

A photograph of a man with dark, curly hair and a beard, wearing a blue shirt, holding a baby. The man is looking down at the baby with a gentle expression. The baby is looking directly at the camera. The background is a plain, light-colored wall.

Länsförsäkringar AB  
Annual Report

2023

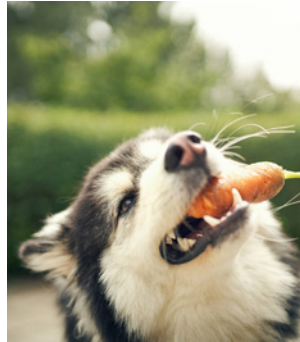




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Länsförsäkringar AB's 2023 Annual Report contains information about the operations of the Länsförsäkringar AB Group. Länsförsäkringar AB's consolidated subsidiaries are: Länsförsäkringar Bank, Agria Djurförsäkring, Länsförsäkringar Fondliv, Länsförsäkringar 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 presented on page 177 and the statutory Sustainability Report in accordance with the Swedish Annual Accounts Act (ÅRL) is on page 219.



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# About Länsförsäkringar

## 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 8,700 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/Positive	–
Länsförsäkringar Bank	S&P Global Ratings	A/Positive	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 insurance, 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. The Länsförsäkringar AB Group also manages the Länsförsäkringar Alliance's reinsurance cover and assumed international reinsurance. Länsförsäkringar Liv is not consolidated in the Group since the company is operated according to mutual principles.

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# 2023 in figures

## FINANCIAL EARNINGS FOR THE YEAR

Figures in parentheses pertain to 2022

- The Länsförsäkringar AB Group's profit before tax amounted to SEK 3,240 M (2,513). The return on equity was 8% (8). Dividend to owners amounted to SEK 698 M (1,751).
- The non-life insurance operations reported profit before tax of SEK 643 M (685). Premiums earned after ceded reinsurance rose 5% to SEK 8,946 M (8,485). The combined ratio was 95.9% (92.3).
- Profit before tax for the banking operations increased to SEK 2,168 M (2,067). Net interest income rose 25% to SEK 6,438 M (5,146). Return on equity amounted to 8.1% (8.2).
- Profit before tax for Länsförsäkringar Fondliv increased to SEK 1,040 M (760). Premium income increased to SEK 20,499 M (18,362). Commission and fee income was SEK 2,045 M (2,080).

## FIVE-YEAR SUMMARY

Länsförsäkringar AB Group <sup>1)</sup>	2023	2022	2021	2020	2019
Profit before tax, SEK M	3,240	2,513	3,806	2,726	3,003
Equity per share, SEK	3,261	3,144	3,183	2,959	2,754
Total assets, SEK M	731,483	686,180	711,589	613,967	572,594
Return on equity, %	8	8	9	8	10
Own funds for the insurance group (FRL) <sup>2)</sup> , SEK M	62,634	59,099	65,203	57,412	50,220
Solvency capital requirement for the insurance group (FRL) <sup>2)</sup> , SEK M	46,066	41,836	45,368	39,186	37,966
Own funds for the financial conglomerate, SEK M	62,634	59,099	65,203	57,412	50,220
Capital requirement for the financial conglomerate, SEK M	46,066	41,836	45,368	39,186	37,966
Carbon emissions in own operations, tonnes CO <sub>2</sub> e	3,811	4,210 <sup>3)</sup>	3,138	241	812
Carbon footprint for listed equities in investment portfolios <sup>4)</sup> , tonnes CO <sub>2</sub> e/SEK M	6	8	8	10	12
Share of sustainability-focused bonds in investment portfolios, % of managed assets	22	20	16	13	7
Employee Net Promoter Score (eNPS), index	37	34	39	37	31
Number of women/men in the Group <sup>5)</sup> , %	57/43	55/45	57/43	58/42	58/42

<sup>1)</sup> Legally restricted IFRS is applied from 1 January 2023. Comparative information for 2022 has been restated due to the change in accounting policies as described in the Länsförsäkringar AB Group's note 1 Accounting policies. This applies to the entire Annual Report.

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

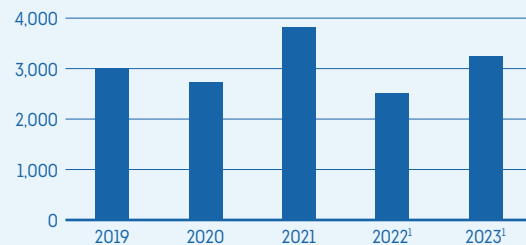
<sup>3)</sup> Scope 3 in 2022 was corrected due to errors in emissions factors and underlying data.

<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.

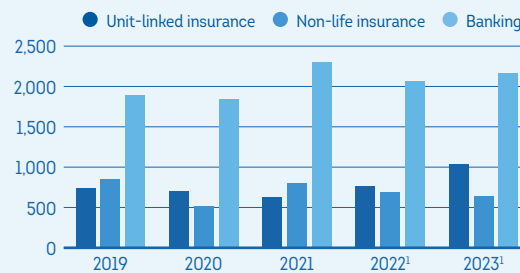
### PROFIT BEFORE TAX

# SEK 3,240 M



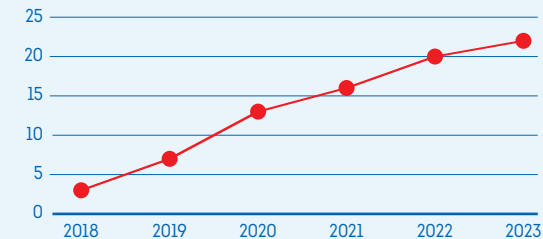
<sup>1)</sup> According to legally restricted IFRS.

### PROFIT BEFORE TAX PER BUSINESS OPERATION



### SHARE OF SUSTAINABILITY-FOCUSED BONDS

# 22% of managed assets



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# 2023 in brief



## Broad social commitment

Länsförsäkringar's local social commitment includes activities to promote well-being among children and young people. In 2023, Länsförsäkringar donated SEK 64 M in sponsoring for local organisations, sports activities and sustainability initiatives. Länsförsäkringar also awarded grants of SEK 79 M for 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.

## ITP pension manager

In 2023, Länsförsäkringar became an ITP pension manager and can now also manage collective occupational pensions for private-sector salaried employees.



## Agria expands

Agria's operations are expanding and are now represented in nine countries in Europe. In 2023, Agria added horse insurance to its operations in Germany and entered into a long-term partnership with the German Equestrian Federation. Agria also extended its agreement with the Kennel Club in the UK by five years. Agria's digital vet service – Agria Vårdguide – was launched in the UK and Germany.



## Sustainability-focused offerings growing

The number of sustainability-focused offerings is growing steadily. A green seller liability insurance policy was launched in 2023 and the green mortgage was expanded to encompass more eco-labels. Länsförsäkringar was one of the first insurance companies in the industry to prepare new calculation methods for the climate impact of repairing damage to buildings.



## Owner of Omocom

In 2023, Länsförsäkringar AB became an owner of Omocom, a rapidly growing insurance distributor that supports the circular economy tailored specifically for rentals and second hand purchase of things, vehicles or spaces. This is an investment fully in line with Länsförsäkringar's focus on a sharing economy.

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# Länsförsäkringar focuses on security for customers

## STATEMENT BY THE CEO

We are living in a changing world marked by geopolitical turmoil. Länsförsäkringar's offering must be continuously adapted to the world around us and changes in customer needs. Because sometimes, not all of life's promises are kept, such as "you'll inherit everything" or "till death do us part", and when life does change, Länsförsäkringar is always there with our customer promise of simplifying everyday life for our customers and helping create a secure future.



**T**here was optimism in the financial markets at the end of 2023, with increasing signals that more central banks, including Sweden's Riksbank, could succeed in curbing inflation without triggering a serious recession. Yet Sweden finds itself in an economic slowdown with GDP shrinking and unemployment increasing. Combined with geopolitical turmoil, this continues to create uncertainty for our customers. It is therefore reassuring that Länsförsäkringar is comprised of financially very strong companies, as S&P Global Ratings also confirmed in late 2023 when we received positive outlooks on our credit ratings. Our continued robust earnings and healthy growth in all of our business operations allow us as a customer-owned company to focus on our customers.

### Digitisation driving global trends

Many global trends are being driven by digitisation and the rapid developments in AI. An increasingly connected society means that great potential exists to individualise services and prevent claims and crime. Higher demand for digital customer experiences presents new opportunities for both customer meetings and bank and insurance solutions. The key to Länsförsäkringar's customer promise is continuous digitisation of our operations. Länsförsäkringar's Lean Agile work method has resulted in shorter lead times, quicker launches, higher quality and committed employees. These are all key factors for efficiently adapting operations in a changing world.

### Adapted customer offering in 2023

Länsförsäkringar launched many new offerings and services in 2023 to meet customers' banking, insurance and pensions needs. Some examples

include a new competitive pregnancy insurance, a new green seller liability insurance, a Hälsa och vård app that provides access to all of our health care insurance services, and a broader green mortgage that led to more customers being provided with a green mortgage discount. We also launched a new pension advice system for more productive and effective customer meetings. In October, Länsförsäkringar became an ITP pension manager, which contributed to strong growth in transferred business volumes – a confirmation that our pension offering is top notch and reasonably priced.

It is gratifying that customers appreciate us – Länsförsäkringar secured top rankings in the Swedish Quality Index's 2023 customer satisfaction surveys. Länsförsäkringar was also named Sweden's strongest brand in insurance at the Swedish Brand Award for the tenth consecutive year!

### Healthy growth in all operations

The Länsförsäkringar AB Group's profit before tax increased to SEK 3.2 billion. The non-life insurance operations benefited from healthy growth in Agria's international operations. The banking operations reported most mortgage volume growth of all banks and the highest net inflow in the Swedish fund market. The total premium income of the unit-linked insurance operations increased 12% with strong growth in ITP in the fourth quarter. This healthy growth shows the customer appreciate our local presence, our offering and our customer promise.

### A more efficient Länsförsäkringar AB

I have now been the CEO of Länsförsäkringar AB for just over a year. An exciting, challenging and enjoyable year, but of course marked by the changing world around us. Länsförsäkringar AB's promise to the 23 customer-owned regional

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insurance companies is to provide assistance with joint business, development and service. A new organisation at Länsförsäkringar AB was implemented in 2023 to continue to deliver on this promise in the most effective way possible.

Länsförsäkringar AB also became the owner of Omocom, a rapidly growing insurance distributor that supports the circular economy. A small-scale investment that can be seen as the start of Länsförsäkringar's efforts in the sharing economy and ecosystem.

Länsförsäkringar AB's subsidiary Agria is one of Europe's largest pet insurance companies with operations in nine countries. The international expansion continued in 2023 when Agria became the insurer of Capstone's operations in Ireland and in the Netherlands. The geographic breadth of our operations provides economies of scale, higher risk diversification and access to international know-how, all of which strengthen Agria.

#### Skilled and committed employees are our most important asset

Skilled and committed employees who want to reach their potential and benefit the company they work for, are Länsförsäkringar's most important asset. Länsförsäkringar AB drives much of Länsförsäkringar's joint development in close collaboration with the 23 regional insurance companies. In order to efficiently pursue such joint development, we must be an attractive employer with proud and committed employees who deliver peak performance. At Länsförsäkringar AB, we adhere to our code of culture that is the basis of our leadership and our conducts. Most important of all is that the code of culture was developed by our own employees at a big hackathon.

In August 2023, we implemented our employee promise at Länsförsäkringar AB "A place for bravery and opportunities" that supports our visions, ambitions and digital develop-

ment for the future so that we can attract, recruit and retain employees. The target is to increase the number of employees and reduce the number of consultants in 2024 so that we can retain expertise in our operations and be highly cost efficient. Länsförsäkringar's culture and broad operations mean that there is every opportunity for our employees to develop.

#### Manager promise creates conditions for employee promise

At the end of 2023 we also introduced a manager promise at Länsförsäkringar AB that outlines the style of leadership we stand for and clarifies the role of a manager. It is also a promise to all employees about the leadership that they can expect.

During 2024, all managers will be given access to regular training opportunities to develop their leadership and turn this manager promise into practical action and specific leadership behaviours. Our managers will create the best conditions for fulfilling our employee promise.

#### Local and long-term social responsibility

A sustainable business means that Länsförsäkringar makes it easy for customers to choose sustainable offerings and services, reducing sustainability risks and contributing to a more sustainable society. The starting point of Länsförsäkringar's sustainability efforts is local and long-term social responsibility. The local regional insurance companies conduct extensive social initiatives and activities every year in collaboration with local organisations, schools and municipalities.

Länsförsäkringar has a sustainability database in which sustainability developments in various areas such as the environment and health can be tracked at national, county or municipal level. Local challenges and opportunities can thus be identified and prioritised. There are many wonderful examples of local initiatives, but two that

received nationwide attention were Länsförsäkringar Göinge-Kristianstad's evening and night patrols that support neighbourhood calm and safety, and Länsförsäkringar Göteborg och Bohuslän's focus on mental health with the Laika 13 AI experiment that simulated what happens when a teenager spends all their waking hours on social media.

We won several distinguished awards for our sustainability work during the year, for example, Länsförsäkringar topped the Swedish Quality Index's Sustainability Index for the banking sector in the retail segment.

Towards the end of the year Länsförsäkringar became one of the first insurance companies in the industry to start climate calculating all of its building claims. This enables us to influence the repair method chosen and thereby reduce our climate footprint – a key step in achieving our climate target of becoming climate-positive by 2045. Together with the 23 regional insurance companies we are working towards the UN Sustainable Development Goals, specifically the seven SDGs that have been identified as most relevant to Länsförsäkringar's business. UN initiatives such as the Global Compact, Principles for Responsible Investment, Principles for Responsible Banking and Principles for Sustainable Insurance continue to provide guidance in our day-to-day sustainability activities. In 2024, we will continue the process of introducing the EU Corporate Sustainability Reporting Directive (CSRD) that will further enhance value for customers.

#### Continued focus on customer promise

We are now looking ahead to new challenges and changes, and hopefully the geopolitical unrest will ease in 2024. We have many promises to keep – manager promise, employee promise, our climate target promise, Länsförsäkringar AB's promise to the regional insurance companies – that will all help us fulfil our primary promise, which is our



”  
Länsförsäkringar is here for the customers. Always.

