2) using an established valuation technique.

Determination of fair value in accordance with level 3 is made via valuation techniques that builds on assumptions, estimates and judgements and on significant elements of input data that are not observable in the market.

In note 47 (35) it is disclosed that the recorded value of financial instruments categorized as level 3 amount to SEK 4,579 (729) million, whereof SEK 3,320 (156) million consists of investments in shares and participations and SEK 1,259 (573) million of bonds and other interest-bearing securities.

In note 1 (1) and note 47 (35) a description of the accounting principles applied when measuring the Group's (Parent Company's) financial instruments at fair value is disclosed, whereas note 2 (2) present the Group's (Parent Company's) risks and risk management with regards to assumptions, estimates and judgements associated with valuation of financial instruments at fair value.

Incorrect assumptions, estimates and judgements in connection with these valuations and/or incorrect input data can affect the valuation to a significant extent. Therefore, this is deemed to be a key audit matter in our audit.

Our procedures have included, but not been limited to:

- We have tested selected control activities associated with valuation of financial instruments at fair value.
- We have tested general IT-controls associated with systems and applications deemed as critical for the data that form the basis for the valuation of financial instruments at fair value.
- We have, on a sample basis, reviewed input data used in connection with the valuation of financial instruments at fair value, including prices, exchange rates and data used for discounting purposes vis-à-vis data from external suppliers of financial market data and reconciled holdings against statements from the custodians.
- For a selection of the Group's (Parent Company's) alternative investments, we have reviewed the net asset value against valuation reports received from external fund managers and in connection with this considered the cash flows during the period as well as the effects from exchange rate conversion.
- In addition, we have assessed that the choice of valuation method has been made in accordance with established standards and industry practice.
- We have also evaluated whether disclosures associated with financial instruments recorded at fair value are fair and complete based on the Group's (Parent Company's) accounting principles.

### Our audit procedures

Our audit procedures included, but were not limited to:

- We have evaluated that relevant controls within the lending process have been appropriately designed, including controls for credit decision, credit review and identification and determination of the loans to be provisioned for.
- We have evaluated the modelling techniques and model methods against the requirements of IFRS 9. We have examined the appropriateness of the models developed for the calculation of the reserve for expected credit losses. We have involved our specialists in credit risk modelling in assessing whether credit risk modelling decisions are consistent with the requirements of IFRS 9. We have evaluated material assumptions and calculation methods and ensured the completeness of input data to the models.
- We examined a selection of credit commitments in detail and designed measures to evaluate whether credit commitments with a significant deterioration in credit quality are identified in time, and for significant commitments within stage 3 evaluated management assessment of the recoverable amount.
- We assessed the completeness and reliability of the disclosures relating to provisions for expected credit losses to assess compliance with disclosure requirements included in IFRS.



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#### **Other information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-40 och 167-200. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU and the Annual Accounts Act for Insurance Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts

that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated

accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

#### **Report on other legal and regulatory requirements**

##### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Länsförsäkringar AB



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(publ) for the financial year 2022-01-01-2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so

that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act and the Annual Accounts Act for Insurance Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

#### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 56-63 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard Rev 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

#### **A corporate governance statement has been prepared**

Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Länsförsäkringar AB (publ) by the general meeting of the shareholders on the 2022-05-06 and has been the company's auditor since 2022-05-06.

Stockholm, the date set out in electronic signing

Deloitte AB

*Signature on Swedish original*

Patrick Honeth

*Authorized Public Accountant*



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# About the Sustainability Report

Länsförsäkringar AB's Sustainability Report is prepared annually and is an integrated part of the company's annual report. This report has been prepared in accordance with the GRI Standards. The Sustainability Report also contains the company's reporting according to Chapter 6, Section 11 of the Swedish Annual Accounts Act.

### Accounting period and scope

The Sustainability Report describes how Länsförsäkringar AB works with its most significant issues and the impact of the operations on society, humans and the environment. It also describes how Länsförsäkringar AB works on sustainability risks and how sustainability topics are an integrated part of the business model.

The Sustainability Report is presented on pages 18-40 and 173-198 and the scope of the statutory Sustainability Report is provided on page 197. The Sustainability Report was externally audited. Refer to page 199 for the auditor's report.

Länsförsäkringar AB's Board of Directors adopts the Sustainability Report every year as part of the Annual Report and adopts the climate report prepared according to the TCFD recommendations. The Board studies the auditor's Limited Assurance Report on the sustainability report every year.

Unless otherwise stated, the Sustainability Report pertains to Länsförsäkringar AB and its subsidiaries Agria, Länsförsäkringar Gruppliv, Länsförsäkringar Liv, Länsförsäkringar Bank, Länsförsäkringar Fondförvaltning, Länsförsäkringar Hypotek, Wasa Kredit and Länsförsäkringar Fondliv. Information and data applies to the

period from 1 January to 31 December 2022. The previous sustainability report was published on 14 March 2022. Changes were made to previously reported disclosures for carbon calculations for 2021, see page 187. No other substantial changes have been made.

### Materiality analysis

A materiality analysis was performed in 2018 to identify the most important sustainability risks and opportunities for Länsförsäkringar AB based on the business's impact on the environment and society.

As part of the analysis, various stakeholder groups were engaged to enhance understanding of key stakeholders' expectations of Länsförsäkringar AB's sustainability activities. The stakeholders' expectations regarding sustainability topics were taken into account when the internal working group prioritised sustainability topics. Group management validated the results in December 2018. The following stakeholders responded to a questionnaire and were interviewed in depth:

- Regional insurance companies (owners and customer managers)
- Employees
- Customers (brokers and corporate customers)
- Civil society organisations
- Asset managers

As owners and recipient of deliveries from Länsförsäkringar AB, the regional insurance companies hold a unique position among stakeholders. Customer meetings are managed locally by the regional insurance companies. Länsförsäkringar AB's task is to conduct joint banking and insurance operations, pursue strategic development activities and provide service in areas that generate economies of scale and enhance efficiency.

In addition, a materiality analysis of the UN SDGs and Länsförsäkringar's impact and contributions was performed in 2018-2019. The analysis of climate risks and opportunities was updated in 2022.

Länsförsäkringar AB has chosen to defer preparation of a new materiality analysis pending the adoption and entry into effect of new EU sustainability reporting requirements. A new materiality analysis featuring the double materiality perspective is planned to be carried out in 2023 in accordance with the new EU requirements. Ongoing business intelligence and dialogues have been conducted with various stakeholders to capture their expectations of sustainability activities. More information about stakeholder dialogues can be found on page 178.

### Climate risk - the sustainability area with the highest priority

The Board of Länsförsäkringar AB has identified climate risk as the top priority. Climate change represents a financial risk for the Länsförsäkringar AB Group in the form of potential impact on the insurance business, lending and invest-

ments. Climate risks consist of physical risks and transition risks. Physical risks may take the form of extreme weather events, such as torrential rain, storms and floods, and chronic changes in climate, for example, causing sea levels to rise. Climate risk may lead to higher insurance costs and underlying collateral in lending may be affected and entail credit losses. Transition risks could affect the Länsförsäkringar AB Group's investment portfolio and the companies in which investments are made, such as through regulatory, political and market changes related to the transition to a low-carbon society. If climate risk impacts the operations of these companies, it could entail increased financial risk. From a reverse perspective, there are investment opportunities in companies and solutions that restrict climate change. Transition risks could also affect the insurance business and lending.

### Data and metrics

Information about how the data has been collated is provided in the GRI index on pages 192-196.

### SUSTAINABILITY TOPIC

### MATERIAL IMPACT

SUSTAINABILITY TOPIC	MATERIAL IMPACT
Responsible savings offering	External
Responsible lending offering	External
Responsible insurance offering	External
Responsible employer	Internal
Business ethics	Internal and external
Responsible purchasing	External
Environmental impact of the operations	External
Long-term environmental and social commitment	Internal and external

Questions about Länsförsäkringar AB's Sustainability Report can be directed to the Head of Sustainability, Christina Kusoffsky Hillesøy, via e-mail: [christina.hillesoy@lansforsakringar.se](mailto:christina.hillesoy@lansforsakringar.se).



# Governance

Länsförsäkringar AB's Sustainability work is based on the vision of "Together we create security and opportunities" and the long-term objective is that sustainability is to feature throughout the operations.

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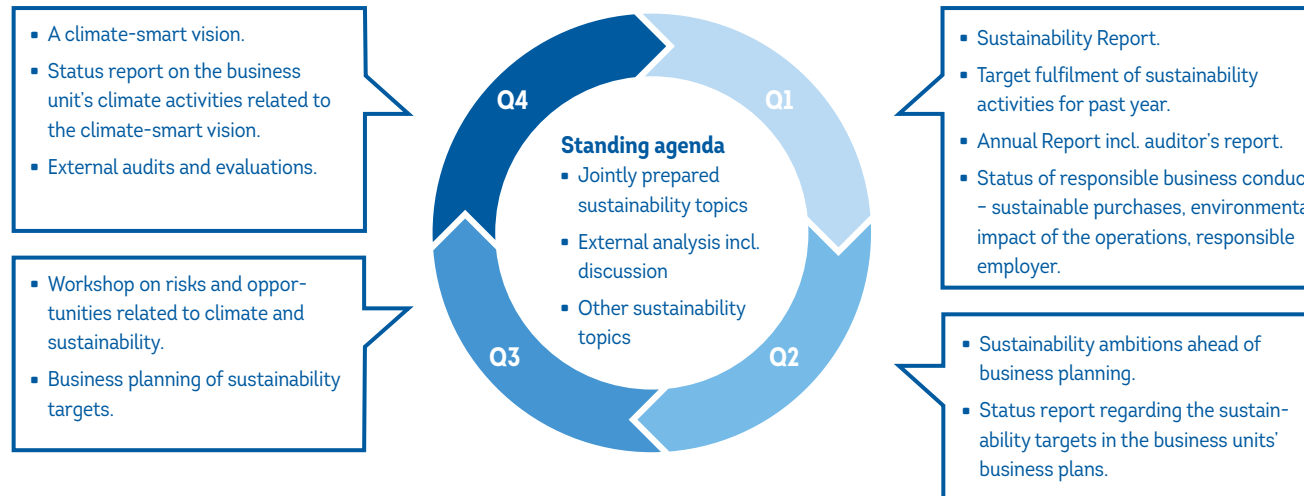
## Other information

### GOVERNANCE OF SUSTAINABILITY ACTIVITIES

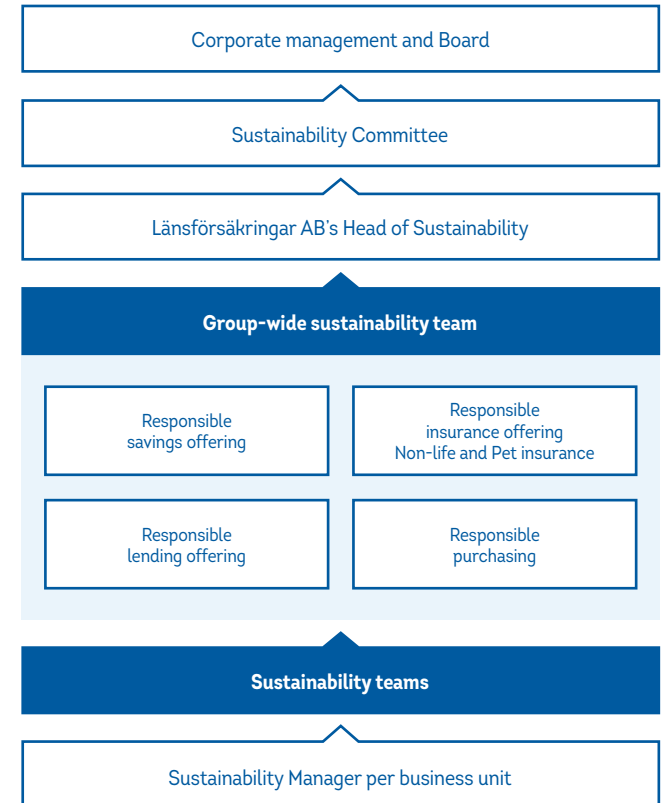
Länsförsäkringar AB's Board assumes the overall responsibility for governing sustainability activities and decides on the governance documents that form the basis of such work. The President and CEO established a Sustainability Committee in 2014, which comprises corporate management, the Head of Sustainability and Heads of Asset Management, Länsförsäkringar Liv, Länsförsäkringar Fondliv, Risk Management, Communication, HR and the Sustainability Department. The Committee meets at least four times a year to discuss, decide on and follow up priority sustainability topics, sustainability-related business objectives and the climate-smart vision.