Mathias Collén  
President and CEO of Länsförsäkringar AB

customer promise. Länsförsäkringar will simplify everyday life for customers and help create a secure future. Hence, at Länsförsäkringar we will continue to focus on security and opportunities for customers. Always.

Stockholm, March 2024

Mathias Collén  
President and CEO of Länsförsäkringar AB

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# 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.



### Climate change

#### Impact on Länsförsäkringar

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 have major socio-economic consequences. The subsequent effects of climate change will be impact different geographies in different ways, and the health and welfare of people will be affected. The companies' sustainability aspects continue to gain increasing business importance, and with this, new and future EU regulations will spur on the integration of sustainability into business strategies and models. Avoiding claims is a gain for the environment, the individual and society at large.

#### Länsförsäkringar's initiatives

Länsförsäkringar works to prevent natural catastrophes by analysing the external environment and monitoring scientific and technological developments. Decision-makers in society are engaged in dialogue to steer developments towards a more robust society. Länsförsäkringar offers advice to customers about claims prevention and how to best protect their property and themselves from natural catastrophes. Claims-prevention activities help reduce the impact on the environment by avoiding GHG emissions, energy use, new materials and other resources. Länsförsäkringar AB pursues a climate-smart vision with the target of being climate-positive by 2045, and aligning investments with the Paris Agreement by 2030. Länsförsäkringar AB reports climate risks according to the TCFD recommendations. The climate report for 2023 is an integral part of this annual report.



### Digitisation

#### Impact on Länsförsäkringar

Rapid digitisation progress and developments in AI bring 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 required to ensure lasting competitiveness.

#### Länsförsäkringar's initiatives

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

#### Impact on Länsförsäkringar

Global uncertainty and the turbulent geopolitical situation are creating a gloomier outlook for stability. 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 uncertain future prospects. An ageing population and rising mental and physical illness place a greater burden on welfare and public resources. Continued urbanisation is intensifying demographic challenges. 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 loan. Organised crime is still commonplace and the black economy is growing. This situation is creating economic risks and losses as well as a sense of insecurity for individuals and companies. As digitisation increases so are digital fraud and cyber crime, meaning the security requirements are becoming stricter.

#### Länsförsäkringar's initiatives

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.

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## 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.



### CLIMATE CHANGE

#### Calculating the climate impact of building claims

Every claim that can be avoided is a gain for the environment, the individual and society at large. That is why Länsförsäkringar's claims-prevention activities are very important. But it is equally important when a claim occurs to possess knowledge about climate impact and apply strict requirements for sustainable repairs. Länsförsäkringar is one of the first insurance companies in the industry to calculate the climate impact of repairing damage to buildings.



### DIGITISATION

#### Improved customer experience for our corporate customers

Digitisation means more opportunities to individualise services. Länsförsäkringar is working with a new digital platform to improve the customer experience for corporate customers. A wider and more flexible product range means that the offering can be better tailored to customer needs as the business grows or changes. Better and easier digital availability enables customers to complete their insurance claims online and have more productive and efficient meetings with advisors and claims adjusters.



### SOCIETY

#### Increase security through research

Where and when do we feel unsafe? Do we feel safer with a security app? These are the questions posed in various research projects financed by Länsförsäkringar's Research Fund. In March 2024, Länsförsäkringar's Research Fund arranged a unique meeting on safety where researchers, key players in local communities and politicians, such as the Minister for Public Administration, discussed ways of reducing claims and increasing security in society. Several of Länsförsäkringar's safety initiatives were highlighted at the event, for instance, patrols for increasing involvement in the local community, security ambassadors at schools to increase safety for children and claims-prevention activities to improve safety in the home.

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# Success lies in the balance between local and shared

## ABOUT LÄNSFÖRSÄKRINGAR AB

Länsförsäkringar AB and its subsidiaries are commissioned by the regional insurance companies to conduct joint banking, non-life insurance and pension insurance 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. 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 and offer their customers the right range of products for a simpler everyday life and a more secure future.

### Balance between local and shared

The Länsförsäkringar Alliance's success lies in the 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 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. Experience shows that local decision-making authority combined with joint resources creates substantial added value for customers.

### 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 Länsförsäk-


ringar AB's operations is returned, over time, to the owners in the form of dividends - meaning back to Länsförsäkringar's customers.

Decisions on dividend payments are based on the Länsförsäkringar AB Group's capital position in relation to its combined risks. 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.


## Länsförsäkringar AB

Länsförsäkringar AB 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 the owners, the regional insurance companies, and thus to Länsförsäkringar's customers.**

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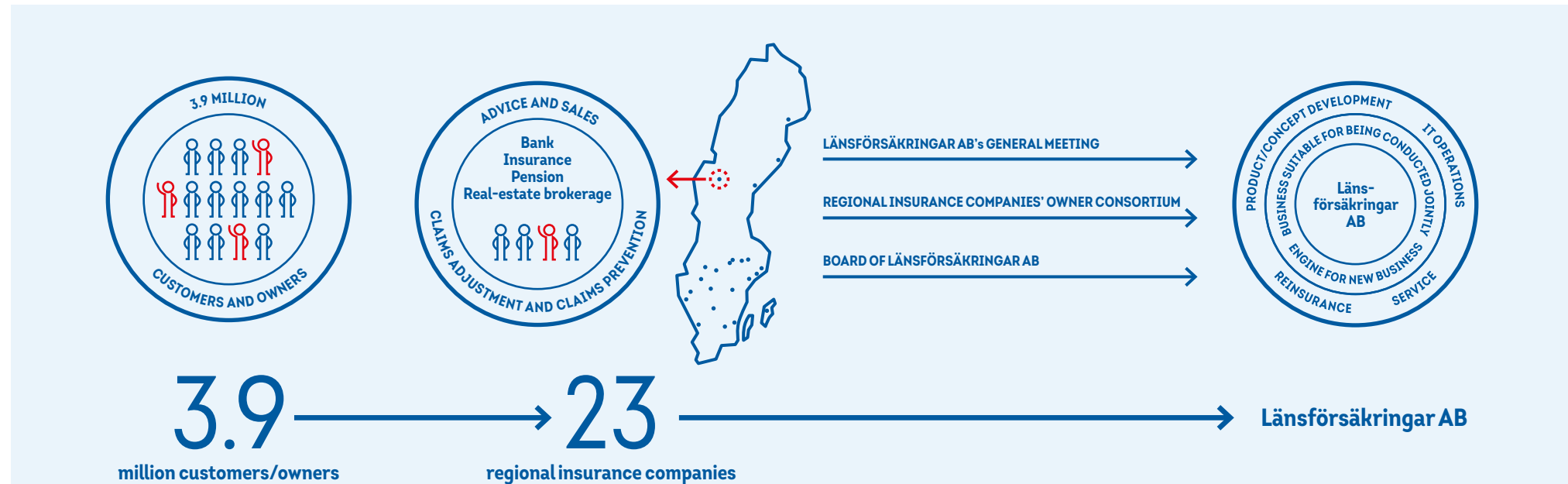
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# Owner control



Länsförsäkringar AB is a limited liability company and also the Parent Company of a financial Group, which is owned in various holdings by 23 regional insurance companies and 14 local insurance companies, which in turn are owned by a total of 3.9 million insurance customers. There are no external shareholders and meeting customer needs and requirements is always the primary task.

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 with the federal conditions and with the requirements usually imposed on owner control. 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 AB'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 regulated 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 following proposals from a Nomination Committee appointed by the General Meeting on behalf of the owners.

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.

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# Joint business

## OUR OFFERING

The Länsförsäkringar AB Group conducts joint business in banking, life assurance, pension insurance and some non-life insurance on behalf of the regional insurance companies.

### Non-life insurance



Länsförsäkringar AB conducts non-life insurance operations, including personal risk, pet and crop insurance. Its role is to complement the regional insurance companies' offering with specialist products to meet customer needs, to start new business that can be channelled out to the regional insurance companies and 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. The Länsförsäkringar Alliance is Sweden's largest non-life insurance company.

Profit before tax

**SEK 643 M**

Combined ratio

**96%**

### Bank



Länsförsäkringar Bank offers banking services to private individuals, agricultural customers and small businesses. Sales and service take place through the regional insurance companies, via physical meetings 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.

Profit before tax

**SEK 2,168 M**

Business volumes

**SEK 901 bn**

### Pension insurance



Länsförsäkringar offers pension savings, primarily occupational pensions. Fund management, guarantee management and personal-risk insurance are offered through Länsförsäkringar Fondliv. A high-quality, attractive and responsible fund range that generates healthy, long-term returns on customers' pension capital is a central part of the Länsförsäkringar offering. Länsförsäkringar Fondliv is one of the leading companies in the non-collectively agreed occupational pension market, commanding a market share of 13%.

Profit before tax

**SEK 1,040 M**

Managed assets

**SEK 228 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

**SEK 5,122 M**

Managed assets

**SEK 106 bn**

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# How did you improve the customer offering in 2023?

## OUR OFFERING (CONT.)

### NON-LIFE INSURANCE



## We launched a competitive pregnancy insurance policy

**Sara Hizbawit Berhan**

Product Specialist Personal insurance,  
Länsförsäkringar AB

In 2023, Länsförsäkringar launched improvements to its pregnancy insurance that provides financial assistance if anything were to happen during or after pregnancy. We offer both free cover, Gravid Gratis, and more comprehensive cover, Gravidförsäkring.



### PENSION INSURANCE



## Länsförsäkringar is now an ITP pension manager

**Tobias Sköld**

Head of Individual insurance offering,  
Länsförsäkringar Fondliv

On 1 October 2023, Länsförsäkringar became an ITP pension manager, meaning that privately employed salaried employees can choose Länsförsäkringar as the manager of their collective occupational pension. This is a sign of quality that our offering and products are highly attractive and offer value for money.



### BANK



## We improved our green mortgage offering

**Tobias Ternstedt**

Head of Product, Process & IT,  
Länsförsäkringar Bank

In 2023, the green mortgage offering was expanded to include housing labelled with Svanen, Passivhus and Miljöbyggnad Guld and Silver. This means that more customers can be given a green mortgage discount.



### PET INSURANCE



## We launched a new horse insurance policy

**Sara Højdevall**

Product Developer Horse & Agriculture, Agria

At the Sweden International Horse Show 2023, Agria launched its "Horse Extra" veterinary care insurance policy that accompanies the policyholder for the horse's entire life. Besides the most comprehensive insurance cover, it includes medical advice and vet consultations around the clock, consultations on feed and informative courses.



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# 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.

## 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.



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## 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

- According to the 2023 Swedish Quality Index, Länsförsäkringar had Sweden's most satisfied customers in consumer loans and non-life insurance for corporate customers and the second highest customer satisfaction in non-life insurance, pensions, banking and mortgages for retail customers, and pensions for corporate customers.
- Länsförsäkringar was named the strongest insurance brand at the 2023 Swedish Brand Award for the tenth year in a row.
- Länsförsäkringar's customer offering was expanded with several services, such as a new pregnancy insurance, the company's own Hälsa och vård app and an expanded green mortgage offering.
- The quality and flexibility of both personal and digital customer meetings were improved to meet customer needs and demands.

### INITIATIVES

#### New advice system for pension savings

Länsförsäkringar strives to offer comprehensible pensions that are considered to be secure and personal. In 2023, Länsförsäkringar launched a new pension advice system that enhances the efficiency and quality of advisors' work, which in turn results in more valuable and effective customer meetings.



## 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

- Länsförsäkringar AB's target is to be climate-positive by 2045.
- The carbon footprint of listed equities in the investment portfolios has declined 53% since 2019 (baseline).
- 99.5% of customers' unit-linked insurance capital is invested in sustainability-focused funds.
- Länsförsäkringar is Sweden's most sustainable bank for retail customers, according to the 2023 Swedish Quality Index.
- Länsförsäkringar was the industry winner in the survey of Sweden's greenest brands 2023 in both banking and pension.
- Länsförsäkringar has a market-leading position in Swedish non-life insurance and individual occupational pensions, with healthy growth in banking and real-estate brokerage.

### INITIATIVES

#### Tips for preventing claims – a win for customers and environment

Providing information about common types of claims and claims-prevention measures reduces the risk of claims. In 2023, Länsförsäkringar provided tips on how to best protect a home during bad weather, prevent water damage and fires, and arranged activities to improve road safety.



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## 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.

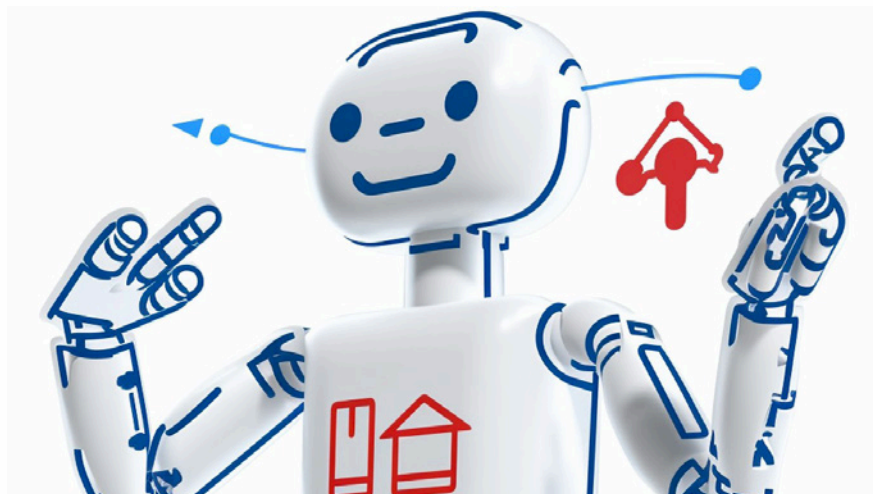
### OUTCOME

- Effective joint development governed by Länsförsäkringar's Alliance-wide marketing plan.
- Continued intense focus on digitisation at Länsförsäkringar.
- 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 1.5 billion in bonuses and discounts to their owners – the customers.
- The regional insurance companies, Länsförsäkringar AB and each subsidiary remained well-capitalised.