The Head of Sustainability of Länsförsäkringar AB is responsible for the function, governance and standard-setting of sustainability topics in the company. This means that the Head of Sustainability is responsible for regularly following up on the business units' and the units' sustainability focus areas, and for ensuring that approaches decided by corporate management set the framework for the work of the relevant business units and units. The Head of Sustainability also provides knowledge and coordination skills and participates in relevant sustainability teams. The Head of Sustainability is responsible for reporting to the Sustainability Committee.

### SUSTAINABILITY COMMITTEE'S ANNUAL AGENDA



A more detailed description of corporate governance is provided in the Corporate Governance Report of Länsförsäkringar AB's Annual Report.





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Five sustainability teams in the focus areas of responsible lending offering, insurance offering, savings offering and responsible purchasing ensure that sustainability efforts are aligned and developed with business plans. Each team includes Länsförsäkringar AB's Head of Sustainability as well as sustainability managers and managers from each area. A Group-wide sustainability team with sustainability representatives from the business units prepares joint sustainability matters and issues that will be followed up on by the Sustainability Committee. Activities and targets in all eight focus areas are monitored and reported to the Sustainability Committee according to an annually revised agenda. Sustainability is reported to the Board at least once annually.

A climate risk team, led by Risk Management with representatives from several business areas and Länsförsäkringar AB's Head of Sustainability, compiles the overall climate risk exposure for each business unit and identifies how these risks interrelate in order to provide a collective assessment of the Group's climate risk exposure. Climate risk is reported to the Board at least once annually. The team also prepares the Group's climate report following TCFD recommendations.

**Monitoring and internal control**

Länsförsäkringar AB's corporate governance system aims to ensure healthy and responsible control, risk management and a high level of internal control in the operations. This governance system includes the organisation, internal rules and systems for internal control. Internal control is based on three lines of defence:

The first line of defence consists of the operations, which are responsible for risk management and monitoring. Sustainability is continuously monitored in the organisation through business plans, processes and guidelines. A deviation reporting system is in place.

**EXAMPLES OF IDENTIFIED CLIMATE OPPORTUNITIES**

Several climate risk workshops were arranged in 2022, with a greater focus on climate-related opportunities than in prior years. A selection of identified climate opportunities are provided below:



**MOMENTUM**

Opportunity to leverage momentum and invest in transition or adaptation solutions for climate change and to preserve biodiversity.

Opportunity to create the conditions for the Länsförsäkringar Alliance to develop its position as beneficial to society.

To support internal control, the second line of defence exists whereby Compliance is responsible for independent monitoring and control to ensure that the operations are conducted in full regulatory compliance. Risk Management is responsible for independent risk control and ensuring that the operations are conducted with a high level of risk control. Sustainability-related risks are included in Risk management's risk activities.



**CIRCULAR ECONOMY**

Opportunity for applying a broad mindset and investing and financing climate-smart business models, mainly circular business models.

Create the conditions to enable the Länsförsäkringar Alliance to continue to develop business models around the circular economy.

The third line of defence consists of Internal Audit, which is the Board's support for quality assurance and evaluation of the organisation's risk management, governance and internal control. Internal Audit performs annual sustainability audits. Refer also to the corporate governance report on page 56.

The President and CEO of Länsförsäkringar and business unit managers propose targets for sustainability activities within the framework of



**CLIMATE SERVICES FOR CUSTOMERS**

Opportunity to support customers both in their transition and in their climate change adaptation as well as with preserving biodiversity.

preparing Länsförsäkringar's business plan. The Board of Directors adopts these targets by accepting the business plan. All managers in the Länsförsäkringar AB Group have an operational responsibility to implement the sustainability policy. This entails responsibility for adopted approaches and focus areas being defined, implemented and followed up in each unit and being reported back within the framework of normal reporting.



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### Sustainability targets in business plans

Sustainability targets are set based on the eight sustainability topics, with the intention of linking them to Länsförsäkringar AB's climate-smart vision and/or the UN Sustainable Development Goals (SDGs). All business units and units have set activities and goals regarding diversity, purchasing and reduced environmental impact in their 2022 and 2023 business plans. Targets and activities are also established for the area of responsible offering for the relevant units.

### A climate-smart vision

Länsförsäkringar AB has a long-term climate-smart vision that entails that the company is to work actively to reduce climate impact and the climate risks throughout its operations and to encourage climate adaptation to reduce the damaging impact of climate change. Länsförsäkringar AB's target is to be climate-positive by 2045. The climate-smart vision is integrated into the business plans and in work on the prioritised sustainability topics.

Länsförsäkringar AB supports the Task Force on Climate-related Financial Disclosures (TCFD) and has prepared a climate report according to the TCFD's guidelines since 2019. The report is integrated in the Annual Report, refer to the TCFD index on page 198.

### UN initiatives provide sustainability framework

Länsförsäkringar AB is a signatory of the UN Global Compact's Ten Principles on human rights, labour, business ethics and environment and seeks to ensure that the operations comply with these principles. Länsförsäkringar AB has also signed the UN Principles for Responsible Investment (PRI), Sustainable Insurance (PSI) and Responsible Banking (PRB). Collectively, these UN initiatives form the basis of the sustainability policy.

### Governance documents and training

The sustainability policy includes Länsförsäkringar AB's material sustainability topics and aims to provide managers and employees with guidance in their daily sustainability work. The policy also outlines environmental considerations and the precautionary principle. The sustainability policy was updated in 2022 with clarifications, for example, that climate risks are regulated in the risk policy.

Alongside the sustainability policy, Länsförsäkringar AB also has the following governance documents and guidelines that describe its sustainability governance and focus, division of responsibilities, targets, activities and monitoring:

- *Remuneration policy* describes the Group's general remuneration model for employees.
- *Insurance policy* is a framework for the insurance business that is underwritten, changed and distributed and aims to govern insurance risks, including climate risks and other sustainability-related risks.
- *Sustainability policy* states how sustainability activities are to be carried out and encompasses the Group's own operations, business offering and social commitment. The policy refers to the UN Global Compact, PSI, PRI, PRB and SDGs. [➔ Read more at \*\*lansforsakringar.se\*\*](#)
- *Purchasing and procurement policy* stipulates the rules and approach to purchasing and includes requirements that purchased goods and services are to be sustainable and that identified sustainability risks are to be taken into account.
- *Equality and diversity plan* encompasses all employees, is based on the Swedish Discrimination Act and describes the measures for combating discrimination and increasing diversity, inclusion and equality.
- *Credit policy* contains references to the Bank Group's sustainability strategy that lending is to be sustainable and responsible in terms of climate, environmental and social aspects, exclu-

sion criteria for lending to certain sectors and refers to the credit institution including the performance of sustainability analyses when lending to companies.

- *Credit instructions* stipulate that a sustainability analysis of companies is to be performed before loans are granted in order to investigate the borrower's operations and whether the credit impacts or is impacted by sustainability risks, including transition risks and physical risks.
- *Personnel policy* encompasses all employees and forms the basis of strategic HR. The personnel policy includes subordinated documents that describe HR processes and procedures.
- *Policy on responsible investments and corporate governance* stipulates the foundation for the way in which responsible investments and corporate governance are to be conducted. The policy refers to the Global Compact, OECD guidelines, international conventions, PRI and the UN SDGs. [➔ Read more at \*\*lansforsakringar.se\*\*](#)
- *Policy on anti-money laundering and financing of terrorism* stipulates the joint guidelines and process for preventing the operations being used to launder money or finance terrorism.
- *Policy on improper benefits* encompasses employees and states the fundamental values on giving and receiving benefits.
- *Guidelines on identifying and managing conflicts of interest* state how conflicts of interest are to be identified and handled. The guidelines are to promote sound and efficient operations with a high level of internal governance and control.
- *Guidelines for underwriting and selling insurance* aim to assure the quality of governing products and underwriting business and, for products development, ensure that established requirements for customer protection, including any sustainability-related targets, are met. The guidelines also state that no underwriting of direct business related to coal producers is to take place.

- *Guidelines for company cars and business travel procedures* state how business travel is to take place to reduce the impact on the climate.
- *Risk policy* states the framework for the Länsförsäkringar AB Group's risk-management system and describes the Group's risk appetite and risk strategy. The risk policy includes sustainability-related risks.
- *Tax policy* states how tax is to be handled in the Länsförsäkringar AB Group by paying the right tax at the right time and that cross-border transactions are to be managed in accordance with the OECD's transfer pricing guidelines.
- *Code of Conduct for Suppliers* stipulates requirements regarding human rights, labour, environment and business ethics. The policy refers to the Global Compact. [➔ Read more at \*\*lansforsakringar.se\*\*](#)
- *Code of Conduct for Employees* is a set of rules and guidelines on business ethics that explains how employees are expected to act. It includes business ethics, sustainability, work environment and zero tolerance for discrimination. The policy refers to the Global Compact. [➔ Read more at \*\*lansforsakringar.se\*\*](#)

Self-assessments and operational procedures are applied for the ongoing monitoring of compliance with these governance documents. Policies and guidelines are revised annually. New employees are informed about the content of the sustainability policy and other relevant guidelines in the induction programme. All employees must complete e-courses on topics including sustainability, the Code of Conduct and security. The e-courses are reviewed and updated annually.

### Whistle-blowing

A whistle-blowing function is available to prevent crime or suspected crime in the business. Read more in the section on business ethics on page 35.





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Policy	Policy owner	Sustainability topics		
		Environmental and climate	Human rights and working conditions	Business ethics
Remuneration Policy	Head of HR		X	
Insurance Policy	Board of Non-life Insurance business unit	X	X	X
Sustainability Policy	Head of Change Management and Communication	X	X	X
Purchasing and Procurement Policy	Head of Purchasing	X	X	X
Equality and diversity plan	Head of HR		X	
Credit policy and credit instructions	Credit Manager	X	X	X
Personnel Policy	Head of HR		X	
Policy on responsible investments and corporate governance	Head of Asset Management	X	X	X
Policy on anti-money laundering and financing of terrorism	Head of Anti-Money Laundering Bank			X
Policy on improper benefits	Head of Compliance			X
Guidelines on identifying and managing conflicts of interest	Head of Compliance			X
Guidelines for underwriting and selling insurance	Head of the Non-life Insurance business unit	X	X	X
Guidelines for company cars and business travel procedures	Head of HR	X		
Risk policy	Head of Risk Management	X	X	X
Tax Policy	CFO			X
Code of Conduct for Suppliers	Head of Change Management and Communication	X	X	X
Code of Conduct for Employees	Head of Change Management and Communication	X	X	X





# Stakeholder dialogue

Länsförsäkringar affects millions of people through its operations. 3.9 million customers in the Länsförsäkringar Alliance, 2,200 suppliers and 2,800 employees in Länsförsäkringar AB all have expectations of Länsförsäkringar AB. Stakeholder dialogues are a chance for Länsförsäkringar AB to discuss and ascertain stakeholders' expectations.

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Priority stakeholders	Communication channels	Issues	Activities in 2022
<b>Owners and Board</b>	Reporting, training, Board meetings, various forums, consulting bodies and general meetings of shareholders.	Mission of operations, product development, policies and guidelines, risks and long-term objectives.	Ongoing dialogue on sustainability topics, status and business plans. Training.
<b>Customers</b>	Customer surveys, customer meetings, seminars, customer communication, website, podcasts and films.	Availability, service and quality, responsible product offering for savings, banking and insurance, environmental and social responsibility, transparency and tools to select sustainable products. Promote sustainable breeding and spread knowledge about animal health. Increase digitisation. Be able to affect prices and premiums through preventive measures.	Improved sustainability information to customers. Expanded range of sustainability-focused funds. Included the carbon footprints of funds and enhanced the filtering function in terms of sustainability on the fund platform. Expanded the advisory meetings to include sustainability topics. Telephone interviews of pension customers regarding expectations in terms of sustainability and returns. Claims-prevention tips. Trained customers in claims prevention. Health-promotion tips and services for people and animals. Customer meetings. 15,400 customers in six countries responded to Agria's customer survey. Dog insurance including health initiatives to reduce costs for customers.
<b>Employees</b>	Employee surveys, employee appraisals, meetings and training.	Work environment and health, career opportunities, performance and skills development, diversity, inclusion and equality.	Skills development in the form of individual learning, training, seminars, lectures and internal mobility. Employee surveys. Monthly manager-employee reviews. Pulse surveys. Activity-based workplace projects. Digital training. Seminars on diversity.
<b>Suppliers</b>	Procurement, audits and meetings.	Environmental and social responsibility, sustainability risks in the supply chain.	Internal training on supplier audits, specifying requirements in procurement processes and dialogue with suppliers on sustainability risks.
<b>Partners, trade organisations and civil society organisations</b>	Partnerships, meetings, questionnaires and exchanging know-how.	Industry-wide challenges within environmental and social responsibility, responsible savings offering, responsible lending offering, transparency, climate change, responsible insurance offering and claims prevention.	Provided sustainability research results. Conducted dialogues with industry organisations about insurance risk, claims-prevention activities and animal health. Training and lectures. Dialogue and feedback on the EU's sustainability regulations.
<b>Authorities</b>	Reporting and meetings.	Responsible offering, transparency and climate risks.	Dialogue on natural catastrophes and climate risks. Dialogue and feedback on the EU's existing and future sustainability regulations.
<b>Investors</b>	Reporting, meetings and responses to questionnaires.	Responsible product offering, common social challenges, environmental and social risks, and transparency.	Greater transparency on sustainability. Responded to questionnaires. Meetings to discuss sustainability topics. Prepared a green bond framework and issued green bonds.