### INITIATIVES

#### Länsförsäkringar's internal AI chatbot enhances efficiency

In 2023, Länsförsäkringar launched its own internal AI chatbot, LF-GPT, which can answer questions from employees. Access to a secure AI chatbot with the ability to integrate specific information for Länsförsäkringar makes employees' daily work more efficient.



## Be an 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

- Länsförsäkringar AB's Employee Net Promoter Score (eNPS) for 2023 increased to 37 (34).
- The Commitment Index among Länsförsäkringar AB's employees for 2023 was 85 (84).
- Länsförsäkringar AB works according to a code of culture, which constitutes the company's core values.
- Länsförsäkringar won several awards as an attractive employer: industry leader in insurance in Universum's Company and Career Barometer surveys.

### INITIATIVES

#### A learning organisation

Rapid changes in the business environment, increased regulatory requirements and customer expectations require a learning organisation. A new learning environment was established at Länsförsäkringar AB in 2023 supporting a self-learning culture, such as the "Tech Foundation" to enhance digital skills.



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

## 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 and claims-prevention initiatives.

#### REGIONAL INSURANCE COMPANIES (THE OWNERS)

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

### Länsförsäkringar AB

Länsförsäkringar AB 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

#### CUSTOMERS

**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.

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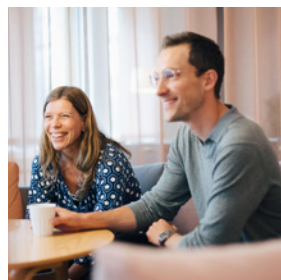
# ... for all of Länsförsäkringar's stakeholders

## Examples of the value Länsförsäkringar AB added in 2023



### 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 has fallen 53% since 2019, and 28 of our 38 own funds had a carbon footprint in line with the Paris Agreement.
- Every avoided claim is a gain for the environment, individuals and society at large. In 2023, claims prevention and health promotion work were carried out as well as research activities to increase security.



### EMPLOYEES

- Our attractiveness as an employer in 2023 remained high and eNPS rose to 37 (34). The Commitment Index was still at a high and stable level of 85 (84).
- Work on our culture is a continuous process and in 2023 we launched our employee promise of "A place for bravery and opportunities" that supports our visions, ambitions and digital development.
- A new learning environment was launched that supports a self-learning culture with access to more training courses and webinars.



### SOCIETY

- In 2023, we were engaged in 40 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 47 M to research into social challenges, safety in society and animal health.



### REGIONAL INSURANCE COMPANIES (THE OWNERS)

- In 2023, we continued to develop our sustainable investment offering and one of Länsförsäkringar's own funds was classified as dark green. The other own funds and all of the traditionally managed life-assurance and guarantee products were classified as light green funds. 99.5% of customers' unit-linked insurance capital is invested in light green or dark green funds.
- In 2023, Länsförsäkringar became an ITP pension manager and the green mortgage offering was expanded.

### ADDING FINANCIAL VALUE 2023

Regional insurance companies' bonuses and discounts to customers **SEK 1.5 bn** (Increase +15%)

Claims payments to customers **SEK 6.1 bn** (Increase +13%)

Salaries and pensions for employees **SEK 3.3 bn** (Increase +18%)

Tax, social security contributions and bank fees **SEK 2.1 bn** (Increase +28%)

Payments to suppliers **SEK 6.8 bn** (Increase +12%)

Research grants **SEK 47 M** (Decrease -8%)

Sponsorship **SEK 2 M** (Decrease -11%)

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# Creating a long-term sustainable strategy

## SUSTAINABILITY REPORT

Länsförsäkringar continues to support the regional insurance companies and customers with new products and services to facilitate the transition to a more sustainable society. In 2023, additional sustainability-focused offerings were launched and developed further.

### PRIORITY SUSTAINABILITY TOPICS



As a financial player, Länsförsäkringar has an important role to play in the transition to a fossil-free economy and the sustainable development of society. One example is the issue of the climate, which is high on the agenda and integrated both in the management of the investment portfolio and funds as well as in the savings and insurance offering.

### Launch and further development of new sustainability-focused product offerings

As a customer of Länsförsäkringar, it should be easy to do the right thing and choose a sustainable alternative. The share of our sustainability-focused offerings is continuing to grow and the green mortgage offering was expanded during the year to encompass several eco-labels including Svanen, Passivhus and Miljöbyggnad Guld and Silver. Länsförsäkringar is therefore at the top in terms of the breadth of its green mortgage offering.

In non-life insurance operations, sustainability is also being integrated into an increasing number

of products. Claims-prevention activities is the most sustainable thing Länsförsäkringar can do by means of providing clear and up-to-date information to customers, but the integration of sustainability is also vital in damage repairs. During the year, Länsförsäkringar AB was one of the first insurance companies in the industry to develop new calculation methods and working methods to understand the climate impact of repairing damage to buildings. These will start to be applied in 2024. During the year, a new green insurance policy was launched under the framework of seller liability insurance. Another calculation model for the emissions generated from repairing damaged vehicles, both operations-based and repair-based, is being developed and these efforts will continue in 2024.

### Continued reduction in the carbon footprint of investment portfolios

The sustainability investment portfolios are continually analysed with the aim of increasing the



## Länsförsäkringar Globala Mål Index reclassified to dark green

The *Länsförsäkringar Globala Mål Index* is managed according to an index that is optimised to benefit companies that clearly contribute to the UN's 17 SDGs, while keeping the carbon intensity of the fund at a low level. This means that the fund meets the criteria to be classified as an Article 9 fund under the SFDR<sup>1)</sup>. The fund is the first of Länsförsäkringar's own funds to be classified as dark green (Article 9).



<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.



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share of sustainable investments. At the end of 2023, the share of sustainability-focused investments in the investment portfolios amounted to 24% of managed assets. The carbon footprint of listed shares in our investment portfolios is continuing to decline. One of the Group's targets is for the carbon footprint to halve by 2030 (baseline 2019) and thus achieve carbon reductions in line with the Paris Agreement. By 2023, the carbon footprint has been reduced by 53% (35). 28 (16) of 38 own funds have a carbon intensity that is lower or in line with Paris Aligned Indexes.

Offering customers a high and sustainable pension is part of Länsförsäkringar AB's strategy. In 2023, one of Länsförsäkringar's own funds was reclassified as dark green under the Sustainable Finance Directive Regulation (SFDR). The remaining own funds, as well as traditionally managed life and guarantee products, are classified as light green. 99% of managed pension capital is placed in light green or dark green funds.

Länsförsäkringar Bank has joined the PCAF<sup>2)</sup> reporting standard, which will form the basis for both environmental impact and emissions reporting in the credit portfolio from 2024 moving for-

ward. The initial focus will be on the mortgage portfolio, which represents 80% (80) of the Bank Group's balance sheet, and for which the Bank Group can contribute with the largest positive climate impact by offering products that support the low carbon transition.

### Regulatory requirements accelerate sustainability efforts

The EU action plan on financing sustainable growth continues to engage Länsförsäkringar and in 2023, employees from the entire Länsförsäkringar Alliance came together to prepare for the introduction of the new EU CSRD. The CSRD came into effect at the beginning of the year for the largest companies, including Länsförsäkringar AB, and the first reporting will be for the 2024 fiscal year<sup>3)</sup>. In 2023, a new materiality assessment was carried out with the double materiality perspective, which defines the sustainability matters that have the greatest impact on people and the environment, as well as significant financial effects of sustainability. The analysis forms the basis for Länsförsäkringar AB's sustainability work going forward. Other related project activi-

ties on, for example, system support, reporting processes and the definition of metrics were carried out during the year and these efforts will continue with even greater focus in 2024.

Meanwhile, in investment activities, the implementation of the requirements of the Sustainable Finance Disclosure Regulation (SFDR) continued. The focus in 2023 was on reporting under the Principles of Adverse Impacts (PAI), which is a specific set of metrics in the areas of environment and climate, social matters and governance aimed at reporting negative impacts of the operations.

### Increased employee engagement

Rapid changes in the business environment, increased regulatory requirements and the expectations of customers and other stakeholders require a learning organisation. At Länsförsäkringar AB, several important steps were taken in 2023 to create a new learning environment that supports a self-learning culture and enables every employee to develop to their full potential. For example, pilot projects were carried out on new learning methods, increased accessibility and more external content in training courses.

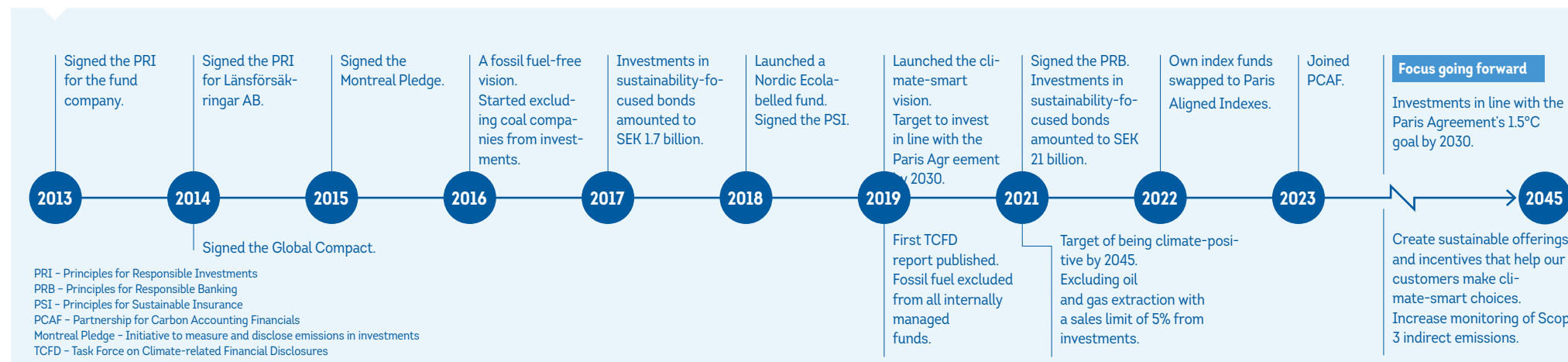
Länsförsäkringar AB's new employee promise "A place for bravery and opportunities" was developed during the year and Länsförsäkringar is currently one of Sweden's most attractive employers, ranking among the top 50 according to Universum. This ranking is also reflected in the Group's employee survey, where both the Commitment Index and the employee Net Promoter Score (eNPS) increased in 2023<sup>4)</sup>.

### Major focus on the sustainability strategy moving forward

Together with the regional insurance companies, sustainability efforts continued in 2024 focusing on further developing the sustainability strategy and adopting more targets toward the climate-smart vision and the goal to become climate-positive by 2045.

Great emphasis will be placed on the introduction of CSRD reporting, which will provide more tools to adapt and further strengthen value creation for customers.

## CLIMATE JOURNEY TO 2045



<sup>2)</sup> The Partnership For Carbon Accounting Financials is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with loans and investments.

<sup>3)</sup> Following the referral of the proposal to the Council on Legislation for consideration on 15 February 2024, the first CSRD report could be postponed until the 2025 fiscal year.

<sup>4)</sup> Read more in the employer section on pages 34-36.

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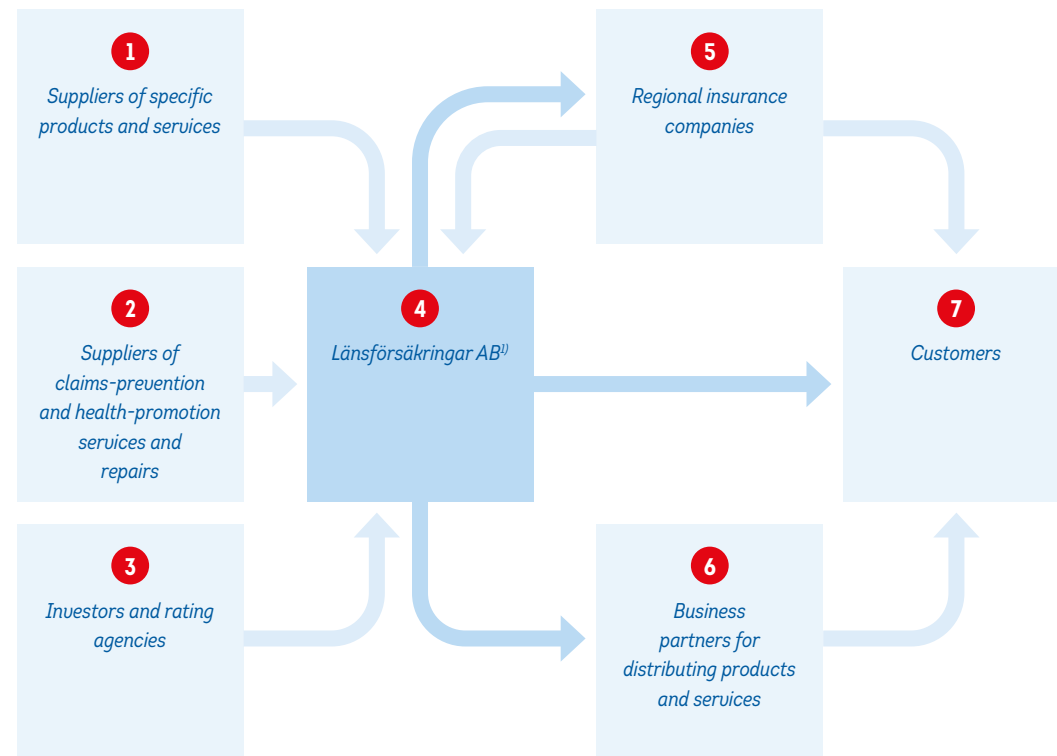
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# Focus on sustainability across the value chain

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.

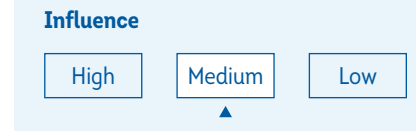


## 1 SUPPLIERS OF SPECIFIC PRODUCTS AND SERVICES

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 and other business partners. 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.