# Länsförsäkringar AB and the UN Sustainable Development Goals

Länsförsäkringar AB works on the SDGs in all parts of the company to make a difference and contribute to sustainable development - in the customer offering, business operations and the long-term environmental and social commitment.

The Länsförsäkringar Alliance has identified SDGs **3, 8, 10, 12, 13, 16** and **17** as the most relevant to the business and those where Länsförsäkringar can make a positive contribution and reduce its

negative impact. This process was based on Länsförsäkringar AB's material sustainability topics, level of engagement, identified risks and opportunities. Länsförsäkringar AB has supplemented the

SDGs shared throughout the Länsförsäkringar Alliance with goals **5, 7, 11** and **15**, where Länsförsäkringar AB's operations help make a direct or partial contribution.

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### GOAL 3: GOOD HEALTH AND WELL-BEING

#### Target:

- 3.4 Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
- 3.6 Halve the number of global deaths and injuries from road-traffic accidents.

#### Länsförsäkringar's contribution:

Research into mental illness and road-traffic accidents, preventive health services and rehabilitation, road safety claims-prevention measures and unprotected road-users. No investments in tobacco products or gambling companies.



### GOAL 5: GENDER EQUALITY

#### Target:

- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making.

#### Länsförsäkringar's contribution:

Promote gender equity in working groups and management groups. Promote gender equity in the boards of portfolio companies through nomination committees. Advice on equal personal finances.



### GOAL 7: AFFORDABLE AND CLEAN ENERGY

#### Target:

- 7.2 Increase substantially the share of renewable energy.
- 7.3 Double the global rate of improvement in energy efficiency.

#### Länsförsäkringar's contribution:

Investments in companies focusing on renewable energy and sustainability-focused bonds in projects that are earmarked for solar energy, hydropower and wind. Offering financing and loans for renewable energy and energy efficiency enhancements.



### GOAL 8: DECENT WORK AND ECONOMIC GROWTH

#### Target:

- 8.7 Eradicate forced labour, human trafficking and child labour.
- 8.8 Protect labour rights and promote safe and secure working environments for all workers.
- 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

#### Länsförsäkringar's contribution:

Set requirements and engage suppliers and companies in dialogue on labour conditions and that forced and child labour is not accepted. Make financial services available through digital channels, branches and telephone. Inform and offer training in the importance of equal personal finances.



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GOAL 10: REDUCED INEQUALITIES

Target:

10.2 Promote social, economic and political inclusion.

Länsförsäkringar's contribution:

Promoting equality and diversity in recruitment processes and the business, through nomination committees in portfolio companies and in social commitment.



GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES

Target:

- 11.2 Provide access to safe, affordable, accessible and sustainable transport systems for all.
- 11.6 Reduce the adverse per capita environmental impact of cities.

Länsförsäkringar's contribution:

Investments in eco-labelled properties and in sustainability-focused bonds for water and waste management and sustainable transportation.



GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Target:

12.2 Sustainable management and efficient use of natural resources.

Länsförsäkringar's contribution:

Setting demands for materials, recycling and reuse for damage repairs, encouraging suppliers and portfolio companies to report on sustainability. Research into construction materials and sustainable car repairs.



GOAL 13: CLIMATE ACTION

Target:

- 13.1 Strengthen resilience and adaptive capacity to climate-related hazards.
- 13.3 Improve education, awareness-raising and capacity on climate change mitigation.

Länsförsäkringar's contribution:

Reducing the climate impact of Länsförsäkringar's own operations. Making climate-smart investments, such as green bonds, and excluding a large number of fossil companies. Offer green loans to customers to promote more energy-efficient and environmentally-friendly housing. Offer green bonds. Research into climate impact. Dialogue with customers, companies in the investment portfolio and policymakers on climate issues.



GOAL 15: LIFE ON LAND

Target:

15.2 Promote sustainable management of all types of forests.

Länsförsäkringar's contribution:

Investments in forest companies and sustainability-focused bonds earmarked for sustainable forest management and conservation. Offers loans to forestry and agricultural customers.



GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS

Target:

- 16.5 Substantially reduce corruption and bribery.
- 16.6 Develop effective, accountable and transparent institutions.

Länsförsäkringar's contribution:

Anti-money laundering and countering the financing of terrorism in the banking and life-assurance operations. No investments in gambling companies. Work to prevent insurance fraud.



GOAL 17: PARTNERSHIPS FOR THE GOALS

The SDGs can only be realised through global partnerships and cooperation.

Länsförsäkringar's contribution:

Partnerships with the Länsförsäkringar Alliance and other external parties, such as research institutions, trade organisations and investors to address various sustainability challenges.



# Partnerships

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## SUSTAINABILITY AT LÄNSFÖRSÄKRINGAR

### PSI – Principles for Sustainable Insurance

PSI is a UN initiative of principles on integrating sustainability into insurance offerings. Länsförsäkringar AB has been a member since the end of 2016 and submits a PSI report describing its sustainability work every year based on the four principles.

### AMICE – Association of Mutual Insurers and Insurance Cooperatives in Europe

An organisation for mutual and cooperative insurance companies in Europe. The purpose is to take members' interests into consideration and to ensure equal conditions for all insurance companies in Europe regardless of their legal form. The organisation represents the particular interests of mutuality, above all in issues of European legislation, and also works for the exchange of information and experiences among its members. Länsförsäkringar sits on the Board and in several working groups.

### Eurapco – European Alliance Partners Company

An alliance of eight European insurance companies working in 18 countries. The members exchange information and experience. Länsförsäkringar is an active member of the Board and several committees, including committees on responsible investments and sustainability.

### Kyoto Statement of the Geneva Association

An initiative that encourages the world's insurance companies to work together with customers, policy-makers and industry colleagues to help reduce environmental impact. The Geneva Association, which has existed for 40 years, has a global partner-

ship on economic, political and social issues in the insurance industry. Länsförsäkringar is a signatory.

### ICMIF – International Cooperative and Mutual Insurance Federation

A representative body to support the development of mutuality and the construction of mutual and cooperative insurance companies around the world. More than 200 members in 72 countries exchange information and experiences. Länsförsäkringar is an active member of the Board and several committees.

### INI – International Network of Insurance

A network of more than 120 market-leading insurance companies all over the world who work together to solve insurance needs for corporate customers operating in other countries.

### Insurance Sweden

An industry organisation working to promote good business conditions for the insurance industry and to increase confidence in the industry and knowledge of the importance of private insurance in society. Länsförsäkringar sits on the Board and in several committees.

### Other

Collaborates with various trade organisations and authorities, for example, Swedish Civil Contingencies Agency, the Swedish Police Authority, the Research Institutes of Sweden (RISE), the Swedish Association of Road Transport Companies and the Swedish Transport Administration, on different insurance issues, including claims-prevention initiatives, road safety, health and security.

## INVESTMENT PARTNERSHIPS

### PRI – Principles for Responsible Investments

PRI is a UN initiative of principles concerning the integration of sustainability in investment decisions, engagement and collaboration. Länsförsäkringar AB has been a member since 2014 and submits annual reports on the implementation of these principles to PRI. Länsförsäkringar participates in investor initiatives to influence other companies and stakeholders in sustainability topics.

### Access to Medicine Foundation

A foundation founded by the British and Netherlands governments together with the Bill & Melinda Gates Foundation. The foundation seeks to improve access to medicine for people around the world. Every other year an index is produced that shows the actions pharmaceutical companies are taking to improve conditions for people without access to basic medicine. Länsförsäkringar supports this initiative.

### CDP

A civil society organisation that collects global environmental information from companies. The initiative is supported by over 700 institutional investors worldwide. Through dialogue with companies and by supporting the CDP's work, investors want to increase transparency and promote environmental reporting, and encourage companies to work actively to reduce their environmental impact. Länsförsäkringar supports the CDP and reports every year to CDP Climate.

### Climate Action 100

This investor-led initiative was formed in 2017 with the aim of engaging the companies that jointly account for an estimated two thirds of the world's industrial greenhouse gas emissions. Länsförsäkringar is a participant in the initiative and actively pursues engagement with selected companies.

### Swedish Investment Fund Association

A trade organisation whose purpose is to look after the collective interests of fund management companies and fund savers alike. Länsförsäkringar Fondförvaltning is an active member.

### Sustainable Value Creation

"Sustainable Value Creation" is a collaborative project comprising 17 of Sweden's largest institutional investors. The project aims to highlight the importance of working with sustainability topics in a structured manner. Länsförsäkringar is an active member.

### Institutional Owners Association

The Institutional Owners Association for Regulatory Issues in the Stock Market is a partnership between pension funds, AP national pension funds, insurance companies and fund companies. The association develops best practice in corporate governance and the Swedish Corporate Governance Code. Länsförsäkringar Fondförvaltning is an active member.



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### Montreal Pledge

Länsförsäkringar AB has signed the Montreal Pledge, an initiative whereby investors pledge to measure and publicly disclose the carbon footprint of their investment portfolios. The Montreal Pledge is supported by both PRI and the United Nations Environment Programme Finance Initiative (UNEP FI).

### Sustainalytics Engagement Service

A common cooperative platform for active owners. Länsförsäkringar AB actively participates in this forum together with institutional investors all over the world to influence companies to act responsibly and improve the company's sustainability results.

### Swesif – Sweden forum for sustainable investments

A forum to spread, drive and increase knowledge on investments for sustainable development. Länsförsäkringar is a member.

### Other

More partnerships and investor-led initiatives pertaining to investments can be found on the website.

## PARTNERSHIPS IN BANKING

### PRB – Principles for Responsible Banking

PRB is a UN initiative of principles on integrating sustainability into the banking operations. Länsförsäkringar AB has been a member since 2021 and submits annual reports on the implementation of these principles to PRB.

### Swedish Financial Coalition against Commercial Sexual Exploitation of Children

A partnership between banks and Ecpat to prevent the Swedish payment system from being abused for the purchase of child pornography and trafficking of children for sexual purposes, and also to influence public opinion on such criminal activity. Länsförsäkringar is a member of the Financial Coalition.

### Swedish Bankers' Association

An association of banks in Sweden whose tasks include spreading knowledge about banks and their role for growth and welfare in society. The member banks have adopted a joint climate roadmap for achieving net zero emissions by 2045. Länsförsäkringar is a member of the board and the Sustainability Committee.

## OTHER PARTNERSHIPS

### Global Compact

A UN initiative for responsible business conduct with ten principles on human rights, labour, environment and anti-corruption. Länsförsäkringar AB is a signatory and submits annual reports to the Global Compact on the implementation of these principles.

### Swedish Childhood Cancer Fund

Agria is a partner of the Swedish Childhood Cancer Fund and organises annual fundraising activities through Agria Pony Club.

### Diversity Charter Sweden

A non-profit organisation that seeks to promote diversity in workplaces. Its members are companies and organisations that actively work on diversity and apply an inclusive approach to their own businesses. Länsförsäkringar is a member.

### NMC – The Swedish Association for Sustainable Business

A professional association and cross-industry platform for sharing of knowledge on running a sustainable business, contributing to sustainable development. Länsförsäkringar is a member.

### Novare Potential

A recruitment and staffing company with the aim of leading new arrivals into the Swedish job market. Its method is called "introduction recruitment," meaning that Novare Potential employs a person for the first year and after one or two years the person moves over to the company. Länsförsäkringar has a partnership agreement with the company.

### Red Cross

Länsförsäkringar AB is a corporate partner of the Red Cross and has signed an agreement that allows employees to volunteer with the Red Cross.

### SNS – The Centre for Business and Policy Studies

An independent think tank that brings together the worlds of academia, business and government for knowledge-sharing and dialogue on key societal issues. Länsförsäkringar is a member.

### Stall Kungsgården/Stiftelsen Hippocampus

Resource and knowledge centre for equine assisted therapy for people with special needs. Agria has a partnership with the foundation.

### Co-operatives Sweden

Co-operatives Sweden promotes the cooperative form of enterprise by increasing knowledge, disseminating cooperative ideas and driving opinion formation. Länsförsäkringar is a member.

### Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was founded in 2015 by the Financial Stability Board. It is intended to support companies' efforts to provide qualitative sustainability information to the finance sector's stakeholders and supervisory authorities. The framework consists of four areas: Governance, Strategy, Risk management and Metrics and targets. Länsförsäkringar supports the TCFD and has reported climate-related risks and opportunities following TCFD recommendations since 2019.



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### LÄNSFÖRSÄKRINGAR'S RESEARCH FUND

Ongoing research projects and tests	Start	Concluded	Ongoing research projects and tests	Start	Concluded
<b>Tomorrow's society: Digitisation, urbanisation and the sharing economy</b>			<b>Mutual business models</b>		
Regional economic development and transformation in Sweden: Then, now and tomorrow, <i>Lund University</i>	2018	Completed in 2022	Machine learning methods for pricing non-life insurance, <i>Stockholm University</i>	2021	
The geography of trust: Trust in local society in a changing Sweden, <i>Marie Cederschiöld University</i>	2020	Completed in 2022	<b>Tests and pilot studies</b>		
A polarised society? How national and local urbanisation are shaping Sweden, <i>Linköping University</i>	2020		Partial repairs of bathrooms, <i>RISE</i>	2020	
Mobility, choice and flexibility: origin and prevention of financial, institutional and geographic changes and greater inequality in the Swedish labour market, <i>University of Gothenburg</i>	2020		Sustainable cleaning for facades and decking tiles, <i>RISE</i>	2020	
<b>Climate change</b>			Testing water leak detectors, <i>RISE</i>	2021	Completed in 2022
Improved climate changes to residential areas, <i>Linköping University</i>	2020		Hydrogen at farms, <i>RISE</i>	2021	Completed in 2022
Financial effects of climate policy, <i>University of Gothenburg</i>	2020		Assembly systems and mounting solar panels, <i>RISE</i>	2020	Completed in 2022
<b>Secure homes</b>			Objectives for local development - on site-specific objectives for local development in areas with disadvantaged geographical locations, <i>Linköping University</i>	2022	
Secure homes for the elderly using smart technology, <i>Dalarna University</i>	2019				
AGE-HERE: Home ownership among the elderly - How do health and economic aspects encourage or inhibit the propensity to move? <i>Lund University</i>	2022				
The housing crisis is about incentives and obstacles for insiders and outsiders - but probably not due to a housing shortage, <i>KTH</i>	2022				
<b>Road safety</b>					
Commuting actively - and safely! How do children get to school? <i>VTI</i>	2020				
Why do bicycle accidents happen? <i>VTI</i>	2020	Completed in 2022			



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### AGRIA'S RESEARCH FUND

#### Selection of ongoing research projects

##### The role of animals for humans and society

Dogs, humans and society. *Anna Bendz, University of Gothenburg*

2019

New methods and tools for a better work environment in the equine industry

*Cecilia Lindahl, RISE Research Institutes of Sweden*

2019

Riding in practice - how to instruct riders.

*Anna Byström, Swedish University of Agricultural Sciences*

2020

In-depth understanding and visualisation of socio-economic effects of the horse industry:

Expanded model for horse industry in Sweden and Norway. *Tobias Heldt, Dalarna University*

2020

Support from social service dogs for pupils with problematic absence from school.

*Lena Lidfors, Swedish University of Agricultural Sciences*

2021

Young riders' right to participation - a contingent right.

*Karin Redelius - Swedish School of Sport and Health Sciences GIH*

2020

Equine-related sports and leisure activities among persons

with intellectual disabilities. *Marie Gustausson, Linköping University*

2020

Cat - human - communication: Vocal, visual and tactile signals.

*Susanne Schötz, Lund University*

2022

Is or isn't it, too expensive to go to the vet in Sweden?

*Agneta Egenvall, Swedish University of Agricultural Sciences*

2022

#### Selection of ongoing research projects

Start

##### Veterinary Medicine, Animal Science and Technology

Physical burdens in dog agility performances.

*Anna Boström, Faculty of Veterinary Medicine, University of Helsinki*

2019

Identification of genetic risk factors for hip dysplasia in dogs.

*Maja Arendt, University of Copenhagen*

2020

Ahead of a change in law - weaning pigs without zinc oxide requires new strategies.

*Per Wallgren, National Veterinary Institute*

2020

Are we feeding trotting horses in a way that causes muscle damage? *Malin Connysson, Wången AB*

2021

Optimising antibiotic treatment times for cystitis in dogs.

*Peter Damborg, University of Copenhagen*

2017

Bile acid in faeces of cats with IBD or gastrointestinal cancer.

*Janne Graarup Lyngby, University of Copenhagen*

2019

QimmeqHealth: Health care for the declining population of Greenlandic sled dogs.

*Emilie Andersen-Ramberg, University of Copenhagen*

2020

Unshod sports horses - for sustainability and performance.

*Lars Roepstorff, Swedish University of Agricultural Sciences*

2022

Herniated discs in dachshund and Coton de Tuléar.

*Camilla Sichlau Bruun, University of Copenhagen*

2022





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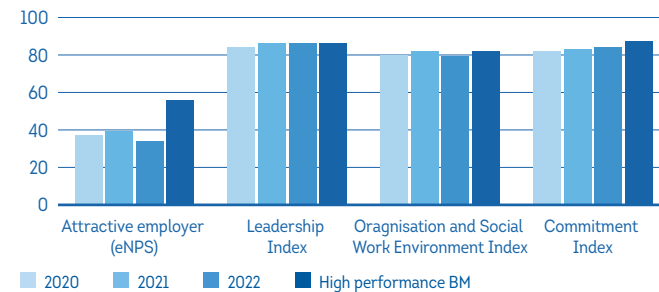
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Employee response to employee survey<sup>1)</sup>

%	2022	2021	2020
Say that they have not experienced victimisation, bullying, sexual harassment or other discrimination at work in the past 12 months <sup>2)</sup>	95		
Believe that they receive regular feedback from their manager	83	86	81
Believe they have the conditions they need to do a good job <sup>3)</sup>	75	81	79
Believe that they have a reasonable stress level in their work	68	73	73
Believe that they can recover adequately between work shifts	71	78	78

<sup>1)</sup> The response rate for the employee survey was 90% in 2022, 91% in 2021 and 92% in 2020.

<sup>2)</sup> New question for 2022.

<sup>3)</sup> New question for 2022. The responses for 2021 and 2020 refer to "Believe that one's own skills are developed in line with changing work requirements".

Employee statistics are calculated on the headcount on 31 December 2022. The average number of employees in the financial statements has been calculated on actual hours worked (FTE). All employees who receive a monthly salary are full-time employees regardless of whether they work full- or part-time. Employees who have children under the age of 12 can work part-time according to the industry's collective agreement. Employees aged 62 or above have a contractual right to a part-time pension.

SWEDEN

GRI 2-7 Employees

Number	2022	2021	2020
Total number of employees (incl. casual workers)	2,743	2,463	
of whom, men	1,195	1,052	
of whom, women	1,548	1,411	
Permanent employees	2,573	2,297	2,204
of whom, men	1,150	991	934
of whom, women	1,423	1,306	1,270
Temporary employees	41	93	
of whom, men	14	32	
of whom, women	27	61	
Casual workers	129	73	
of whom, men	31	29	
of whom, women	98	44	
Permanent employees recruited during the year	526	265	229
Permanent employees who left during the year	273	194	155
Permanent employees who have left and now work at another company in the Länsförsäkringar Alliance	18	14	11

GRI 405-1 Employee age range

Number	2022	2021	2020
aged 29 or younger	241	218	222
aged 30-39	678	560	538
aged 40-49	731	674	644
aged 50-59	720	651	635
aged 60-69	203	194	165
Average age, women	45	45	45
Average age, men	44	44	44

OTHER COUNTRIES

GRI 2-7 Employees

Number	2022	2021	2020
Total number of employees (incl. casual workers)	263		3,006
of whom, men	58		1,253
of whom, women	205		1,753
Permanent employees	255		2,828
of whom, men	58		1,208
of whom, women	197		1,620
Temporary employees	4		45
of whom, men	0		14
of whom, women	4		31
Casual workers	4		133
of whom, men	0		31
of whom, women	4		102
Permanent employees recruited during the year	63		589
Permanent employees who left during the year	56		329

GRI 405-1 Employee age range

Age in years	2022
aged 29 or younger	42
aged 30-39	89
aged 40-49	80
aged 50-59	37
aged 60-69	7
Average age, women	40
Average age, men	33



Statistics and key figures, cont.

**SWEDEN**

**GRI 401-1 New employees recruited during the year, permanent employees**

Age in years	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
aged 29 or younger	54	54	37	27	24	25
30–39 years	81	107	31	54	29	47
40–49 years	74	66	41	31	34	30
50–59 years	28	53	20	20	22	14
60–69 years	2	7	0	4	2	2
<b>Total</b>	<b>239</b>	<b>287</b>	<b>129</b>	<b>136</b>	<b>111</b>	<b>118</b>

**GRI 401-1 Employee turnover**

	2022
Permanent employees	13.1

**GRI 405-1 Manager age range**

Number	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
aged 29 or younger	2	1	1	3	1	2
30–39 years	28	30	19	24	25	28
40–49 years	56	57	55	52	59	53
50–59 years	50	52	39	54	44	53
60–69 years	15	10	15	11	9	9
<b>Total</b>	<b>151</b>	<b>150</b>	<b>129</b>	<b>144</b>	<b>138</b>	<b>145</b>
<b>Total</b>	<b>301</b>		<b>273</b>		<b>283</b>	

**Average age of managers**

Year	2022
Women	48
Men	47

**Sickness absence**

%	2022
Total sickness absence <sup>1)</sup>	2.4
Long-term healthy	77

<sup>1)</sup> Ill at least twice and for a maximum of five days during a 12-month period.

**OTHER COUNTRIES**

**GRI 401-1 New employees recruited during the year, permanent employees**

Age in years	2022	
	Women	Men
aged 29 or younger	11	4
30–39 years of age	20	5
40–49 years of age	14	5
50–59 years of age	3	0
60–69 years of age	1	0
<b>Total</b>	<b>49</b>	<b>14</b>

**GRI 401-1 %Employee turnover**

%	2022
Permanent employees	20.4

**GRI 405-1 Manager age range**

Number	2022	
	Women	Men
aged 29 or younger	0	1
30–39 years of age	10	3
40–49 years of age	12	9
50–59 years of age	9	5
60–69 years of age	1	1
<b>Total</b>	<b>32</b>	<b>19</b>
<b>Total</b>	<b>51</b>	

**Average age of managers**

Year	2022
Women	45
Men	47

**Sickness absence**

%	2022
Total sickness absence	6.2
Long term healthy <sup>2)</sup>	

<sup>2)</sup> No data available for other countries.

**GRI 405-1 Gender distribution – Sweden and other countries**

%	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
Employees	58	42	58	42	58	42
Corporate management	56	44	44	56	44	56
Heads of department	56	44	53	47	54	46
Group managers and team leaders	51	49	46	54	48	52

**GRI 405-1 Gender distribution among management and Board**

Number	2022		2021		2020	
	Women	Men	Women	Men	Women	Men
Corporate management including President	5	4	4	5	4	5
Management teams	27	28	23	31	28	35
Board members <sup>3)</sup>	40	48	31	49	31	56

<sup>3)</sup> Refers to all Board members of the Länsförsäkringar AB Group.

**GRI 2-8 Workers who are not employees**

	2022
Number of consultants <sup>4)</sup>	1,154
Average number of consultants during the year	1,090

<sup>4)</sup> Länsförsäkringar AB has three categories of consultants: standard consultants, consultants procured for a function and agents. These are not reported separately in this year's report. This is a new key figure and no comparative data is available for 2021 and 2020.

The consultants employed by Länsförsäkringar AB in 2022 mainly worked in IT-related projects and development, claims adjustment in the insurance business and control and reporting in Economy and Finance.

**GRI 2-21 Annual total compensation ratio**

	2022
<b>Annual remuneration ratio</b> (monthly salary for the highest paid individual/median salary for other permanent employees)	8.75
<b>Change in annual remuneration ratio</b> (percentage increase in monthly salary for the highest paid individual/percentage increase in median salary for other permanent employees)	1.01

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## Statistics and key figures, cont.

## ENVIRONMENTAL IMPACT OF THE OPERATIONS

## Energy use

MWh	2022	2021
Electricity consumption – operating electricity	2,797	2,619
Electricity consumption – property electricity	1,156	1,006
District heating	1,510	1,461
District cooling	20	14
Cooling medium, refills	–	–
<b>Total</b>	<b>5,483</b>	<b>5,100</b>

## Sorted waste for materials recycling, kg

	2022	2021
Paper and board	15,483	11,108
Waste paper	10,340	7,020
Corrugated cardboard	9,020	3,780
Glass containers	2,070	560
Plastic	1,649	370
Electric equipment	2,237	1,100
Iron and metal scrap	495	430
Fluorescent tubes and waste containing mercury	162	170
CFC equipment	50	100
Shrink/stretch film	40	60
Batteries	47	20
Oils, solvents and gases	477	–
Paint, printing ink, adhesives	439	–
Metal packaging	118	–
Waste that can be sorted	560	–
<b>Total</b>	<b>43,187</b>	<b>24,718</b>

Office premises, shelter rooms, garages and storerooms were cleared out when the office was remodelled, which increased the amount of waste in all fractions, mainly paper, cardboard, glass, electronic equipment and hazardous waste.