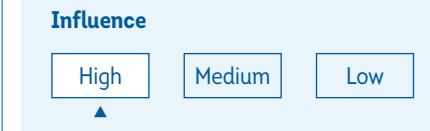


## 2 SUPPLIERS OF CLAIMS-PREVENTION AND HEALTH-PROMOTION SERVICES AND REPAIRS

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 conducting dialogue and requiring claims adjusters to use sustainable materials and repair methods. Länsförsäkringar's Research Fund finances studies on sustainable repair methods and a large number of car, boat and vehicle recovery companies have sustainability certification. Part repairs and using repurposed materials in repairs reduces materials consumption and climate emissions.



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



3

### INVESTORS AND RATING AGENCIES

Länsförsäkringar Bank issues bonds that are bought and sold by institutional investors. At the end of 2023, hundreds of institutional investors has invested in Länsförsäkringar's bonds. The issued volume of bonds was approximately SEK 280 billion (260). Rating agencies assess 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. Other categories included by the framework are green buildings, energy efficiency, renewable energy, sustainable transportation, sustainable forestry and agriculture.

#### 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 3,100 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 private banking, non-life insurance, pension and life-assurance products for private individuals and companies. There are 115 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 53% of sales of occupational pensions and 35% of non-life insurance take place via brokers. Länsförsäkringar AB offers lease and hire purchase financing through 5,000 partners in such industries as service, 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 are also opportunities 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



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# Responsible investments - continued efforts for a sustainable transition

## RESPONSIBLE SAVINGS OFFERING

Work with responsible investments involves creating value for customers, limiting climate change and promoting the transition to a more sustainable society. This concerns both funds in the savings offering and the management of pension and non-life insurance portfolios.

Climate change, the loss of biodiversity, human rights violations and other sustainability challenges could present risks for companies, which ultimately could affect Länsförsäkringar AB as an investor. Conversely, there are investment opportunities in companies who are taking action to reduce these risks and contributing to the transition.

### 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 traditionally managed life and guarantee

## Strategic sustainability targets

Target 2023	Outcome 2023	Targets 2024–2030
<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>✔ The share of sustainability-focused investments increased to 24% of managed assets<sup>1)</sup>.</p> <p>✔ The carbon footprint for listed shares in the investment portfolios has decreased 53% since 2019, from 12.0 to 5.6 tonnes CO<sub>2</sub>e/SEK M income.</p>	<p>The share of sustainable investments ofw the total market value of the investment portfolios is to be at least 23% by 2024.</p> <p>Reduce and halve the net carbon footprint of the investment portfolio by 2027 compared with 2019.</p> <p>Increase the share of listed equity holdings with verified science-based targets (SBTs) in investment portfolios.</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>✔ 28 out of 38 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 fell to 18% (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-related funds in the unit-linked insurance range.</p>	<p>✔ The share of sustainability-focused funds increased by 11% during the year (28 to 31). 96% of the range (99.5% of unit-linked insurance capital) consists of funds that promote or have sustainable investment as their objective.</p>	<p>Maintain the share of funds that promote sustainability or have sustainable investment as their objective in the unit-linked insurance range and increase the share of sustainability-focused funds.</p>
<p>Percentage of unit-linked insurance managers with climate targets: &gt;70%<sup>2)</sup></p>	<p>– The percentage of unit-linked insurance managers with climate targets was 69%.</p>	<p>Monitor managers' climate commitments and engage with managers who do not have climate targets.</p>

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

[Read more on pages 184-185.](#)



<sup>1)</sup> Sustainability-focused investments in the investment portfolios comprise sustainability-focused bonds and investments in listed and unlisted forestry companies.

<sup>2)</sup> This target was decided at the start of 2023.

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## Managing climate-related risks and opportunities

### STRATEGY

- Support companies that have started to transition their operations.
- Promote exposure to companies and issuers that with their products, services and projects, support the transition to a more sustainable and climate-smart society.
- Engage with companies to set verified science-based climate targets and follow up emissions outcomes.
- Engage with companies concerning significant climate-related risks and emissions.
- Reduce exposure to companies unwilling to transition and those who risk having stranded assets<sup>4)</sup>.

 Read more in the TCFD index on page 220.

### 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 sustainable 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.

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).

### Governance of responsible investments

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. Sustainability-related risks and opportunities are to be integrated into management. Investments must also contribute to management goals and selected UN SDGs, of which Goals 3, 7, 11, 13 and 15 are prioritised.

### Climate-smart vision to reduce carbon emissions

Länsförsäkringar AB purses a climate-smart vision. For funds and investment portfolios, the vision involves systematically working to reduce climate risks, contributing to the climate adaptation and promoting the transition to a more sustainable society. The goal is for own funds and investment portfolios to be climate-positive by 2045. One target is that these are to halve their carbon footprint by 2030 (baseline 2019) and thus achieve carbon reductions in line with the Paris Agreement.

Our carbon footprint and the share of companies with scientific climate targets are monitored and followed up on regularly in investment portfolios and own funds. 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. These measurements and

related analyses are used as a basis for making investment decisions.

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 193.
- Climate impact and climate targets in the Paris Agreement.
- SFDR indicators (PAI)<sup>3)</sup>.
- Contribution to the UN Sustainable Development Goals (SDGs).
- Environmental and social effects of projects financed through sustainability-focused bonds.

The first sustainability-related information under the Sustainable Finance Disclosure Regulation (SFDR) was published in 2023. In addition to information solely pertaining to finance, information for Länsförsäkringar Fondförvaltning, Liv and Fondliv

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<sup>3)</sup> Principal Adverse Impact.

<sup>4)</sup> Stranded assets means available assets cannot be used for some reason and thus pose a financial risk.



was also published. The aim of this is to increase transparency and comparability for customers concerning the sustainability strategies used in management and the environmental and social consequences that an investment may lead to.

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.

Länsförsäkringar's index funds adheres 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 2023, one of Länsförsäkringar's own funds was classified as dark green under Article 9 and the remaining 37 own funds as light green under Article 8 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 sustainability-focused bonds in the investment portfolios amounted to SEK 27 billion on 31 December 2023, corresponding to 22% of the total managed assets. The investments in sustainability-focused bonds are financing a number of different projects in such fields as renewable energy, climate adaptation and sustainable transportation. The environmental and social effects of the projects financed through the investment portfolios are measured and followed up on regularly. As of 31 December 2023, the investment portfolios contributed SEK 4.2 billion to the UN SDG 7 Affordable and Clean Energy, SEK 4.1 billion to SDG 13 Climate Action and SEK 3.2 billion to SDG 11 Sustainable Cities and Communities<sup>5)</sup>.

#### Exclusion

Criteria are applied to exclude companies and countries (government bonds) for various sustainability 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.

#### 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

## Länsförsäkringar finances new hospital buildings in Malmö

Länsförsäkringar's investment portfolios have green bond investments in Region Skåne worth approximately SEK 1.4 billion. Region Skåne is responsible for health care, public transport, infrastructure and environmental and climate issues in Skåne. Using the green bonds that Länsförsäkringar has invested in, Region Skåne has financed the redevelopment of Malmö's hospital area, new regional trains, trams in Lund, bus depots for electric buses and wind turbines. The projects have generated measurable environmental effects in the form of avoided/reduced GHG emissions of more than 100,000 tonnes CO<sub>2</sub>e per year and annual renewable energy production of more than 60,000 MWh<sup>6)</sup>.



In June 2023, representatives from Länsförsäkringar and Region Skåne went on a site visit to the new hospital buildings in the Malmö hospital area financed by the bonds. The new buildings provide the hospital with 100,000 sqm of premises for care facilities, including 10 wards with 244 single rooms. In addition to health care buildings, a new service building has also been constructed with laboratories, logistics and technical infrastructure under one roof, including automatic fork-lift trucks for transporting goods in the hospital area's culvert system.

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<sup>5)</sup> A list of the volume, contributions to the SDGs and issuers of investments in sustainability-focused bonds is available on [lf.se](https://www.lansforsakringar.se).

<sup>6)</sup> Figures from Region Skåne Investor Report 2022.





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 in a number of sub-initiatives.
- Access to Medicine Foundation – focus on access to medicine.
- BBFAW (Business Benchmark on Farm Animal Welfare) – focus on animal welfare.

In 2023, Länsförsäkringar joined the newly started initiative Nature Action 100. The aim is to engage companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. During the year, Länsförsäkringar also joined the Mining2030 initiative, which focuses on material risks in the mining industry on a global level.

Länsförsäkringar AB signed a number of investor letters and calls to action during the year:

- The CDP Science-Based Targets (SBT) Campaign, which is focused on just over 2,000 global companies who have yet to set science-based targets.

- The Global Child Forum's letter to 35 global companies in the technology, telecom and retail industries, with a focus on risk assessment based on a children's rights perspective for the companies' marketing and supply chains.
- Investor letters in conjunction with the tenth anniversary of the Rana Plaza collapse encouraging companies in the textile industry to continue to strengthen efforts to protect the health of workers in Bangladesh and Pakistan.
- A call for the member states of the UN to ratify or implement the World Health Organisation (WHO) Framework Convention on Tobacco Control.

➔ *A focus list of ongoing dialogues can be found on lf.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 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 sustainability efforts of the individual funds is analysed and assessed based on various sustainability criteria and followed up regularly. Fund management companies are also assessed and followed up, for example, concerning climate commitments on a fund management level. 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 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 trans-

ferred to another fund. 10 new externally managed funds were launched in the unit-linked insurance offering during the year. 11 funds were replaced during the year since better return potential or sustainability shortcomings were identified. 96% of Länsförsäkringar Fondliv's range comprises sustainability-focused funds, of which 84 percentage points are light green and 12 percentage points dark green, and 99.5% of customer capital was invested in these funds. 31 funds were classified as sustainability-focused funds in accordance with Länsförsäkringar's criteria.

👁️ *Read more about exclusion and transition criteria and key figures for the responsible savings offering on pages 193-194.*



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# Healthy lending with continued focus on green mortgages

## RESPONSIBLE LENDING OFFERING

Long-term respect for customers' security and finances is fundamental to Länsförsäkringar. Local customer knowledge contributes to low credit risk. The offering of loans and bonds to support customers in their transition was expanded during the year.

**M**ost of Länsförsäkringar Bank's lending takes place using property as collateral. 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. Climate change could probably affect the market value of certain properties and other assets. Länsförsäkringar Bank manages these risks by attaching great importance to customers' repayment capacity in its lending and by including assessments of potential climate change impacts in the credit assessment. 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-intensive 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 higher interest rate than the actual rate. The loan portfolio and value of the collateral are continuously monitored and quality assured.

## Strategic sustainability targets

Target 2023	Outcome 2023	Targets 2024–2025
Analyse methods for measuring parts of the carbon footprint of the credit portfolio.	✔ Method for measurement during preparation – linked to the PCAF Reporting Standard.	Measure the carbon footprint of the credit portfolio and adopt medium-term carbon footprint targets.
A sustainability-focused asset register as a basis for sustainability-focused bonds of at least SEK 15 billion.	✔ A sustainability-focused asset register as a basis for sustainability-focused bonds with SEK 15 billion in assets.	Increase the volume of the sustainability-focused asset register as a basis for sustainability-focused bonds.
Develop new sustainability-focused financing products.	✔ Expanded and improved green mortgages and energy loan products.	Further develop sustainability-focused financing products.

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

Read more on pages 184–185.



## Länsförsäkringar's banking services offer top accessibility

Digital accessibility is a prerequisite for financial inclusion and has been a priority for Länsförsäkringar for a long time. In 2023, lf.se was ranked number one in the industry ranking<sup>1)</sup> for accessibility of banking services. This was the result of the tireless work and focus on always being close and accessible to all customers. Concretely, this concerns creating a digital platform in which every-

one, regardless of whether they have any obstacles such as a visual or hearing impairment, mouse arm or dyslexia, is able to gain access to our services in a flexible and easy way. The result should also be seen in the light of the forthcoming EU Accessibility Directive, which will come into force in 2025 and for which Länsförsäkringar is well equipped.

<sup>1)</sup> [https://webperf.se/reports/2023-december-banktjanster/#test\\_all](https://webperf.se/reports/2023-december-banktjanster/#test_all)

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## 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-intensive 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.

 Read more in the TCFD index on page 220.

### 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 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 business 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.

### Continued focus on the sustainability-focused offering

The sustainability-focused mortgage offering with lower interest rates for single-family homes with low energy consumption and an energy efficiency loan with lower interest rates that supports customers who want to install solar panels, for example, was expanded and improved in 2023. This took place by including housing with Svanen, Passivhus and Miljöbyggnad Guld and Silver in the green mortgage offering. Länsförsäkringar is a leader in terms of the breadth of its green mortgages.

The subsidiary Wasa Kredit offers lease and hire purchase financing to companies, and loans and credit card loans to private individuals. The offering is distributed via partners or directly to customers. The concept of transition finance supports companies that want to transition toward Agenda 2030 and improve both their climate and social impact. The offering includes, for example, solar panels, battery storage and heat pumps. The corporate segments are found in green businesses, the automotive and transportation industry and the property and construction industry. At the end of 2023, transition finance amounted to 5.6%<sup>2)</sup> (1.2) 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 2023 its holdings amounted to SEK 4.2 billion (3.6).

### Green bonds

Länsförsäkringar Bank's green bond framework for issuing sustainability-focused bonds aims to direct capital towards sustainable purposes such

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<sup>2)</sup> Leasing and hire purchase financing for companies including M1 vehicles with emissions of 0-49 grams of CO<sub>2</sub>/km.



as low carbon use, climate resilience and contributing to an environmentally sustainable society. 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 sustainability-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 2023, SEK 15 billion (13) of the bank's total loan portfolio comprised green assets, and the goal is for the share to continue to grow.

#### Availability and digitisation

With the 23 regional insurance companies, Länsförsäkringar's customers have access to 115 branches throughout Sweden as well as telephone and digital banking services. 82% 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. 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 84% (85) in 2023. The percentage of digitally signed contracts was 70% in 2023.

#### 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.

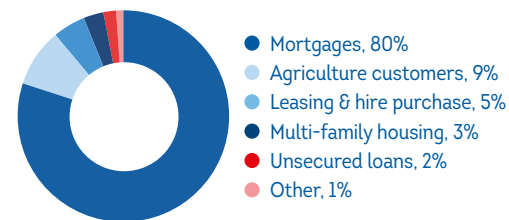
The sustainability strategy, which is part of the business plan, is based on the external expectations of banks, the PRB, the UN SDGs, EU regulations, dialogue with the Swedish Bankers' Association, dialogue with central partners and civil society organisations. Customer expectations have been identified by the Board and the local regional insurance companies.

In 2023, Länsförsäkringar Bank joined the PCAF<sup>4)</sup> reporting standard, which will form the basis for the environmental impact and emissions reporting intended to be launched in the years ahead. The collaboration within the PCAF enables the development and use of reporting standards in order to increase comparability between banks.

#### 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 efforts for this continued in 2023.

#### Loan portfolio 31 December 2023\*



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

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

<sup>4)</sup> The Partnership For Carbon Accounting Financials is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with loans and investments.



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# Claims prevention and sustainable repairs in the insurance offering

## 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. In the event of a claim, the knowledge of climate impact is crucial together with high requirements for sustainable repairs.

**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 fuelling 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

## Strategic sustainability targets

Target 2023	Outcome 2023	Targets 2024
Continue climate risk activities and develop a folder for cargo insurance customers.	<ul style="list-style-type: none"> <li>When larger quotes are provided for cargo insurance, an information text is included with both claims prevention and our climate risk manual.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of certified marine workshops.</li> <li>To implement injury prevention activities and investments to increase the use of bicycle helmets.</li> </ul>
<ul style="list-style-type: none"> <li>Carry out 100 claims-prevention activities in the Non-life Insurance business unit.</li> <li>Claims-prevention services by continuing to develop products and further develop the Trygg Hästgård and Säker gård projects.</li> <li>Launch Agria Vårdguide in the UK and Ireland.</li> </ul>	<ul style="list-style-type: none"> <li>100 claims prevention and health-promotion measures have been carried out.</li> <li>The Zero waste initiative was launched for crop products. Within the framework of the Trygg Hästgård collaboration project, customers can influence their premium by attending training courses. Agria Vårdguide was launched in the UK and Germany.</li> </ul>	<ul style="list-style-type: none"> <li>Increase the number of areas in which the climate impact of insurance transactions is measured.</li> <li>The safe horse farm concept will be further developed with more training courses in collaboration with the regional insurance companies.</li> </ul>
<ul style="list-style-type: none"> <li>Launch at least one green insurance policy that gives the customer an incentive to choose renewable energy.</li> <li>Integrate sustainability aspects into product development and business processes.</li> </ul>	<ul style="list-style-type: none"> <li>During the year, a green insurance policy was launched within the framework of seller liability insurance.</li> <li>Sustainability has been clarified as an integral part of operations. The implementation of the EU Taxonomy has clarified new ways of working with product development and integrating sustainability into business processes.</li> </ul>	<ul style="list-style-type: none"> <li>Develop the insurance offering with a focus on a circular economy in non-life insurance business.</li> </ul>

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

Read more on pages 184-185.



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## 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.

### 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.

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.

### Preventive measures to reduce natural-catastrophe claims

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

Länsförsäkringar AB works together with the regional insurance companies 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 develops geographic information systems to identify risk exposure to various natural catastrophes. Such a system provides regional insurance companies with opportunities to support and influence individual property owners and municipalities in how they handle natural-catastrophe risks and claims-prevention activities.

### 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 reinsurance companies in the international market to insure some of their risks. Länsförsäkringar AB conducts a small amount of well-diversified reinsurance business whereby the company reinsures external insurance companies in the inter-

national 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 came into force in 2023 stipulating that no underwriting is to take place for companies whose primary operations are coal extraction or production.

### 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 GHG 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

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are offered to customers via the website, newsletters, published articles in industry publications, dialogue meetings and films.

### Examples of claims-prevention activities in 2023

Länsförsäkringar works actively to increase road safety. Activities took place during the year to increase safety and raise awareness of the regulations of driving A tractors, in particular for young drivers. Activities were also arranged to increase the use of bicycle helmets and reduce bicycle accidents. The driving schools provide targeted information and training on the importance of not being distracted by, for example, a mobile phone while driving.

In conjunction with the introduction of mandatory motor third-party liability insurance for certain light electric vehicles at the end of 2023, road safety information has been expanded on lf.se. The insurance policy also requires that a helmet be worn when using light electric vehicles such as electric scooters.

In corporate insurance, a new set of safety regulations for carrier liability insurance was developed during the year, which aims to reduce the number of claims related to theft.

Länsförsäkringar's cyber insurance offering includes services for both incident handling and claims prevention, enabling customers to be able 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 buildings. 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 mak-



ing repairs in a climate-smart and sustainable manner. During the year, the conditions for calculating and understanding the climate impact of repairing damaged buildings were established and will start to apply in 2024.

### Sustainability-certified car workshops

Länsförsäkringar carries out its own environmental and quality certifications of car workshops, mobile home/motorhome workshops and vehicle recovery companies, and just over 1,500 workshops and 34 vehicle recovery companies have been certified. The workshops are required to work on environmental issues and have an environmental policy and environmental objectives that are monitored, and repairs must be carried out to a professional standard in accordance with the repair instructions of vehicle manufacturers. 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.

In 2023, certifications were supplemented with the conditions necessary to understand and calculate climate impact as a result of repairing damaged vehicles. The calculation model has provided knowledge of the operations-based and repair-based emissions generated when repairing damage, and in 2024, the model will be developed to comprise engagement activities.

### Sustainability requirements for marine workshops

Sweden has about 700 marine workshops, about 250 of which are members of the Swedish Marine Industries Federation (Sweboat). The process of certifying Sweboat's workshops that Länsförsäkringar works together with started in 2022. These certified companies are better employers, have more satisfied customers, can account for their environmental impact and comply with environmental legislation. At the end of the year, 20 workshops had been certified and some 40 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

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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.

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. In January 2023, the Hälsa och vård app was launched for customers with health care insurance and since August, customers with preventive health insurance with our life-assurance companies are also able to use it. The app includes health-promotion services, self-care programmes and appointment booking.

#### 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.

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, which was concluded in 2023. During the year, the Cat Extra and Horse Extra policies were launched with health-promotion services such as advisory services and the option of reducing premiums by undergoing training as well as an annual digital medical check-up.

#### 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 this year's Almedalsveckan political week, Agria participated in discussions about this together with representatives from the veterinary care system, the CEO of Distriktsveterinärerna, the CEO of Gård- och djurhälsan and the Vice Chairman of the Federation of Swedish Farmers. Agria Vårdguide is now offered in Sweden, Norway, Denmark, Finland, the UK and Germany. The

total number of users of the Agria Vårdguide app in 2023 was 336,000 (252,000) and 115,000 (108,000) vet consultations were held. 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 2023, Agria contributed SEK 11.9 M (11.4) to research via Agria's research fund.



## Agria donates to charity

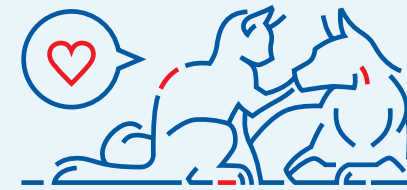
Agria carries out different activities to support animal health charities and animal organisations. Agria donates an amount for each participant/team.

**Agriaritten** – digital event for horse riding in Norway, Denmark and the UK, SEK 28,000 was raised for horses in need.

**Cat Parade** – SEK 350,000 was raised for homeless cats.

**Dog Walk** – SEK 700,000 was raised for homeless dogs.

**Glädjehoppet** – SEK 114,000 was raised for the Swedish Childhood Cancer Fund.



Agria has a globally unique material – Agria BreedProfiles (ABP) – 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. In 2023, the ABP was updated with new statistics on dogs and 15 seminars for pedigree clubs concerning sustainable breeding were completed.

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# Sustainable employer over time

## RESPONSIBLE EMPLOYER

Länsförsäkringar AB's employer brand together with the code of culture is the foundation of our corporate culture. Proud 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, developing and retaining 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.

In the most recent 2023 employee survey, 97% of employees said that they have not experienced victimisation, bullying, sexual harassment or other discrimination.

A new equality and diversity plan for 2022-2024 includes active measures, promotion activities and action plans. This work is monitored annually and about 75% of the active measures have been implemented to date.

EU diversity measures were carried out for all employees in 2023 to raise awareness of diversity and inclusion and to engage and increase participation. Important topics were highlighted through several lectures and a lecture was conducted for relevant parties in recruitment focusing on inclusive, competence-based and unprejudiced recruitment. This year, this was complemented by a training course on interview techniques, ensures a fair and equal recruitment process.

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 26% (28) in 2023. Efforts to reverse this trend and achieve the target are continuing in 2024.

## Strategic sustainability targets

Target 2023	Outcome 2023	Targets 2024-2027
Arrange training on basic labour law and guidance.	✔ Labour law training implemented.	Introduce digital rehabilitation training.
Percentage of equal working groups 37% 2027.	✖ Percentage of equal working groups 26%.	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 184-185.](#)



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As of 2023, free sanitary towels are available in the Stockholm office via RedLocker. The collaboration means that Länsförsäkringar AB is helping to ensure that free menstrual protection can be offered at schools and sports clubs.

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. We also collaborate with Novare Potential with the aim of leading new arrivals into 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.

### Culture and attractive employer

Länsförsäkringar AB's code of culture together with the employer brand and the Lean Agile work method create the common culture. This creates a basis to succeed with future changes and deliver on the business plan. Culture efforts are constantly ongoing. A culture network was formed in 2023, a set of methods was developed with exercises and tools and leadership training was arranged for 350 managers and leaders in using the code of culture.

An employee promise of "A place for bravery and opportunities" has been implemented under the employer brand that clarifies our strategic focus areas and the company's unique offering. The employee promise is the basis for all internal and external employer communication to help attract, recruit and retain employees.

Corporate management and 150 employees across operations participated in developing the now well established promise. During the year, employee processes were reviewed and system support was developed for pre- and onboarding

as well as offboarding for an attractive employee experience.

A recruitment project is ongoing to employ more people in IT/Tech and more than 100 positions are to be filled by replacing consultants and recruiting. 142 employees were recruited in IT with the positions starting in 2023 and the beginning of 2024. The target for 2024 is for Länsförsäkringar AB to have one third fewer consultants.

Länsförsäkringar is one of Sweden's most attractive employers, ranking among the top 50 and best in the insurance industry. The Career Barometer, which Länsförsäkringar's own employees respond to, ranked 31 on the top 50 list, posing questions concerning internal identity, satisfaction/recommendation and loyalty. Employer Brand Research from the staffing and recruitment company Randstad ranked Länsförsäkringar second among financial services.

### A constantly evolving learning organisation

Länsförsäkringar AB endeavours to be a hub for customers' security and opportunities. Meeting future needs and delivering on the marketing plan and business plans require continuous skills development within the organisation. During the year, intensive efforts were made to provide the right conditions and opportunities for all staff to learn and develop in their work.

The focus was strengthening the organisation's learning vision and expanding the learning landscape to be an ecosystem for learning. This includes broader access to training, an expanded range and more external content. In addition, we have trialled several digital learning platforms offered to all employees, with a training plan that extends until autumn 2024.

A central aspect of these efforts has been a learning calendar, which is available for all employees on the intranet and includes webinars in leadership, IT/Tech, agile working methods and federative understanding. These webinars aim to



highlight and disseminate internal knowledge on priority skills and focus areas, in accordance with the strategic skills supply process. Our own internal experts share their expertise and provide teaching and the opportunity to pose questions.

A strategic skills supply develops short- and long-term action plans to cover any skills gap. All employees are given the chance to grow with the company and become part of a learning organisation.

As part of the code of culture, leadership training has been carried out for managers and leaders. Creating psychological security, working with feedback and encouraging self-leadership are examples of areas that leaders have trained in as well as exercising leadership that fosters inter-disciplinary collaboration with a clear focus on the customer and a holistic perspective. A leader profile has developed that clarifies expectations and also serves as a promise to employees. A leadership programme and a structure for all leadership support and activities have been developed. An internal mentorship program is in place with a number of mentors and mentees.

### Performance development

Our culture is to generate good performance and covers both what is performed and how this is to be achieved. It encompasses both individual performance and contributing to the performance of the team and the company. Challenging and clear targets are set based on business plan targets, with at least one target connected to the code of culture.

Employees are responsible for their own performance and development. Managers and leaders create conditions for performance through clarity, follow-up, support and feedback. Managers and employees have a joint responsibility for the structured continuous performance dialogue during the year, where the personal roadmap with expected performance is followed up. Other aspects of the roadmap concern skills, teaching, long-term development and the work environment and health. The latter is part of structured health and safety management. Any secondary activities are checked and internal guidelines are monitored annually.

Statutory and compulsory Group-wide courses have been arranged, with requirements

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set based on the employee's occupation, role and work tasks. Employee and leadership training courses are also offered.

During the year, 20,351 (12,196)<sup>1)</sup> in-house training courses were completed for employees in Länsförsäkringar AB's skills development department. This increase confirms that efforts with the learning organisation are working and are appreciated.

### 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.

Managers are responsible for addressing employee work environment and health according to the systematic work-environment process, as well as equality, diversity and discrimination. When changes occur in the business, a risk assessment is

always carried out by the manager in collaboration with the health and safety representative. 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.

During the year, three (one) occupational injuries were reported at the workplace. Two (four) near-accidents were reported. All employees of Länsförsäkringar AB in Sweden are represented by the Work Environment and Equality Committee.

A work environment course that includes basic occupational health and safety skills and methods to work on these issues is in place. During the year, a new course was launched concerning the impact of labour law and measures to be taken. These courses are primarily intended for managers and health and safety representatives,

but is available to all employees. Mandatory fire safety training is carried out annually by all employees. A voluntary digital training course in cardiopulmonary resuscitation (CPR) is offered to all employees from 2023.

All employees with a contract period longer than six months are automatically covered by Länsförsäkringar's health care insurance, which is paid for by the employer and subject to fringe-benefit tax. If necessary, an agreement is in place with occupational health care services, which can 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, training and subsidised massages. Physiotherapy, naprapathy and personal trainers are also available. 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 enables 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. Support and guidance for managers is available in change management for leadership in a flexible working life and team group development tools. Länsförsäkringar AB's office in Stockholm underwent extensive remodelling as part of this new work method, which was concluded 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.