## Business travel

Tens of km, travelled	2022	2021
Flights	324,351	57,796
Company car journeys	76,361	32,669
Private car journeys	16,574	8,251
Rail journeys	55,083	38,498
Taxi	9,916	4,580
<b>Total</b>	<b>482,285</b>	<b>141,794</b>

## GRI 305-1, 305-2, 305-3 Carbon emissions

Tonnes	2022 <sup>1)</sup>	2021 <sup>2)</sup>
<b>Scope 1</b>		
Company car journeys (leased vehicles)	95.8	50.0
Stationary combustion	0.3	–
Cooling medium	–	–
<b>Scope 2</b>		
Renewable electricity	0	0
District heating	63.2	71.2
District cooling	<0.1	<0.1
<b>Scope 3</b>		
Business travel, flights	610.7	100.7
Business travel, private car journeys (mileage allowance private + taxis)	52.0	19.9
Business travel, rail	4.9	0.8
Business travel, hotels	12.5	19.0
Procurement of products and services, remodelling	2,158.2	2,097.4
Procurement of products and services, excl. remodelling	150.5	98.3
Capital goods <sup>3)</sup>	1,318.6	627.8
Employee commuting and WFH <sup>4)</sup>	595.4	–
Waste management, remodelling	48.9	–
Waste management, excl. remodelling	1.2	0.6
Life cycle emissions, leased cars	25.5	–
Life cycle emissions, renewable electricity	53.2	47.9
Life cycle emissions, district heating	5.8	4.6
Life cycle emissions, district cooling	0.1	0.1
<b>Total carbon emissions in the operations</b>	<b>5,196.7</b>	<b>3,138.1</b>
<b>Total carbon emissions per employee</b>	<b>2.0</b>	<b>1.4</b>

<sup>1)</sup> More Scope 3 categories were included in 2022 compared with 2021, such as commuting and more purchased goods and services. The ongoing remodelling contributed to more purchased goods and services, purchases of IT equipment and greater waste management.

<sup>2)</sup> Figures for 2021 have been restated in accordance with the GHG Protocol method and more emissions categories have been included compared with the 2021 Annual Report.

<sup>3)</sup> Market-based method, meaning that supplier-specific emissions factors are used.

<sup>4)</sup> Capital goods refers to purchased laptops, computer screens, keyboards and mobile phones, servers and other IT equipment.

<sup>5)</sup> Commuting refers to employees travelling between home and work. Emissions are calculated based on a questionnaire to employees with a response rate of 23%. Emissions factors are applied per mode of transport and emissions per employee are extrapolated to encompass all employees.

## Metrics under Global Reporting Initiative (GRI) for Länsförsäkringar AB 2022

GRI Standard	Description	Volume	Unit
305-1	Direct (Scope 1) GHG emissions	96.1	tCO <sub>2</sub> e
	Direct biogenic CO <sub>2</sub> emissions	0.0	tCO <sub>2</sub>
305-2	Location-based indirect (Scope 2) GHG emissions (electricity consumption)	133.97	tCO <sub>2</sub> e
	Market-based energy related indirect (Scope 2) GHG emissions (electricity, heating, cooling)	63.2	tCO <sub>2</sub> e
	Indirect biogenic (Scope 2) GHG emissions	261.4	tCO <sub>2</sub>
305-3	Other indirect (Scope 3) GHG emissions	5,037.5	tCO <sub>2</sub> e
	Indirect biogenic (Scope 3) GHG emissions	8.4	tCO <sub>2</sub>

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# Responsible savings offering

## Activities and key figures related to responsible savings offering

Focus area	Key figures	2022	2021	2020
<b>Investments in responsible companies</b>	Total number of companies in the global reference index that are excluded (share of the index's market value in parentheses) <sup>1)</sup>	161 (8%)	169 (6%)	155 (5%)
<b>Promoting sustainable investments</b>	Sustainability-focused bonds in the investment portfolios, % of total managed assets	21.4	16.1	13
<b>Minimising climate risks in investments</b>	Carbon footprint for listed equities in the investment portfolios, tonnes CO <sub>2</sub> e/SEK M <sup>2)</sup>	7.8	8.2	10
	Carbon footprint in the investment portfolios, measured according to Insurance Sweden's recommendation, tonnes CO <sub>2</sub> e/SEK M <sup>3)</sup>	6.1	7	8
	% of total capital in the investment portfolios with a measured carbon footprint	43	38	32
	% of total capital in the fund company's funds with a measured carbon footprint <sup>4)</sup>	80	80	69
<b>Active corporate governance and engagement</b>	Number of general meetings at which votes were cast <sup>5)</sup>	101	120	91
	Participation in nomination committees	20	27	21
	Percentage of women on the boards of the companies where Länsförsäkringar AB is a member of the nomination committee	36	39	38
	Number of companies covered by reactive sustainability dialogues <sup>6)</sup>	89	62	108
	Number of companies covered by preventative sustainability dialogues <sup>7)</sup>	204	251	210
	<b>Share of reactive and preventative sustainability dialogues, %</b>			
	Environmental matters	66	70	71
	Social matters	23	16	20
Business ethics matters	11	14	9	

<sup>1)</sup> Refers to companies who meet the sustainability exclusion criteria that applied at the end of each year.

<sup>2)</sup> Refers to listed equity holdings. Recognised according to the "weighted average carbon intensity" measure. The measure shows the investment portfolio's exposure to carbon-intense companies, where carbon intensity in the portfolio company is measured as the company's greenhouse gas emissions (Scopes 1 and 2) in relation to its income. See graph page 189.

<sup>3)</sup> Refers to listed shares and corporate bonds issued by listed companies and directly owned properties and property companies, according to Insurance Sweden's recommendation. Recognised according to the "weighted average carbon intensity" measure.

<sup>4)</sup> See graph page 189.

<sup>5)</sup> Refers to annual and extraordinary general meetings.

<sup>6)</sup> Refers to dialogues with companies in which a sustainability incident has occurred. The number refers to dialogues, in the form of physical or digital meetings, conducted by a consultant on behalf of Länsförsäkringar AB and/or where representatives from Länsförsäkringar AB were directly engaged in the dialogue.

<sup>7)</sup> Refers to dialogues conducted via investor-led initiatives that Länsförsäkringar AB participates in, where representatives from Länsförsäkringar AB were directly engaged in the dialogue and/or through consultants on Länsförsäkringar AB's behalf.

## TRANSITION CRITERIA

Transition criteria are applied to selected power and energy companies. The purpose of the transition criteria is to identify and support companies who have made climate commitments and are in the process of

transitioning. An up-to-date list of transition companies is available on [lansforsakringar.se](https://lansforsakringar.se)

## EXCLUSION CRITERIA ON 31 DECEMBER 2022

- Companies involved in prospecting and conventional extraction of oil and gas with sales exceeding 5%<sup>1)</sup>.
- Companies involved in unconventional prospecting and extraction of oil and gas (such as oil sand, fracking and extracting gas from carbon) with sales exceeding 5%.
- Mining companies that have more than 5% of their sales from thermal coal.
- Power companies that have more than 5% of their sales from thermal coal.<sup>1)</sup>
- Manufacturers of tobacco products with sales exceeding 5%.
- Commercial online gambling companies with sales exceeding 5%.
- Commercial gambling companies with land-based casinos with sales exceeding 5%.
- Companies generating turnover from the production of pornographic material.
- Controversial weapons including nuclear weapons (investments are permitted in conventional weapons and defence materiel).
- Companies with serious violations of international agreements on responsible business conduct and where dialogue does not have the desired results.
- Government bonds issued by countries that overall are not considered to meet fundamental criteria on human rights, democracy and anti-corruption.
- Government bonds issued by countries that are deemed to be non-cooperative jurisdictions and that do not follow basic standards regarding tax.
- State-controlled listed Russian companies and companies controlled by Russian oligarchs.

<sup>1)</sup> Selected companies that can demonstrate that they are transitioning from fossil to renewable energy or have set emissions targets aligned with the Paris Agreement can be kept in the investment universe.

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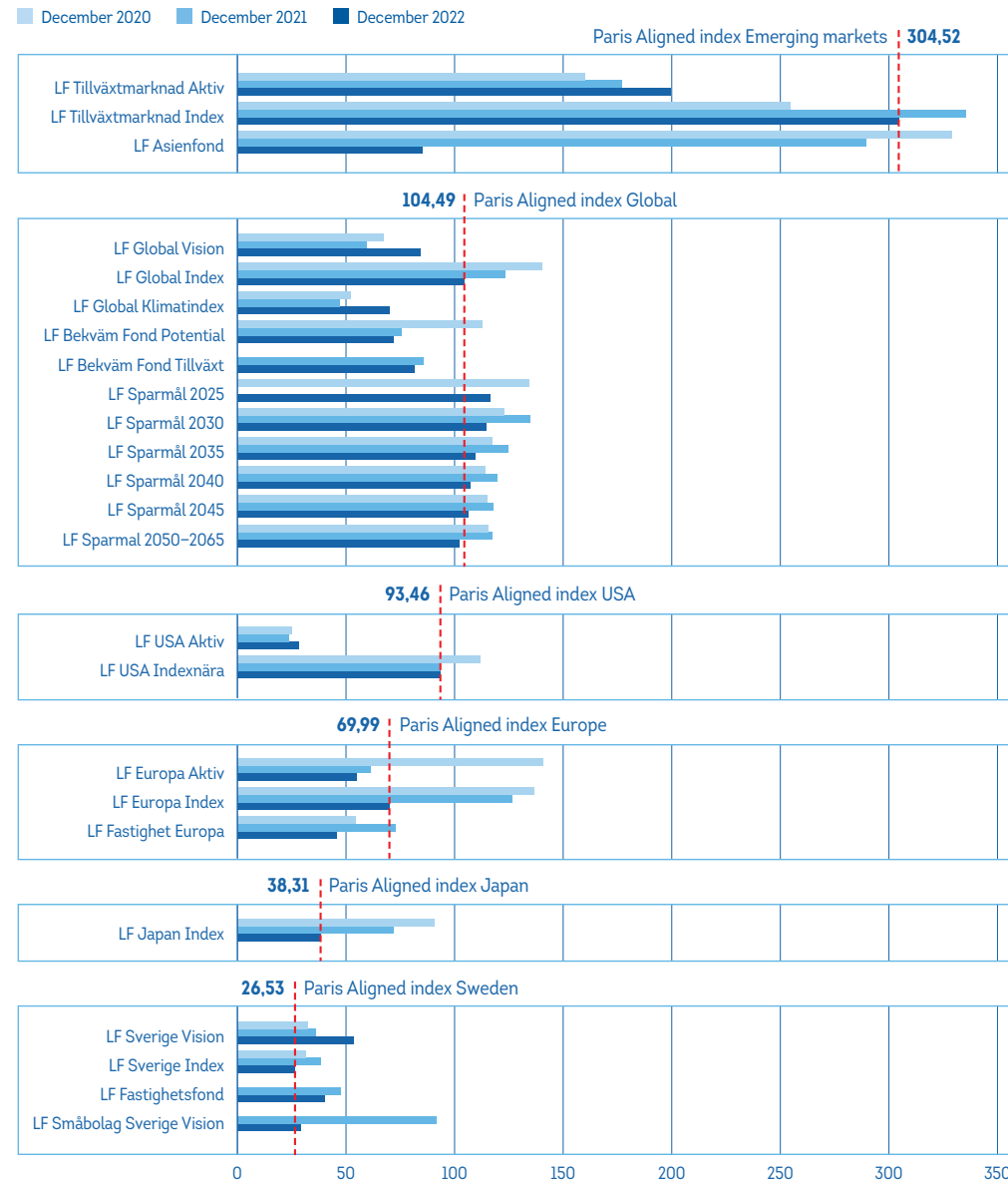
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# Responsible savings offering

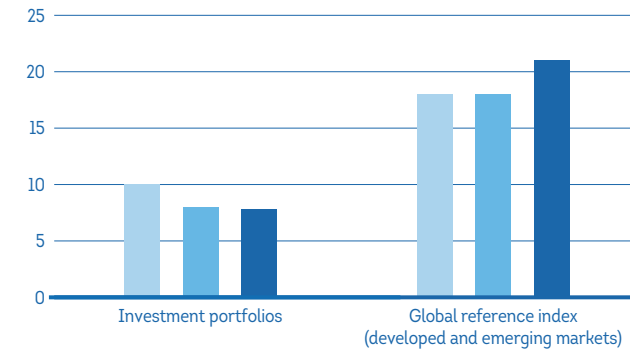
## Carbon footprint for equities and mixed funds compared with Paris Aligned Indexes for the relevant market<sup>1)</sup>

Weighted Average Carbon Intensity (tonnes CO<sub>2</sub>e/MUSD). All funds have >75% coverage.