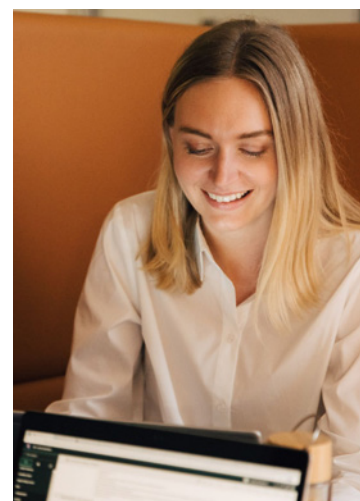
### Remuneration model and salary survey

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. 37 salary adjustments were made in conjunction with the 2023 salary survey. Länsförsäkringar AB always pays at least the minimum wage.

Read more about personnel statistics and the results of the employee survey on pages 190-191.



## Attractive employer

Länsförsäkringar AB's index results from the employee survey show continued favourable levels:

COMMITMENT	LEADERSHIP	eNPS <sup>2)</sup>
85	86	37
2022: 84 (BM 85)	2022: 86 (BM 86)	2022: 34 (BM 43)

BM, High Performing benchmark, is based on results from Brilliant's 10% highest performing organisations/companies.

<sup>2)</sup>eNPS - Employee Net Promoter Score, whether employees would recommend Länsförsäkringar AB as an employer to a friend or acquaintance.

<sup>1)</sup> The figure for 2022 was updated with training sessions for the subsidiary Wasa Kredit.

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# High business ethics – required for sustainable operations

## 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 and remains a key priority 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 and activity 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 in place for employees when it comes to 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 500 (260) employees completed anti-money laundering training in 2023.

An annual analysis is carried out of our operations to assess the risk of being used for money laundering or financing 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 distri-

## Strategic sustainability targets

### Target 2023

Carry out annual compulsory e-course on security, sustainability and the Code of Conduct for all employees.

### Outcome 2023

- 72% of employees completed the security course.
- 69% of employees completed the sustainability course.
- Training the Code of Conduct will be available during the first quarter of 2024.

### Target 2024

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 184-185.



## 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. However, the insurance industry has estimated that 5–10% of all payments are incorrect and can be traced to fraud<sup>1)</sup>.

It is therefore vitally important to counteract insurance fraud in order to protect policyholders, keep premiums down and reduce the risk of supporting highly organised crime, and also combat money laundering.

Länsförsäkringar's investigation operations are constantly working to identify and counteract suspected fraud through reactive and preventive work and are participating in the development of an automated process in claims handling that helps create good customer flows as well as identify suspected fraud.

Collaboration and improvement initiatives take place between the investigation organisations of the various regional insurance companies within the framework of the investigators' reference group and the focus groups that exist in the areas of: motor insurance claims, burglary claims, security, personal injury and all-risk damage.

Länsförsäkringar's own investigation operations also work closely with other claims prevention initiatives within the Länsförsäkringar Alliance, such as risk validation. Länsförsäkringar stops about 3,000 suspected cases, at a value of about SEK 200 M, each year. Länsförsäkringar follows Insurance Sweden's guidelines on insurance fraud. Each regional insurance company has a complaints officer whom customers can contact if they are unhappy with a decision or their claim.

<sup>1)</sup> According to Insurance Sweden <https://www.svenskforsakring.se/om-forsakring/vad-ar-och-hur-funkar-det/forsakringsbedragerier/>

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bution channels are introduced and re-organisations are implemented.

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.

Risks associated with money laundering also occur in the non-life insurance operations. Länsförsäkringar AB takes preventive action to manage and minimise these risks. Initiatives are continuously undertaken to ensure processes and procedures are in place to combat financial crime.

### 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



## Bank fraud increasing mainly old people fall victim

Fraud is often a predicate to money laundering and in 2023 there was a significant increase in the number of cases of telephony fraud with mainly the elderly falling victim. There are many different variants, for instance, it could take the form of the fraudster calling an elderly person claiming to be from "the police" or "the bank's security department" saying that they have received information that the customer has become the victim of fraud. The fraudsters offer to "help" the customer in different ways, such as by blocking their account or transferring money to a "safe account."

In February 2024, the government initiated a collaboration between Sweden's six largest banks and the police to jointly stop and combat this type of crime. Action is already taking

place, such as by providing information to customers about the risk of this type of crime as well as systems monitoring or applying other ways of limiting options for fraudsters to transfer money. The banks, together with the Swedish Bankers' Association, are now working to find new ways of working to increase customer protection. It also involves identifying possible legal loopholes and the need for further initiatives by legislators.

Länsförsäkringar's activities include developing new functionality for existing services. Good experience has already been gained from the introduction of country blocks on cards, continuously reviewing different limits and enhancing surveillance capacity together with other capabilities.

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. These analyses take into consideration each company's operations, size and organisation, market, customers, distribution channels, partners, sponsoring and purchasing.

### Annual training in sustainability, security and the Code of Conduct

All employees and consultants are also to complete mandatory e-courses every year that includes the Code of Conduct, security and sustainability. The aim of the courses is to increase know-how and security, and to contribute to business-like, professional and sustainable working. In 2023, the former Group-wide e-course Länskom-

passen, which covered sustainability, the employee Code of Conduct and safety, was split into three separate courses. The sustainability and safety trainings were conducted in the fourth quarter of 2023 and the Code of Conduct training for employees will be available in the first quarter of 2024. The courses are updated every year. Employees also undergo other external sustainability-related training linked to their professional roles.

### Whistle-blowing

Employees are encouraged to talk to their immediate manager, their manager or Compliance in the event of suspected misconduct. The employee surveys touch on issues of business ethics and give the opportunity to comment freely on various circumstances.

To combat and stop wrongdoing and improprieties in the operations, employees, interns, consultants and Board members can report such

suspicions using a whistle-blowing procedure. Reporting can be done anonymously via a physical mailbox or via a form that is available on our external website. The information is treated confidentially. The report is processed by Compliance and may be referred to internal or external investigators depending on its nature. The informant may not suffer any repercussions due to the report.

One case of whistle-blowing was reported in 2023. The case has been investigated and measures were taken thereafter in accordance with Compliance recommendations. The whistle-blowing procedure is an alternative to other reporting channels. The Code of Conduct, on the intranet and Länsförsäkringar's website, contains information about the whistle-blowing procedure. A project is ongoing to digitalise the whistle-blowing procedure and the new system is planned to be implemented during the first half of 2024.

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# Sustainability in the supply chain

## 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.

**T**he 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. The majority of Länsförsäkringar AB's supplier relationships are long-term, meaning that they extend beyond three years, which is also in line with Länsförsäkringar AB's strategy for responsible purchasing.

### 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 2023, 90% (88) of the 100 largest existing suppliers had signed the Code of Conduct, and these 100 suppliers accounted for 77% (81) of the total purchase volume. In 2023, Läns-

försäkringar AB had approximately 2,300 active suppliers, with suppliers in IT and telecom accounting for the largest share.

### 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. Read more about suppliers in the value chain on page 21.

### 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.

For suppliers whose purchase volumes exceeding SEK 5 M, and if the contract period exceeds three years or the contract involves elevated risk, sustainability activities are screened 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 vis-

## Strategic sustainability targets

### 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.

### Outcome 2023

✔ All new suppliers exceeding SEK 5 M underwent sustainability audits.  
✖ 51 suppliers have been audited via EcoVadis.

### Target 2024

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 being a responsible purchasing partner, Länsförsäkringar can contribute to the UN SDGs.



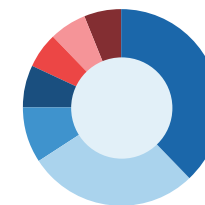
Read more on pages 184-185.



its. 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 2023, 51 of the 100 largest existing suppliers had been audited via Ecovadis.

In 2023, comprehensive efforts began to review processes, ways of working and procedures related to the evaluation and follow-ups of existing suppliers. These activities aim to ensure that Länsförsäkringar AB only does business with suppliers that meet both legal requirements and international due diligence conventions. This includes the Code of Conduct for other business partners and the Guidelines on due diligence regarding respect for human rights, and combating corruption and bribery adopted in 2023. The work also aims to ensure that the supplier base is in line with Länsförsäkringar AB's values and strict requirements in such areas as sustainability.

## Purchases in 2023



- IT and telecommunications, 38%
- Consultancy services, 28%
- Marketing and communication, 9%
- Facility Management, 7%
- Finance, banking & investments, 6%
- Health and medical care, 6%
- Other, 6%



The Codes of Conduct for suppliers and other business partners are available in English and Swedish on [lf.se](https://www.lf.se)

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# The climate impact of our own operations

## 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. More work is required to be able to reduce emissions, which is part of Länsförsäkringar AB's aim 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. This year's outcome from business travel shows a 62% increase, which is partly due to a higher number of employees and also a certain delayed effect of the need to travel after the pandemic. However, it is clear that further work and a greater focus are needed to reduce emissions from business travel. The target for the year ahead remains firm and actions will be taken.

### Energy efficiency and reuse

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. Our way of working is continually reviewed for more energy-efficient electricity consumption

and heating and LED lighting and energy control measures are used as part of this. Ongoing efficiency improvements are made to reduce negative environmental impact in terms of materials, recycling and waste.

Remodelling of the office property started in 2021 and was completed in 2023. The aim of the remodelling was to create an activity-based office. Choice of materials, reuse and energy efficiency were key elements of the remodelling project. For example, 55% of all furnishings were reused.

### Greater scope for measuring climate emissions

The scope for reporting Scope 3 emissions has expanded since 2021. A consequence of this is an increase in the emissions measured since then. This was partly due to expanding the scope but also due to enhancing and continuously refining measurement methods and bases for calculation. The number of employees at Länsförsäkringar AB is growing, increasing by 11% in 2023, which means more IT equipment is required, as well as more business travel and commuting. The operations' emissions for 2023 amounted to 3,811 tonnes

## Strategic sustainability targets

Target 2023	Outcome 2023	Targets 2024-2025
15% reduction in carbon emissions from business travel compared with 2022.	🔴 Emissions amounted to 1,297 tonnes CO <sub>2</sub> e, which entails a 62% increase compared with 2022.	Reduce carbon emissions from business travel by 10% 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 amounted to 1,852 tonnes CO <sub>2</sub> e, which entails a 45% <sup>1)</sup> increase compared with 2021.	Reduce emissions from the operations (excluding remodelling and business travel) by 5% compared with 2023.

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

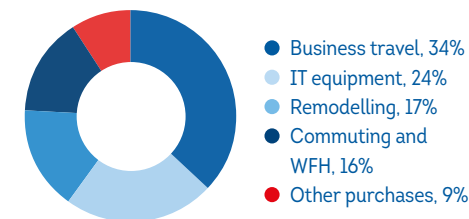
Read more on pages 184-185.



(4,210)<sup>2)</sup>, of which 17% (43) was attributable to the remodelling. Emissions from the company's own internal operations, excluding business travel and remodelling, have increased compared to last year but decreased with 18% in terms of emissions per employee. The largest emissions for Länsförsäkringar AB are all in Scope 3, see the pie chart.

Future reporting in accordance with the CSRD will include even more Scope 3 emissions and the

### Scope 1-3 emissions from Länsförsäkringar's own operations 2023



<sup>1)</sup> The percentage increase is reported excluding employee commuting, which was not included in the data from 2021. The increase was due to increased purchases of IT equipment and other office supplies as a result of the office remodelling and the increase in staff.

<sup>2)</sup> The outcome for 2022 was corrected due to errors in one of the databases used for emissions factors, which the supplier corrected, and errors in some underlying data for 2022.

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## 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.
- Available 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 220.

targets will be evaluated and adapted moving forward to ensure that the right elements are measured and followed up. Efforts have been made since 2023 to expand measurements in such areas as non-life insurance and lending.

### Reusing and recycling computers

The Länsförsäkringar Alliance partners with a company that reuses and recycles the computers used in the operations. 77% (89) of obsolete computers were sold for reuse in 2023. 23% (11) went to material recycling due to their condition or because the content could not be reused.

### Digitalisation of paper-based communication for more than one million customers

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 2023.

In 2022, a number of companies initiated a pilot project with the aim of digitalising paper-based communication for existing customer contracts. The project has established processes for selecting and communicating with customers and analysing customer reactions, although only a few were received, and customer reception that has been very positive. Less than 0.5% of customers have elected to return to paper-based contracts. In 2023, the project was scaled up to more customers and in total, communication with 1.2 million customers was changed from paper-based to digital. At the end of the year, approximately 60% of retail customers who have an e-mail address made this change. This work is expected to be completed by mid-2024. The next step is to target those customers who do not have an e-mail address, and a pilot project has been launched to reach these customers as well.

Read more about key figures for the environmental impact of the operations and a specification of emissions on page 192.



## Climate compensation focusing on wind and solar power

In 2023, double climate compensation for Länsförsäkringar AB's 2022 emissions was paid via South Pole. Two projects in wind and solar power in India were climate compensated. Wind turbines were installed and operated in one of the projects. The other project concerns the installation of solar energy, where a new network-connected power station is being developed for renewable energy. Both projects are creating local jobs, expanding infrastructure and improving air quality. The projects contribute to UN SDGs 7, 8 and 13.

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# Long-term environmental and social commitment

## 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 and Länsförsäkringar thereby contributes to knowledge-based development of security in society.

### 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 organisa-

tions. 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, where financed researchers meet politicians and authority representatives.

"Framåtblick Sverige" was arranged for the fourth consecutive year in 2023, with participation from decision makers at the regional and local level from across Sweden. Interest in these events is high and they attract up to 1,000 participants per event.

"Framåtblick Debatt" took place again in 2023, which is 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 communities. Both of these forums serve as a bridge between research and practice by spreading know-how to strengthen the regions.

In 2023, an initiative was also launched for symposia (scientific conferences) to increase the exchange between research and policy makers. By making the research results available in the public domain, Länsförsäkringar contributes to knowledge-based development of security in society.

Refer to pages 188-189 for a list of research projects.

## Strategic sustainability targets

### Target 2023

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

### Outcome 2023

Grants to Länsförsäkringar's Research Fund amounted to SEK 35 M. Research results were communicated through various forums such as seminars, webinars and newsletters.