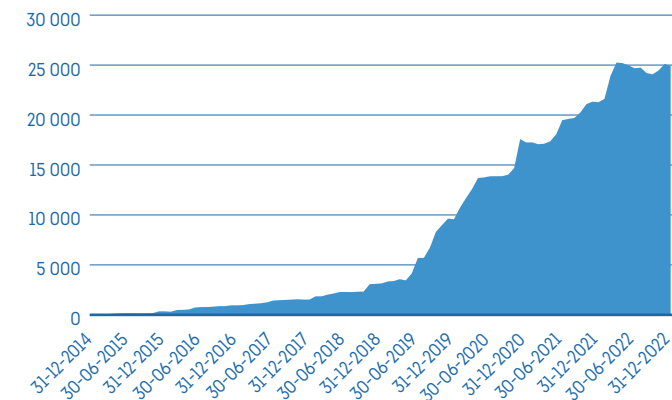
## Carbon footprint for listed equities in the investment portfolios, compared with global reference index

tonnes CO<sub>2</sub>e/SEK M income



## Sustainability-focused bonds - Investment portfolios, Länsförsäkringar AB

Exposure development (market value)



The share of sustainability-focused bonds (green, social and thematic) in all of Länsförsäkringar AB's investment portfolios has gradually increased and amounted to 21% of managed assets at the end of 2022. The market value of the assets amounted to SEK 25 billion.

<sup>1)</sup> The carbon footprint in the fund company's equities funds Länsförsäkringar AB reports disclosures concerning carbon intensity if 75% of the portfolio's market value is subject to emissions disclosures from the portfolio companies or comprises an educated estimate. This means that disclosures are published for 26 of the fund company's 38 funds. Morningstar is engaged as the supplier of disclosures on the funds' carbon intensity. The diagram below presents the carbon intensity of the funds over the past three years. In 2022, the footprint declined in 16 of the funds for which disclosures are published. The carbon intensity of the funds is also compared with the carbon intensity of a Paris Aligned Index for the market in which the fund invests. The Paris Aligned Index means that the index's carbon intensity is to be reduced at the rate required by the climate target of the Paris Agreement. During the year, all of Länsförsäkringar's own index funds started to be managed based on Paris Aligned Indexes. As of 31 December 2022, 16 own funds had a carbon intensity that was lower or in line with a Paris Aligned Index. The target is for all funds to have a carbon intensity in line with a Paris Aligned Index by 2030.



# Taxonomy disclosures

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The Taxonomy Regulation and the supplementing delegated acts (jointly referred to as the “Taxonomy Regulations”) that came into effect on 1 January 2022 are part of the EU’s action plan to achieve the target of a climate neutral Europe by 2050. The Taxonomy Regulations contain criteria for assessing whether or not economic activities are environmentally sustainable. The regulations are being developed and screening criteria have currently been prepared for two of the EU’s six environmental objectives: environmental objective 1 – climate change mitigation and environmental objective 2 – climate change adaptation. The criteria for the other four environmental objectives was meant to have been completed for the 2022 reporting year but is significantly delayed and are expected in 2023. Under the Taxonomy Regulations, certain companies are to include information on the extent to which the company’s activities are Taxonomy-eligible and are deemed to be sustainable. For financial companies, this also includes disclosures on whether investments are made in sustainable economic activities.

### Exposures to Taxonomy-eligible economic activities

	Länsförsäkringar AB Group			
	Exposures to Taxonomy-eligible economic activities, SEK M	Exposures to Taxonomy non-eligible economic activities, SEK M	Total assets, SEK M	Percentage of total assets, %
Financial assets	378,830	115,764	494,595	72
Trading portfolio and on-demand interbank loans	–	191	191	0
Exposures to central governments, central banks and supranational issuers	n/a	31,222	31,222	5
Derivatives	n/a	8,256	8,256	1
Exposures to companies not subject to NFRD <sup>1)</sup>	n/a	150,832	150,832	22
Other assets in the balance sheet <sup>2)</sup>	–	2,877	2,877	0
<b>Total assets</b>	<b>378,830</b>	<b>309,142</b>	<b>687,973</b>	<b>100</b>

<sup>1)</sup> NFRD = the EU Non-Financial Reporting Directive, which contains a requirement for a sustainability report for certain large companies that have more than 500 employees. Exposure involves both financial assets and investment assets.

<sup>2)</sup> Other assets in the balance sheet, for example, goodwill, other intangible assets, tangible assets, cash and cash equivalents and exposures to municipalities and county councils.

Special transition rules apply to financial companies such as the Länsförsäkringar AB Group. For the 2021 and 2022 fiscal years, disclosures are to be provided about the activities and whether the Group’s investments are Taxonomy-eligible. Complete disclosures on how the activities and investments meet the criteria are to be provided from 2023.

The table was prepared based on public information and presents the proportion of Länsförsäkringar AB Group’s assets that are associated with Taxonomy-eligible economic activities.

Credit institutions shall provide disclosures on retail exposures regarding lending for residential properties and vehicles as an activity is Taxonomy-eligible. In the table below these are included in the column “Exposures to non-NFRD companies” and were identified using the most recently available data from external data sources, primarily Clarity AI.

Länsförsäkringar AB’s strategy for responsible investing and lending and sustainability is stated in the company’s sustainability policy. For investments, the Policy on responsible investments and corporate governance clarifies the strategy. The aim of Länsförsäkringar AB’s activities in responsi-



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ble investments is to contribute to sustainable added value based on economic and sustainability-related aspects. Länsförsäkringar AB seeks to encourage all companies in its investment portfolios and funds to comply with principles for responsible business, such as the UN Global Compact, and works on material sustainability topics for the industry. The aim is also to contribute to the UN SDGs and to be climate-positive by 2045. Targets for investments and lending are found on page 22.

### Taxonomy-eligible non-life insurance premiums

Insurance companies, including Länsförsäkringar AB, are subject to environmental objective 2 (climate change adaptation) and according to the transition rules are to disclose the proportion of non-life insurance operations that are Taxonomy-eligible and Taxonomy non-eligible. This means that for their non-life insurance (including rein-

surance), insurance companies are to report the insurance premiums that include cover for a climate-related event included in the Taxonomy Regulations' environmental objective 2.

To identify the insurance policies that are Taxonomy-eligible, Länsförsäkringar has identified non-life insurance products (i.e. both direct insurance and reinsurance) that include insurance for various climate-related events. The assessment was carried out by actuaries and product specialists and based on product terms and past claims statistics. Based on applicable conditions, each product was reviewed to identify which products contain cover for a climate-related event, meaning the products that pay compensation for claims caused by, for example, storms, weather-related flooding or weather-related fires.

For ceded reinsurance, the calculation of the total premium refers to all reinsurance programmes, of which only property programmes

are deemed to contain climate risk elements. The external reinsurance programme for property that provides cover per event is allocated according to a key prepared by a reinsurance broker to calculate the share of the premium that is exposed to natural catastrophe claims, which is assumed to be the same as a climate risk element. The premium for the part of the ceded reinsurance that protects the annual earnings of the member company is assumed to have a climate risk of 55%.

For assumed reinsurance, the compulsory reinsurance pools are valued according to a model for ceded reinsurance (above) and the Group's share of the pools.

Länsförsäkringar AB's sustainability strategy is stipulated in the company's sustainability policy. Claims-prevention efforts and sustainable repairs are two key parts of the sustainability activities in the non-life insurance operations.

Every claim that can be avoided is a gain for the environment. Claims-prevention advice is offered to customers to teach them about how they can protect themselves and their family, their home and their forest from climate risks. The aim is also to contribute to the UN SDGs and to be climate-positive by 2045. Sustainability targets for non-life insurance are presented on page 28.

### Voluntary disclosures based on estimates

Länsförsäkringar AB has estimated the proportion of total non-life insurance premiums that refer to the climate element of the insurance policy. 1% of total premium income for direct insurance, 43% of total premium income for assumed reinsurance and 34% of total premiums for ceded reinsurance are calculated as the climate element of the insurance policy.

Taxonomy-eligible non-life insurance premiums	Total non-life insurance premiums, SEK M	Share of total non-life insurance premiums that include cover for a climate-related event (Taxonomy-eligible), SEK M	%	Share of total non-life insurance premiums that do not include cover for climate-related events or are not included in the Taxonomy, SEK M	%
Total premium income direct insurance (gross)	8,527	1,374	16	7,153	84
Total premium income assumed reinsurance (gross)	2,005	1,354	68	651	32
Total premiums after ceded reinsurance	-1,799	-1,059	59	-740	41



# Global Reporting Initiative Index

Länsförsäkringar AB's sustainability report has been prepared according to the 2021 GRI Standards. The sustainability disclosures can be found by following the pages references below.

## GRI 1: Foundation

GRI Standard	Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
<b>GRI 2: General disclosures</b>				
<b>The organisation and its reporting practices</b>				1-10
2-1	Organisational details	2-3, 9, 206		
2-2	Entities included in the organisation's sustainability reporting	173		
2-3	Reporting period, frequency and contact point	173		
2-4	Restatements of information	173		
2-5	External assurance	199		
<b>Activities and workers</b>				
2-6	Activities, value chain and other business relationships	20-21, 36	1-17	1-10
2-7	Employees	31-33, 185-186	Based on a head-count in all countries with operations. 3, 5, 10	3-6
2-8	Workers who are not employees	186		
<b>Governance</b>				
2-9	Governance structure and composition	56-62, 173-177		
2-10	Nomination and selection of the highest governance body	56-62		
2-11	Chair of the highest governance body	200-201		
2-12	Role of the highest governance body in overseeing the management of impacts	56-62, 174-177		
2-13	Delegation of responsibility for managing impacts	56-62, 174-177		
2-14	Role of the highest governance body in sustainability reporting	173-174		
2-15	Conflicts of interest	56-62		

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GRI Standard	Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
2-16	Communication of critical concerns	61, 173-176, Note 2		
2-17	Collective knowledge of the highest governance body	60		
2-18	Evaluation of the performance of the highest governance body	61		
2-19	Remuneration policies	31-33, 62, Note 12		
2-20	Process to determine remuneration	56-62, Note 12		
2-21	Annual total remuneration ratio	186		
<b>Strategy, policies and practices</b>			1-17	1-10
2-22	Statement on sustainable development strategy	6-7, 18-19		
2-23	Policy commitments	176-177		
2-24	Embedding policy commitments	58, 175-177		
2-25	Processes to remediate negative impacts	34, 61		
		A complaint mechanism is in place and available to customers.		
2-26	Mechanisms for seeking advice and raising concerns	35, 176		
2-27	Compliance with laws and regulations	34-35, 50	10	10
2-28	Membership associations	181-182		
<b>Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	16-17, 173, 178		
2-30	Collective bargaining agreements	33	8	3
<b>GRI 3: Material topics</b>				
3-1	Process to determine material topics	173		
		Länsförsäkringar AB has chosen to defer preparation of a new materiality analysis pending the adoption and entry into effect of new EU sustainability reporting requirements.		
3-2	List of material topics	173		
3-3	Management of material topics	20-40, 174-177	1-17	1-10



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Specific disclosures	Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
<b>Responsible business conduct</b>				
3-3	Management of material topics	173-177		
201-1	Direct economic value generated and distributed	17, 58		
201-2	Financial implications and other risks and opportunities due to climate change	198		
203-2	Significant indirect economic impacts	16-17		
<b>Anti-corruption</b>				
3-3	Management of material topics	34-35, 173-177		
205-1	Operations assessed for risks related to corruption	35	The entire Group was assessed.	16 10
205-2	Communication and training about anti-corruption policies and procedures	34-35	No statistics available specified by the categories of the Board, corporate management and other employees.	16 10
<b>Environmental and social responsibility</b>				
3-3	Management of material topics	20-30, 36-38, 173-177	12-13	7-9
305-1	Direct (Scope 1) GHG emissions	187	Refers to carbon emissions. Outcomes for 2021 have been restated due to the expansion of reporting under Scope 1.	13
305-2	Energy indirect (Scope 2) GHG emissions	187	Refers to carbon emissions. Outcomes for 2021 have been restated due to the expansion of reporting under Scope 2.	13
305-3	Other indirect (Scope 3) GHG emissions	187-189	Refers to carbon emissions. Outcomes for 2021 have been restated due to the expansion of reporting under Scope 3.	13
Own disclosure	Number of research projects and total amount invested in research (SEK)	30, 39, 183-184	3, 11-13, 16	8-10