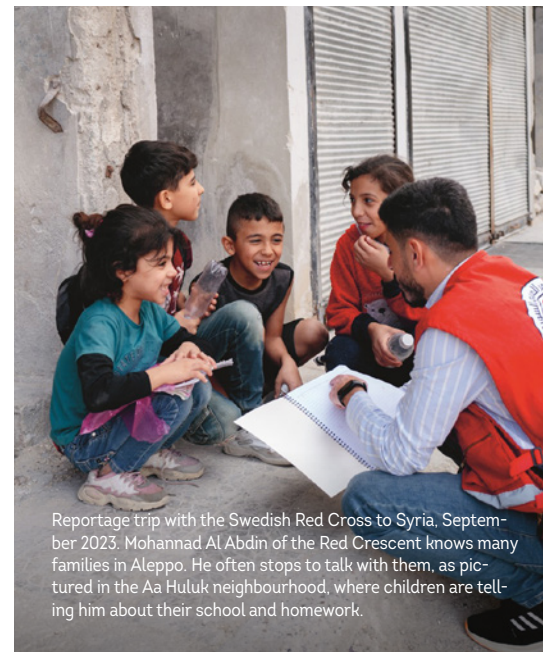
### Target 2024

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 184-185.



Reportage trip with the Swedish Red Cross to Syria, September 2023. Mohannad Al Abdin of the Red Crescent knows many families in Aleppo. He often stops to talk with them, as pictured in the Aa Huluk neighbourhood, where children are telling him about their school and homework.

## 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, or another non-profit organisation of their choice, for one workday per year. As in previous years, Länsförsäkringar AB once again organised collections of clothing in 2023 for the Red Cross, which distributes them to those in need and sell the items in Red Cross stores.

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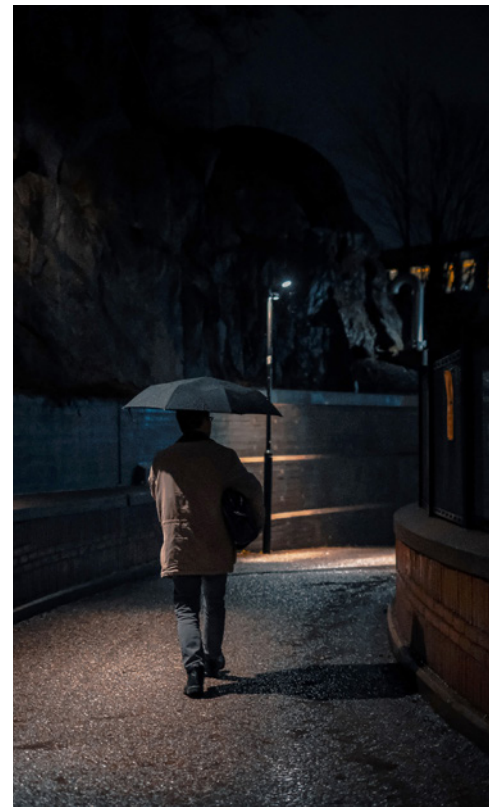
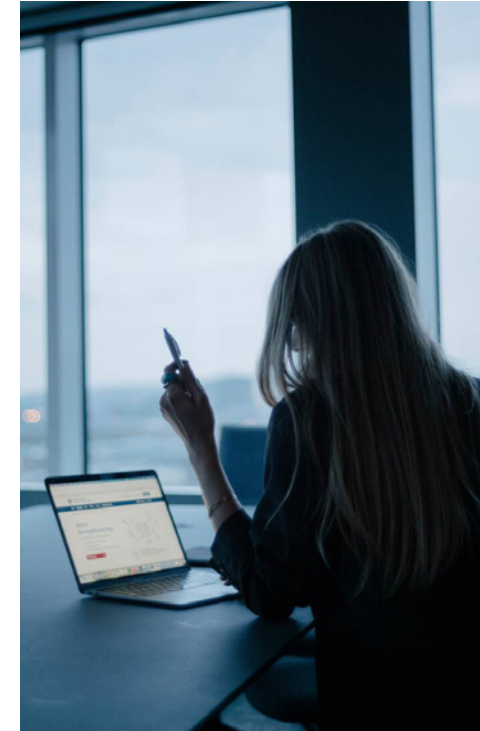
## Map unsafe streets and locations

Länsförsäkringar Research Fund is funding the project “The geography of fear – Where and when do we experience fear and how can it be understood?” at Malmö University. Previous research shows which housing areas are perceived as unsafe, but not which streets or parks and not at what time of the day. Evidence suggests that fear over time is linked to specific locations rather than entire neighbourhoods. This project involves researchers mapping specific places and times of the day where people feel the least safe.



## The use of security apps

The Länsförsäkringar Research Fund is funding the project “Promises and consequences in security technology” at Stockholm University. Today, there is a belief in technologies as a means to create safer communities, reduce the number of crimes and provide citizens with tools to increase their safety. This project focuses specifically on security apps. Through a focus on both producers and users of security apps, the idea is to raise awareness of how expectations, conditions and actual practice of security technology can be understood in relation to society at large.



## How collaboration can prevent crime

Länsförsäkringar Research Fund finances the project “The role of the private sector and civil society in crime prevention work – opportunities and challenges” at Malmö University. International research shows that collaboration between

the private sector and civil society can be a positive resource when it comes to increasing security and preventing crime. However, we lack knowledge on how such collaborations can best contribute and the driving forces behind them.

## Improved criminal statistics using AI

Länsförsäkringar Research Fund is funding the project “How AI can produce better crime statistics” at Uppsala University in collaboration with the Swedish National Council for Crime Prevention (BRÅ).

There is currently high demand for detailed criminal statistics such as the number of reported crimes that are hate crimes. Since information for these sorts of crimes is mainly found in text sources, it is often costly and time consuming to manually produce reliable statistics. The project aims to develop an AI-based model that can analyse large amounts of text and produce tailored statistics more efficiently.

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# Board of Directors' Report

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 2023 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 (Länsförsäkringar

Bank) and its subsidiaries, Försäkringsaktiebolaget Agria (Agria Djurförsäkring or Agria) and its subsidiaries, Länsförsäkringar Fondliv Försäkrings AB (Länsförsäkringar Fondliv), Länsförsäkringar Grupplivförsäkrings AB (Länsförsäkringar Grupp-liv) and Länsförsäkringar Sak Fastighets AB.

Länsförsäkringar Liv Försäkrings AB (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 policyholders.

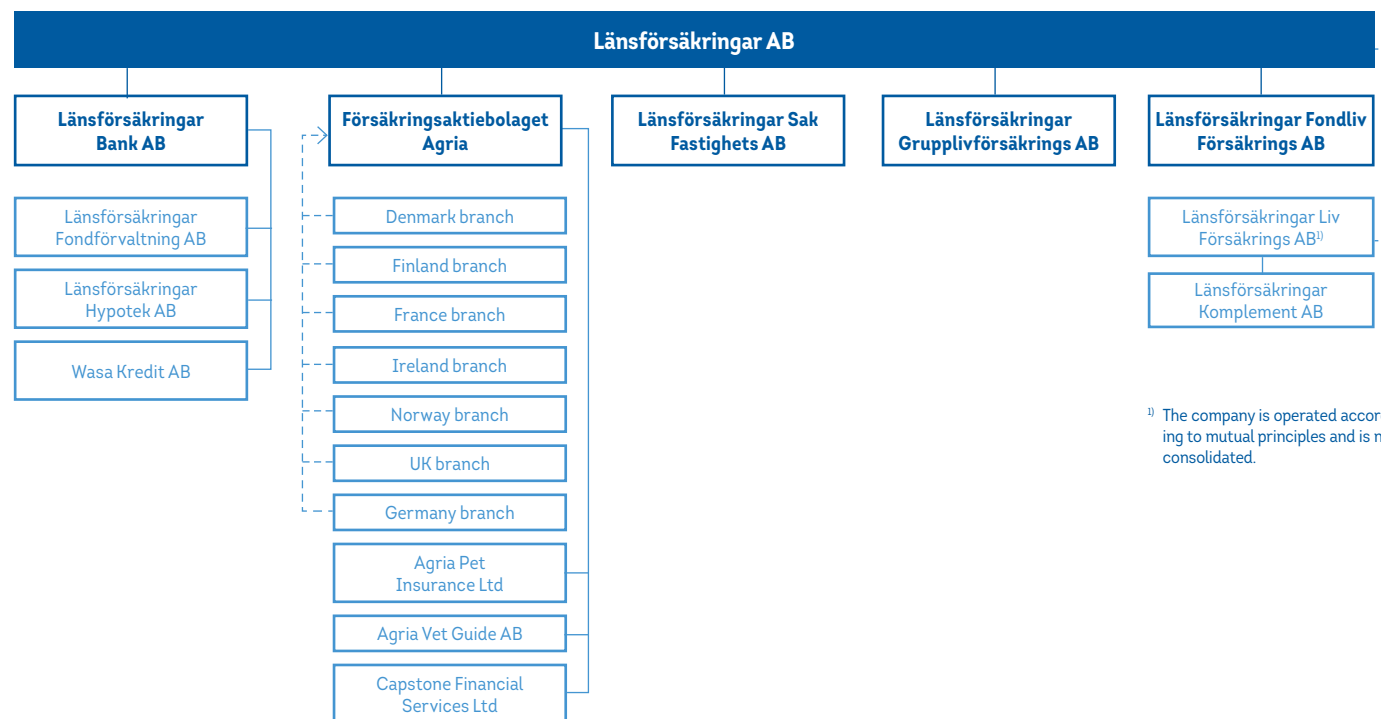
## Focus of operations

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 the areas that generate economies of scale and efficiency, and to conduct Länsförsäkringar's joint strategic development activities.

The business activities are carried out in the Non-life Insurance, Bank, Life Assurance and Agria 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 Strategy and Communication unit is responsible for preparing and facilitating federal matters that affect the Länsförsäkringar Alliance as a whole. The accounting, capital planning and Group controller functions are part of the Economy and Finance unit. The Digital and IT unit is responsible for ensuring that the regional insurance companies have the prerequisites for delivering high-quality digital and physical customer meetings, and for the Länsförsäkringar AB Group's IT operations. The Group also includes

## LÄNSFÖRSÄKRINGAR AB's GROUP STRUCTURE, 31 DECEMBER 2023



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the Legal Affairs, People & Culture unit and the central functions of Internal Audit, Compliance, Risk Management and the Actuarial function.

### Significant events during the year

Jonas Ekegren became the CFO of Länsförsäkringar AB on 21 February 2023.

On 1 April 2023, Sara Rindevall became the President of Länsförsäkringar Fondliv.

On 1 October 2023, Länsförsäkringar became an ITP pension manager, meaning that privately employed salaried employees can now choose Länsförsäkringar as the manager of their collective occupational pension.

### Events after year-end

On 16 January 2024, Länsförsäkringar Bank issued an SEK-denominated Additional Tier 1 instrument (AT1 bond), with a perpetual term and a first possible redemption date in 2029, with a volume of SEK 1,350 M.

The bonus rate for New Trad was raised from 5% to 6% and for Old Trad from 4% to 5% from 1 February 2024, due to healthy returns on investment assets.

### 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 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.

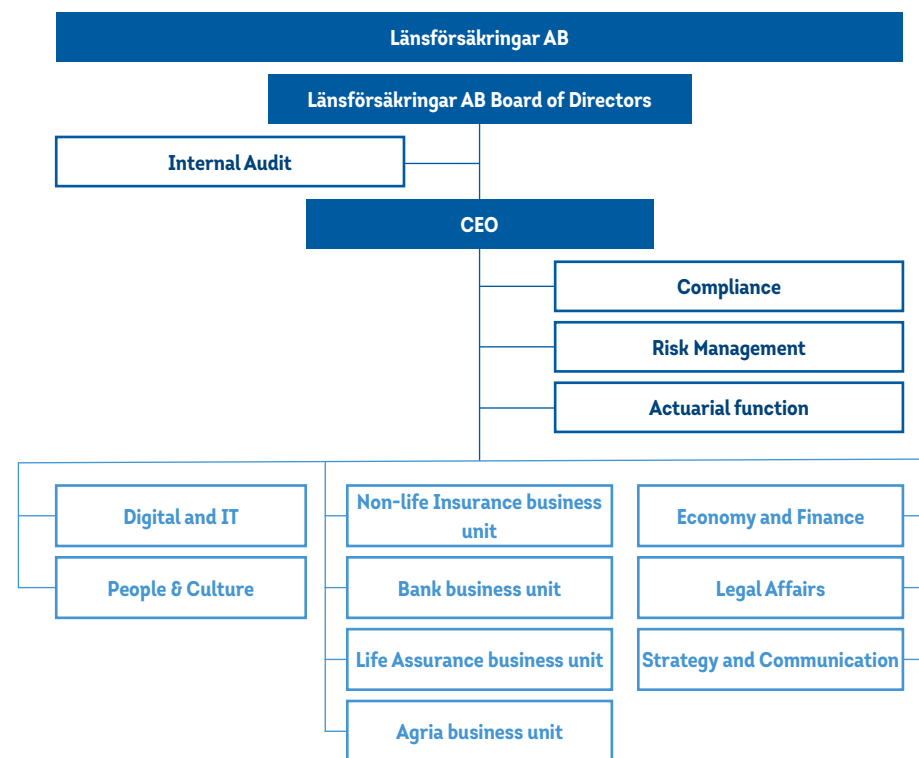
Higher household debt combined with rising interest rates and the gap between salary increases and benefits under the social security scheme continue to lead to an increasing number of people having insufficient personal insurance. Demands from companies and organisations for rapid and high-quality health 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. The rent guarantee insurance product was developed during the year and sales will commence in 2024, which will create opportunities for additional growth.

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, with the local regional insurance companies underwriting most of the motor insurance business. The existing partnership with Toyota and Lexus in brand insurance and vehicle-damage guarantees creates further potential for strengthening the position in the motor insurance market.

### LÄNSFÖRSÄKRINGAR AB ORGANISATIONAL STRUCTURE, 31 DECEMBER 2023



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.