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Specific disclosures 184		Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
<b>Responsible business conduct</b>					
3-3	Management of material topics	31-33, 36, 173-177	Statistics refer to employees in all countries with operations.	3, 5, 10	1-6
401-1	New employee hires and employee turnover	186	Refers to number of permanent employees in all countries with operations. Not specified by age, gender or region (new employees).	5, 10	
404-2	Programmes for upgrading employee skills and transition assistance programmes	31-33, 35, 185			
405-1	Diversity of governance bodies and employees	185-186, 200-201	Statistics refer to number of employees in all countries with operations, and the Board and management in Sweden.	5, 10	6
406-1	Incidents of discrimination and corrective actions taken		No cases reported in 2022.	5, 10	6
Own disclosure	Percentage of 100 largest suppliers of the purchasing volume have signed the Code of Conduct	36		8, 10, 16	1-10

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Specific disclosures 184		Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
<b>Responsible offering (sector disclosures)</b>					
3-3	Management of material topics	20-27, 173-177		1-17	1-10
Own disclosure	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental, business ethics or social issues.	189	Refers to the number of company dialogues in institutional portfolios and internally managed funds.	1-17	1-10
Own disclosure	Number of general meetings at which votes were cast	189			
Own disclosure	Participation in nomination committees	189		5, 10	
Own disclosure	Percentage of women on the boards of the companies where Länsförsäkringar AB is a member of the nomination committee	189		5, 10	
Own disclosure	Number of sustainable products/services in the banking operations	25	The target will be removed in 2023 and replaced by developing new sustainability-focused financing products.	7, 11, 13	8-9
Own disclosure	Number of claims-prevention activities	28		3, 12	



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## Other information

The Sustainability Report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act (ÅRL) encompasses Länsförsäkringar AB and its subsidiaries Agria, Länsförsäkringar Gruppliv, Länsförsäkringar Bank, Länsförsäkringar Fondförvaltning, Länsförsäkringar Hypotek, Wasa Kredit and Länsförsäkringar Fondliv. Länsförsäkringar Liv submits its own sustainability report. The sustainability disclosures can be found by following the pages references below.

	Disclosure	Page reference
<b>Overall</b>	Business model	8-11, 16-17
	Organisation and monitoring	173-177
	Key impacts, risks, and opportunities	12-13, 173, 175, 198
<b>Social and personnel-related issues</b>	Policy on social and personnel-related issues	173-177
	Social and personnel-related issues risks and risk management	31-33
	Social and personnel-related issues goals and outcomes	185-186
<b>Climate and environmental issues</b>	Climate and environment policy	173-177
	Climate and environmental risks and risk management	20-30, 37-38
	Climate and environmental goals and outcomes	20-30, 37-38, 187-189
<b>Respect for human rights</b>	Human rights policy	173-177
	Human rights risks and risk management	22-24, 31-33, 36
	Human rights goals and outcomes	22-24, 34-35, 189
<b>Anti-corruption</b>	Anti-corruption policy	173-177
	Anti-corruption risks and risk management	22-24, 34-35
	Anti-corruption goals and outcomes	34-35, 189



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## Other information

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Länsförsäkringar AB supports the Task Force on Climate Related Financial Disclosures (TCFD), which are recommendations on the reporting of climate-related risks and opportunities that are expected to be developed into a standard for climate reporting in the future. The Group has used the TCFD recommendations for reporting since 2019. Disclosures in accordance with the TCFD's recommendations can be found by following the page references below.

	Disclosure	Page reference
<b>Governance</b>	The Board's oversight of climate-related risks and opportunities	173-177, Note 2 <sup>1)</sup>
	Management's role in assessing and managing climate-related risks and opportunities	173-177, Note 2
<b>Strategy</b>	Climate-related risks and opportunities	12, 18-29, 37-39, Note 2
	Impact of climate-related risks and opportunities	Note 2, 175
	Resilience to different climate-related scenarios	Note 2
<b>Risk management</b>	The organisation's processes for identifying and assessing climate-related risks	20-30, 37-38, Note 2
	The organisation's processes for managing climate-related risks	20-30, 37-38, Note 2
	How the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	20-30, 37-38, Note 2
<b>Metrics and targets</b>	The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	22, 187-189, Note 2
	Reporting of greenhouse gas emissions (GHG): Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	22-23, 37-38, 187-189
	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	20-30, 37-38, Note 2

<sup>1)</sup> Note 2 is on page 85.



# Auditor's Limited Assurance Report on Länsförsäkringar AB's Sustainability Report and statement regarding the Statutory Sustainability Report

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## Other information

To Länsförsäkringar AB, corporate identity number 502010-9681

*This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.*

### Introduction

We have been engaged by the Board of Directors of Länsförsäkringar AB to undertake a limited assurance engagement of the Länsförsäkringar AB's Sustainability Report for the year 2022. The Company has defined the scope of the Sustainability Report on page 173 and the Statutory Sustainability Report on page 197.

### Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 173 in the Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Länsförsäkringar AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Our statement has been submitted on the date indicated by our electronic signature.

Deloitte AB

Patrick Honeth  
Authorized Public Accountant

Adrian Fintling  
Expert Member of FAR



## Board of Directors

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#### MARIA ENGHOLM

Chairman of the Board since 2022.<sup>1)</sup>  
Born 1967. President/CEO of HSB  
MålarDalarna. Elected 2015.

**Education:** M.Sc. in Business and  
Economics.

#### **Other Board appointments:**

Chairman of Dalarnas  
Försäkringsbolag and Dalarnas  
Försäkringsbolags Förvaltnings AB.

**Previous experience:** Board mem-  
ber of HSB Riksförbund, HSB Pro-  
jektpartner AB, Länsförsäkringar  
Bank and Sparbanken Dalarna.  
Local Federation Director of Siljan  
Region.

<sup>1)</sup> Caesar Åfors was Chairman of Läns-  
försäkringar AB until 6 May 2022.



#### ERIC GRIMLUND

Deputy Chairman since 2022. Born  
1967. Lawyer at Polaris Advokat-  
byrå HB. Elected 2022.

**Education:** LL.M., Stockholm  
University.

#### **Other Board appointments:**

Chairman of Länsförsäkringar  
Skaraborg. Board member of  
Platzer Fastigheter Holding AB  
(publ) and Lansa Fastigheter AB.

**Previous experience:** Board mem-  
ber of Länsförsäkringar Liv and  
Länsförsäkringar Trygghets-  
tjänster AB.



#### CHRISTIAN BILLE

Born 1962. President of Länsförsäk-  
ringar Halland. Elected 2021.

**Education:** M.Sc. in Business and  
Economics, Lund University.

#### **Other Board appointments:**

Board member of Länsförsäk-  
ringar Halland, LFant AB and  
Halmstads Flygplats AB. Chairman  
of Halland Invest AB and Skade-  
djursbekämpning i Väst AB.

**Previous experience:** President  
of Sparbanken Syd, Operating  
Manager Swedbank. Board mem-  
ber of Länsförsäkringar Bank,  
Länsförsäkringar Hypotek, Wasa  
Kredit, Agria Djurförsäkring and  
Länsförsäkringar Fondliv.



#### SUSANNE BÅSK

Born 1962. President of Länsförsäk-  
ringar Skåne. Elected 2016.

**Education:** M.Sc. in Business and  
Economics.

#### **Other Board appointments:**

Board member of Länsförsäk-  
ringar Skåne, Länsförsäkringar  
Mäklarservice AB, LFant AB and  
Confederation of Swedish Enter-  
prise. Chairman of the Swedish  
Insurance Employers' Association.

**Previous experience:** President of  
Nordea Finans AB. Board member  
of Länsförsäkringar Bank, Läns-  
försäkringar Fastighetsförmedling  
and Wasa Kredit.



#### BENGT-ERIK JANSSON

Born 1953. Chairman of Läns-  
försäkringar Uppsala. Elected 2017.

**Education:** M.Sc. in Agriculture,  
and in Business and Economics.

**Previous experience:** Business  
Area Manager Food and  
Executive Vice President Kiwa  
Sverige AB, Head of IT and  
Business Service Lantmännen  
Lantbruk.



#### LENNART KÄLL

Born 1958. Professional Board  
member and own business. Elected  
2021.

**Education:** M.Sc. in Business and  
Economics, IT/programmer.

#### **Other Board appointments:**

Chairman of Länsförsäkringar  
Stockholm and Sveriges Radio AB.  
Member of Swedish Ski Associa-  
tion. Co-opted Board member  
of Grant Thornton Sweden AB.

**Previous experience:** President  
& CEO of Svenska Spel, President  
of Wasa Kredit, President & CEO  
of Ticket Travel Group, President  
of ICA Banken, President of SEB  
Finans. Deputy Chairman of  
Grönklittsgruppen, Swedish Bank-  
ers' Association, Unibanka (SEB)  
Latvia. Various senior positions in  
life assurance, non-life insurance  
and claims at Trygg-Hansa. Board  
member of SJ AB, Länsförsäk-  
ringar Bank and other companies.

**Secretary of the Board:** Helena Thorlin. Born 1973. Head of Legal Affairs Länsförsäkringar AB. Employed 2021.

**Education:** LL.M., University of Gothenburg.

**Previous experience:** Law clerk at Solna District Court, lawyer at Gernandt & Danielsson Advokatbyrå, various positions at the Skandia Group such as Deputy Head of Legal Affairs, Acting CEO of Försäkringsaktiebolaget Skandia and as Head of Legal Affairs for six years.

**Auditor:** Deloitte AB, with Patrick Honeth as auditor in charge.





## Board of Directors

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#### BEATRICE KÄMPE NIKOLAUSSON

*Born 1972. President of Länsförsäkring Kronoberg. Elected 2020.*

**Education:** MBA and M.Sc. in Business and Economics.

**Other Board appointments:** Chairman of Hällefors Tierp Skogar AB and Hjalmar Petri-Group. Board member of Länsförsäkring Kronoberg, LF Affärs-service Sydost AB and Kv. New York Ek. förening.

**Previous experience:** President of Munksjö Aspa Bruk AB, President of Alstom Power Sweden AB, Air Quality Control Systems, senior positions at Södra Skogsägarna, Södra Cell AB. Board member of Länsförsäkringar Bank, Länsförsäkringar Gruppliv, Länsförsäkringar Fastighetsförmedling, Länsförsäkringar Fondliv and Länsförsäkringar Fondförvaltning.



#### KARIN MATTSSON

*Born 1972. Elected 2020.*

**Education:** Human Resources Specialist (B.A. Sociology).

**Other Board appointments:** Chairman of Länsförsäkringar Jämtland since 2017. Chairman of Prince Carl Philip and Princess Sofia's Foundation. Vice Chairman Wallenstam AB. Chairman of Swedish Ski Association. Board member of Skogsägarna Mellanskog, Astrid Lindgrens Värld AB and Svenska HockeyLigan.

**Previous experience:** Chairman of the Swedish Sports Confederation, Head of Skills Development at Federation of Swedish Farmers.



#### MARIA WALLIN WÅLLBERG

*Born 1967. COO of Likvor AB. Elected 2018.*

**Education:** M.Sc. in Business and Economics.

**Other Board appointments:** Chairman of Länsförsäkringar Västerbotten, Fastighetsbolaget Fabriken AB, Länsförsäkringar Västerbotten Invest AB.

**Previous experience:** CEO of Innovationsbron Umeå, Vice President of Innovationsbron AB, CEO of Connect Norr, Board Chairman of IKSU and Esculapen AB and Board member of SweTree Technologies AB.

#### Employee representatives



#### SUSANNE LINDBERG

*Born 1967. Employee representative. Elected 2012.*

**Education:** Upper-secondary education in economics, diploma in non-life insurance and life assurance from Swedish Institute of Insurance Training (IFU), diploma in individual claims adjustment training from Länsförsäkringar.

**Other Board appointments:** Deputy Chairman of Forena, Chairman of Forena Länsförsäkringar, Deputy Chairman of Nordic Financial Unions, Deputy Board member of Länsförsäkringar Fondliv and Länsförsäkringar Liv, Board member of Insurance Industry's Pension Fund (FPK), Deputy Chairman of Finans- och Försäkringsbranschens Arbetslöshetskassa.

Deputy: Linnéa Niklasson.



#### HANS HOLM

*Born 1959. Employee representative. Elected 2021.*

**Education:** Officer in Swedish Armed Forces - Air Force, individual university courses in economics and law. Diploma in non-life insurance and life assurance from Swedish Institute of Insurance Training (IFU), certified CIO.

**Other Board appointments:** Deputy Chairman of SACO association at Länsförsäkringar AB. Deputy Board member of Agria Djurförsäkring and Länsförsäkringar Fondliv.

**Previous experience:** Major in the Air Force. Board member of Länsförsäkringar Sak AB. Senior roles and other positions at Försäkringsbolaget Ansvar AB. Controller, business developer, administration manager and other positions at Länsförsäkringar AB. Deputy: Anna Sandqvist.



#### MIREK SWARTZ

*Born 1962. Employee representative. Elected 2022.*

**Education:** Technical college engineer.

**Other Board appointments:** Board Chairman of Forena at Länsförsäkringar AB Board member of Länsförsäkringar Fondförvaltning

**Previous experience:** Head of IT Support Länsförsäkringar Stockholm, Head of IT Support Länsförsäkringar AB. Board member of Länsförsäkringar Bank and Wasa Kredit.

Deputy: Linnéa Niklasson.



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#### MATHIAS COLLÉN

*Born 1981. Employed 2019.  
President and CEO of Länsförsäkringar AB<sup>1)</sup>.*

**Education:** M.Sc. in Business and Economics, School of Business, Economics and Law at University of Gothenburg.

**Board appointments:** Chairman of Länsförsäkringar Bank, Länsförsäkringar Fondliv and Agria Djurförsäkring. Board member of Länsförsäkringar Liv, Länsförsäkringar Mäklarservice, Insurance Industry's Pension Fund and Eurapco.

**Previous experience:** President of Länsförsäkringar Fondliv, Head of Commercial Business area at Länsförsäkringar Stockholm and senior positions at Livförsäkringsbolaget Skandia.

<sup>1)</sup> Fredrik Bergström was President and CEO of Länsförsäkringar AB until 14 February 2022, after which he was succeeded by Malin Rylander Leijon until 12 December 2022.



#### SUSANNE BERGH

*Born 1969. Employed 1989.  
Head of Customer and Channel Support.*

**Education:** Diploma in market economics.

**Board appointments:** Member of Länsförsäkringar's Research Fund.

**Previous experience:** Various positions at the Länsförsäkringar AB Group, most recently as Head of Digital Channels at Länsförsäkringar Bank.



#### BJÖRN DALEMO

*Born 1975. Employed 2019.  
Head of Non-life Insurance business unit.*

**Education:** Economics/Statistics.

**Board appointments:** Chairman of Länsförsäkringar Gruppliv. Board member of Swedish Motor Insurers and Swedish Theft Prevention Association.

**Previous experience:** Senior positions in pricing, underwriting, and product and portfolio management. Board member of Agria Djurförsäkring.



#### SVEN EGGEFALK

*Born 1969. Employed 2018.  
President of Länsförsäkringar Bank AB.*

**Education:** B.A. in Economics, North Park University Chicago.

**Board appointments:** Chairman of Länsförsäkringar Hypotek and Wasa Kredit. Board member of Länsförsäkringar Fondförvaltning, Länsförsäkringar Fastighetsförmedling and Swedish Bankers' Association.

**Previous experience:** President of Länsförsäkringar Östgöta, President of Wasa Kredit, 15 years at SEB in various senior positions.



#### JONAS EKEGREN

*Born 1971. Employed 2016.  
CFO and Head of Economy and Finance<sup>2)</sup>.*

**Education:** M.Sc. in Business and Economics, Örebro University.

**Board appointments:** Board member of Länsförsäkringar Hypotek.

**Previous experience:** Head of Business and Capital Planning at Länsförsäkringar AB, Head of Group Business Control and Reporting Nordea, Group Controller Nordea, Head of Business Control Handelsbanken Liv.

<sup>2)</sup> Malin Rylander Leijon was CFO and Head of Economy and Finance until 14 February 2022. Jonas Ekegren was Acting CFO and Head of Economy and Finance between 15 February 2022 and 20 February 2023.



#### AGNES FABRICIUS

*Born 1972. Employed 2017.  
President of Agria Djurförsäkring.*

**Education:** Hippologist Swedish University of Agricultural Sciences, studies at Stockholm School of Economics.

**Board appointments:** Chairman of Agria Pet Insurance Ltd and Agria Vet Guide AB.

**Previous experience:** Head of Retail customer Business Area, Head of Bank and Claims Manager Länsförsäkringar Stockholm. Board member of Länsförsäkringar Fastighetsförmedling.



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#### LENA HEDLUND

*Born 1961. Employed 2015.  
Head of Change Management and  
Communication<sup>3)</sup>.*

**Education:** M.Sc. in Business and  
Economics, Stockholm University.

**Board appointments:** Board  
member of Heba Fastighets AB.

**Previous experience:** Acting Head  
of Strategy and Change Manage-  
ment, Head of Communication  
Länsförsäkringar AB, Head of  
Communication Alecta, various  
roles at SBAB such as Chief  
Communication Officer, branch  
manager and Head of Corporate  
market.

<sup>3)</sup> Eva Allqvist was Head of Strategy and  
Change Management (previously  
Change Management and Communi-  
cation) until 18 August 2022.



#### ULRICA HOLMGREN

*Born 1973. Employed 2019. CIO.*

**Education:** M.Sc. in Engineering,  
Faculty of Science and  
Engineering, Linköping University.

**Board appointments:** Board mem-  
ber of Länsförsäkringar Gruppliv.

**Previous experience:** Senior posi-  
tions such as CIO at Telenor, Man-  
agement Consultant PriceWater-  
houseCoopers, Etransformer and  
Cartina.



#### PATRIK MÖLLSTEN

*Born 1973. Employed 2023.  
Head of Strategy and Federal  
coordination<sup>4)</sup>.*

**Education:** M.Sc. Industrial and  
Management Engineering, Luleå  
University of Technology.

**Previous experience:** Deputy CEO  
and Head of Strategy at Dina  
Försäkring AB, founder and part-  
ner of Avanti Corporate Develop-  
ment and managerial positions at  
Connecta Management. Board  
member of Dina Palaisbacken AB  
and Heapsters AB.

<sup>4)</sup> New function with Patrik Möllsten  
taking up his position on 6 March 2023.



#### MATTIAS NORDIN

*Born 1967. Employed 2005.  
Acting President of Länsförsäk-  
ringar Fondliv<sup>5)</sup>.*

**Education:** M.Sc. in Business and  
Economics, Uppsala University.

**Board appointments:** Board  
member of Försäkringsgirot AB.

**Previous experience:** CFO Läns-  
försäkringar Fondliv, Head of  
Financial Services Länsförsäk-  
ringar AB, Head of Business Con-  
trol Länsförsäkringar Bank, Group  
Business Controller LRF, various  
positions at Förenings sparbanken.

<sup>5)</sup> Mathias Collén was President of Läns-  
försäkringar Fondliv until 31 December  
2022. Sara Rindevall will become the  
new President of Länsförsäkringar  
Fondliv on 1 April 2023.



#### HELENA THORLIN

*Born 1973. Employed 2021. Head of  
Legal Affairs.*

**Education:** LL.M., University  
of Gothenburg.

**Previous experience:** Law clerk  
at Solna District Court, lawyer at  
Gernandt & Danielsson Advokat-  
byrå, various positions at the  
Skandia Group such as Deputy  
Head of Legal Affairs, Acting  
CEO of Försäkringsaktiebolaget  
Skandia and as Head of Legal  
Affairs for six years.



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# Definitions

## Equity per share, SEK

Equity, excluding Additional Tier 1 Capital loans, per share.

## Direct yield

Direct yield refers to the total of interest income, interest expense, dividends on shares and participations and administration costs for asset management, in relation to the average value of the insurance operations' investment assets and cash and cash equivalents for the period.

## Expense ratio, non-life insurance

Operating expenses in the insurance operations as a percentage of premiums earned after ceded reinsurance.

## Management cost ratio, life assurance

Total operating expenses and claims adjustment costs as a percentage of average managed assets.

## Own funds, bank

Own funds comprises the sum of Tier 1 capital and Tier 2 capital, less items indicated in the capital adequacy rules. Own funds in relation to capital requirements.

## Own funds for the insurance group (FRL)

The group under the insurance-operation rules comprises the Parent Company Länsförsäkringar AB, all of the insurance companies in the Group, Länsförsäkringar Bank AB, Wasa Kredit AB, Länsförsäkringar Hypotek AB and Länsförsäkringar Fondförvaltning AB. Länsförsäkringar Liv Försäkrings AB is also included in the group, despite the company not being consolidated in the Länsförsäkringar AB Group. As stated in the EU Solvency II Directive, the calculations are made in accordance with the consolidation method, with Länsförsäkringar Liv included in accordance with the deduction and aggregation method as permitted by the Swedish Financial Supervisory Authority.

## Own funds for the financial conglomerate

The financial conglomerate comprises the same companies as the group according to the insurance-operation rules, see Own funds for the insurance group (FRL). The

calculations for the financial conglomerate are made using the same methods as for the group in accordance with the insurance-operation rules. Unlike the group under the insurance-operation rules, the transferability of surpluses for the financial conglomerate is to also be tested in other regulated companies than the group's insurance companies.

## Capital adequacy ratio, bank

Closing own funds as a percentage of the closing risk-weighted amount.

## Cost/income ratio before credit losses

Total expenses before credit losses in relation to total income.

## Collective consolidation, life assurance

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

## Solvency margin, non-life insurance

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

## Solvency capital

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

## Credit losses net, bank

Confirmed credit losses and reserves for credit losses ("loss allowance") less recoveries of receivables and net expense for the year for credit losses for guarantees and other contingent liabilities.

## Credit losses in relation to loans, bank

Credit losses, net, for loan receivables (on an annual basis) in relation to loans to the public and credit institutions after provisions at the end of the period.

## Common Equity Tier 1 capital, bank

Total Tier 1 capital excluding Additional Tier 1 capital.

## Common Equity Tier 1 capital ratio, bank

Common Equity Tier 1 capital in relation to the total risk exposure amount.

## Liquidity Coverage Ratio

Qualitative liquid assets (12-month average) in relation to their net cash outflow measured over a period of 30 days.

## Cost ratio, non-life insurance

The sum of operating expenses in the insurance operations and claims adjustment costs in relation to premiums earned after ceded reinsurance.

## Investment margin, bank

Net interest income in relation to average total assets.

## Investment assets

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

## Tier 1 capital, bank

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

## Tier 1 ratio, bank

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

## Earnings per share

Profit/loss for the year attributable to the Parent Company shareholders in relation to the average number of shares during the year.

## Risk Exposure Amount, bank

The Risk Exposure Amount comprises assets in the balance sheet and off-balance sheet commitments valued in accordance with credit risk, market risk,

operational risk and credit valuation adjustment risk in accordance with the capital adequacy rules.

## Return on equity, %

Operating profit less standard tax in relation to average equity, adjusted for items in equity recognised in other comprehensive income and for Additional Tier 1 Capital loans.

## Net interest income, bank

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

## Claims ratio

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

## Net Stable Funding Ratio

Available stable funding in relation to the assets that require stable funding over one year.

## Tier 2 capital, bank

Primarily comprises fixed-term subordinated debt.

## Total return ratio

The total of direct yields and realised and unrealised changes in the value of the investment portfolio in relation to the average fair value of the investment assets during the period. Refers to non-life insurance and life assurance.

## Total capital ratio, Bank Group

Closing own funds as a percentage of the closing risk-weighted amount.

## Combined ratio, non-life insurance

The sum of operating expenses, claims payments and claims adjustment costs in relation to premiums earned after ceded reinsurance.



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## Income statement

SEK M	2022	2021
Premium income, net	970	1,122
Investment income, net	-9,622	10,942
Claims payments	-4,757	-5,235
Change in technical provisions	11,254	5,246
Bonuses and discounts	0	-3
Operating expenses	-330	-370
Other technical revenue and expenses	17	25
Technical result, life-assurance operations	-2,469	11,727
Non-technical items	-	-
Profit before appropriations and tax	-2,469	11,727
Tax allocation reserve	160	53
Tax	-100	-89
<b>Net profit for the year</b>	<b>-2,409</b>	<b>11,691</b>
Other comprehensive income	-	-
<b>Comprehensive income for the year</b>	<b>-2,409</b>	<b>11,691</b>

## Balance sheet

SEK M	31 Dec 2022	31 Dec 2021
<b>Assets</b>		
Intangible assets	7	9
Property and equipment	-	2
Investment assets	99,264	115,033
Receivables	25	374
Other assets	4,429	3,345
Prepaid expenses and accrued income	4	0
<b>Total assets</b>	<b>103,728</b>	<b>118,763</b>
<b>Equity, provisions and liabilities</b>		
Equity	35,674	39,304
Untaxed reserves	33	192
Technical provisions	66,219	77,739
Provisions for other risks and expenses	29	33
Liabilities	1,543	1,295
Accrued expenses and deferred income	230	200
<b>Total equity, provisions and liabilities</b>	<b>103,728</b>	<b>118,763</b>



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### Second quarter

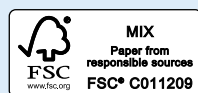
Interim report January–June 2023,  
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Interim report January–June 2023,  
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### Third quarter

Interim report January–September 2023,  
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