Agria has an expressed ambition to continue to grow in Europe. As a leading player in pet insurance, Agria works towards a sustainable society for animals and improved animal health. Despite global uncertainty, there is continued interest in owning a pet and having access to reliable insurance for veterinary care when needed. The shortage of vets means that costs for veterinary care will remain high.

Agria's position is strengthening based on its broader product range and, as a market leader, Agria wants to exceed customer expectations and be at the forefront when it comes to products, service and offering. Since more animal owners are choosing the new Extra products – that besides insurance offer around the clock advice, help with booking veterinary care and health-promotion services – more animal owners are getting help to receive the right care, at the right time and at the right level for their animals.

Länsförsäkringar strives to offer comprehensible pensions that simplify everyday life for customers and contribute to a secure future. The offering is mainly directed to small and medium-

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sized businesses for which the majority of new business is expected to continue to be pension solutions for companies that do not have collective agreements. Since Länsförsäkringar is now a pension manager in all four major collective agreement areas from 2023, the offering has been further improved for employees in companies that 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, survivor's 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 growing need to differentiate its customer offering in terms of price, service distribution and packaging of products and offerings. Länsförsäkringar Fondliv's strategy is to continue its efforts 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

The Länsförsäkringar AB Group's profit before tax increased to SEK 3,240 M (2,513). The return on equity amounted to 8% (8).

Profit before tax for the Group's total non-life insurance business amounted to SEK 643 M (685). Premiums earned after ceded reinsurance rose 5% to SEK 8,946 M (8,485). The combined ratio amounted to 95.9% (92.3).

Profit before tax for the banking operations, according to legally restricted IFRS, increased to SEK 2,168 M (2,067). The increase was primarily attributable to improved net interest income. Net interest income, according to legally restricted IFRS, increased 25% to SEK 6,438 M (5,146).

Profit before tax for Länsförsäkringar Fondliv increased to SEK 1,040 M (760). Managed assets increased 15% during the year to SEK 228 billion on 31 December 2023 due to positive returns from stock-market upturns and strong growth in the underlying business. Total premium income rose 12% to SEK 20,499 M (18,362).

The Länsförsäkringar AB Group's investment return attributable to the insurance operations' and Parent Company's assets increased to 5.8% (-3.3) due to a positive market trend. Equities contributed 3.5 percentage points (-2.6) due to rising stock markets during the year. The fixed-income portfolio contributed 2.7 of a percentage point (-1.3), mainly from Swedish interest rates that



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provided the most positive contribution. Alternative investments contributed 0.4 of a percentage point (0.5), with the largest contribution from forestry and private lending. Properties made a contribution of -0.7 of a percentage point (0.1), with unlisted properties reporting a negative return, while listed properties yielded a positive return.

#### **The Group's capital position**

The Länsförsäkringar AB Group's equity increased SEK 649\* M during the year to SEK 36,198 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 2023, surplus capital for the Länsförsäkringar AB Group under the insurance rules and the rules on financial conglomerates was SEK 16.6 billion, down SEK 0.7 billion for the year, mainly due to a higher countercyclical capital buffer in the banking operations. Own funds amounted to SEK 62.6 billion and the capital requirement to SEK 46.1 billion.

Länsförsäkringar AB paid dividends of SEK 698 M for the 2022 financial year to its owners in 2023. Länsförsäkringar AB also received dividends and Group contributions from subsidiaries of a total of SEK 1,466 M.

The Board of Länsförsäkringar AB proposes that the General Meeting resolve to pay a dividend of SEK 698 M for the 2023 financial year, to be paid in 2024.

#### **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 reported premiums earned after ceded reinsurance of SEK 2,613 M (2,585), driven by strong sales in personal risk and commercial insurance, while the business volumes in internationally assumed reinsurance declined. Claims payments after ceded reinsurance amounted to SEK 1,890 M (1,876). The technical result amounted to SEK 288 M (217). Non-technical income and expenses from the Parent Company's Support and Service operations amounted to SEK -602 M (-625). The Parent Company's profit before tax amounted to SEK 661 M (1,333).

#### **Parent Company's capital position**

Länsförsäkringar AB's solvency ratio on 31 December 2023 was 211% (223\*). 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 19,554,889,689 is at the disposal of the Annual General Meeting.

#### **The Parent Company's non-restricted equity comprises**

	SEK
Fair value reserve	-475,389,103
Retained earnings	19,408,636,469
Net profit for the year	621,642,323
Non-restricted equity, 31 December 2023	19,554,889,689

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	18,856,442,695
Total	19,554,889,689

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 211% (223\*). The corresponding solvency ratio for the Länsförsäkringar AB Group under the insurance rules amounts to 136% (141) 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 1,621 M (148) 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).

\* According to full IFRS reported as per 31 December 2022.



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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 Den-

mark, Finland, France, Ireland, 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. The branch in Ireland was established in February 2023 and Agria took over the role as insurer for Capstone Financial Services Ltd with its operations in Ireland and the Netherlands after acquiring the company in February 2022.

## Earnings and financial position

Profit before tax for the Länsförsäkringar AB Group's total non-life insurance business amounted to SEK 643 M (685). Premiums earned after ceded reinsurance rose 5% to SEK 8,946 M (8,485). The combined ratio amounted to 95.9% (92.3).

## Non-life Insurance

The technical result for the Non-life Insurance business unit amounted to SEK 355 M (305) with a combined ratio of 91.8% (89.8). Premiums earned after ceded reinsurance rose 2% to SEK 2,975 M (2,929), driven by strong sales in personal risk and



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commercial insurance, while the business volumes in internationally assumed reinsurance declined. Investment income transferred to the non-life insurance operations increased in 2023 as a result of higher market interest rates.

Claims payments after ceded reinsurance amounted to SEK 2,116 M (2,068) and the claims ratio increased to 71.1% (70.6). The expense ratio increased to 20.7% (19.2), mainly due to higher costs for IT development and IT security as well as adjustments to capitalised acquisition costs.

Profit before tax amounted to SEK 343 M (347), with lower unrealised gains on property holdings in 2023.

#### Personal risk

Premiums earned after ceded reinsurance for Personal risk rose 3% to SEK 1,729 M (1,673). Premiums earned for health care insurance continued to increase in 2023, mainly due to higher sales through the regional insurance companies and insurance brokers. 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 fell to SEK 131 M (194). Earnings for health care insurance declined as a result of higher claims costs related to operations and medical care in 2023 since the use of health care insurance has increased. However, earnings for accident and health insurance improved as a result of lower claims costs in 2023. Earnings for group life assurance declined due to higher claims costs.

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 customers. The Hälsa och vård app, which was launched

in January 2023, provides customers with 24/7 access to the entire content of the health care insurance policy. The app was developed further during the year with a digital solution for preventive health insurance and a new claims chatbot was launched. The venture into virtual meetings with psychologists and physiotherapists gives customers quick and effective help, and has a positive impact on the climate since it reduces travel.

A higher degree of use and thus higher costs for health care insurance resulted in the need for a review of the policy to ensure that the offering is relevant and attractive to the market and is also financially sustainable. From January 2024, compensation is paid for certain chronic diagnoses only until a diagnosis has been confirmed. Exceptions for certain specified methods of treatment have also been introduced. These changes are in line with the purpose of the health care insurance of helping the customer return to work as quickly as possible by providing access to specialist care.

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

#### Motor, Commercial and Reinsurance

Premiums earned after ceded reinsurance for Motor, Commercial and Reinsurance declined 1% to SEK 1,246 M (1,256). Business volumes for commercial insurance grew strongly during the year, while business volumes for internationally assumed reinsurance fell due to a focus on profitability in the portfolio.

Premiums earned in motor insurance increased. Länsförsäkringar has had a partnership with Toyota and Lexus in vehicle-damage and brand insurance since 2019. The collaboration has performed strongly since it began and today,

seven of ten Toyota cars sold via an authorised dealer have brand insurance with Länsförsäkringar.

In cargo and liability insurance, a competitively strong offering contributed to healthy volume growth. The business volume for seller liability insurance, which provides cover for sellers of single-family homes for the ten years of liability for hidden faults, was lower during the year due to fewer house sales related to inflation and the uncertain interest rate levels. Demand from customers in cyber insurance increased since geopolitical turmoil has resulted in higher contingency planning and a focus on IT security among corporate customers. The offering was expanded in prior years, which increased the number of customers and contributed to growing premium volumes in 2023.

The technical result for Motor, Commercial and Reinsurance rose to SEK 218 M (141). Earnings for internationally assumed reinsurance improved due to few large claims during the year and run-off gains on prior-year's claims reserves. Earnings for liability insurance increased primarily due to run-off gains and earnings for cargo insurance

remained positive. Earnings for the Länsförsäkringar Alliance's internal reinsurance, to which Länsförsäkringar AB contributes a 15% share of assumed reinsurance, were negative due to more fire-damage claims that were charged to the business. Motor insurance also reported negative earnings due to higher claims costs.

The Non-life Insurance business unit also includes annuities operations and run-off business, which reported improved profit of SEK 7 M (-30). Last year, provisions were strengthened for changed mortality assumptions in the annuities operations.

#### Agria

Agria's technical result fell to SEK 202 M (491) since the cost trend was higher than premium growth. The economic situation in Europe is challenging, with fewer people choosing to have a pet. Registrations of new puppies fell in 2023, while claims costs also increased. High inflation impacted both claims costs and operating expenses. The combined ratio amounted to 97.9% (91.5).



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Growth was healthy, despite the economic climate, with premiums earned after ceded reinsurance increasing 7% to SEK 5,972 M (5,556) attributable both to premium increases and portfolio growth. The largest growth was in the international operations.

Claims payments after ceded reinsurance amounted to SEK 4,326 M (3,797). The claims ratio, including claims adjustment costs, increased to 72.4% (68.3). Claims costs increased largely a result of high inflation. Despite higher claims costs, the pet business area reported solid results. Earnings for horse and agricultural insurance were weaker, driven by the negative claims-cost trend, while earnings for crop insurance strengthened following a year of fewer claims. In the Europe business area, operations in Norway and the UK were the main contributors of strong earnings.

Operating expenses amounted to SEK 1,523 M (1,285) and the expense ratio rose to 25.5% (23.1), primarily due to investments in Agria's international expansion and the continued digitisation of the operations to enhance efficiency and improve long-term profitability.



Profit before tax amounted to SEK 300 M (338) with investment income increasing to SEK 170 M (-154), attributable to the positive market trend.

Agria's international expansion continued in 2023, and in February Agria took over the role of insurer of Capstone's operations in Ireland and in the Netherlands. Agria added horse insurance to its operations in Germany and entered into a long-term partnership with the German Equestrian Federation. Agria also extended its agreement with the Kennel Club in the UK by five years. Agria's digital vet service – Agria Vårdguide – was launched in the UK and Germany.

Agria arranged a number of activities for horse and dog lovers at the Sweden International Horse Show 2023, such as clinics, family matinée, agility, international showjumping and indoor eventing. At the event, Agria also launched the "Horse Extra" policy in Sweden that, in addition to comprehensive insurance cover, also provides vet consultations and advice on feed and horse keeping.

In 2023, Agria arranged its popular Dog Walk event to raise money for homeless dogs, the Cat Parade for homeless cats and the Glädjehoppet

hobbyhorse event for the Swedish Childhood Cancer Fund.

The fifth edition of the Agria Breed Profile for 2016–2021 was launched in December. This report presents health profiles for 180 breeds of dog and 50 life profiles, and its intention is to increase knowledge about the differences between various breeds, for example, for breeding.

#### 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 2023 was 152% (172\*). Own funds declined SEK 70 M during the year to SEK 1,648 M. Own funds were strengthened by net profit for the year, but the effect was counteracted by the planned dividend of SEK 200 M and lower revaluation effect of technical provisions. The capital requirement increased by SEK 86 M to SEK 1,083 M due to higher insurance risk in line with growing business.

#### Market

The non-life insurance market is mature but growing steadily and premium income increased 6% in 2023 according to statistics from Insurance Sweden.

High inflation and rising interest rates that are putting pressure on households and companies 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. A rising health care backlog and long waiting lists have also meant that personal risk insurance, and particularly health care insurance, are being used

more. Many employers are eager to prevent illness and sickness absence to ensure the company's profitability and ability to deliver. Health care insurance thus fulfils an important role as a means for promoting a positive work environment and good health so as to reduce the vulnerability of illness or injury, and also helps companies to assume their responsibility as an employer.

The motor vehicle market is facing a historical change with the transition to electric and hybrid vehicles, which also places demands on insurers. Charging infrastructure is being expanded and improved. The distribution of new cars is changing and the dealer sector is being consolidated. High interest rates during the year also slowed the private lease trend.

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 after several years of poor profitability. 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 2023 and is expected to continue to rise in 2024.

The pet insurance market is growing mainly in Europe where an increasing number of animal owners are becoming aware of the importance of reliable pet insurance, driven by the role of a pet as a member of the family combined with developments in the veterinarian industry with new technology and new treatment methods. Agria has a strong concept with clear strategy of growing internationally. The geographic breadth of the operations provides economies of scale, higher risk diversification and access to international know-how, all of which strengthen the business.

\* According to full IFRS reported as per 31 December 2022.

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# Bank business operation

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 901 billion.

**T**he banking operations are conducted only in Sweden and the market position is continuing to steadily strengthen.

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 2023 Swedish Quality Index customer satisfaction survey, Länsförsäkringar Bank have the highest customer satisfaction among the major market players for retail customers, a position Länsförsäkringar Bank has held 18 times over the past 20 years. Länsförsäkringar Bank also has the very highest sustainability ranking among retail customers. The high customer satisfaction 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 AB Group, which includes the banking operations, applies legally restricted IFRS from 1 January 2023. Full IFRS is applied to the Länsförsäkringar Bank Group's reporting. The difference between the accounting policies applied in the reporting is presented in the Group's note 3.

Profit before tax for the banking operations according to legally restricted IFRS increased 5% to SEK 2,168 M (2,067). The increase was primarily attributable to improved net interest income. Profit before credit losses and fees levied increased 6% to SEK 2,673 M (2,523). The levied risk tax increased to SEK 254 M (212) due to the risk tax rate being raised to 0.06% of total liabilities from 2023. The investment margin amounted to 1.47% (1.19). Return on equity amounted to 8.1% (8.2).

Net interest income according to legally restricted IFRS increased 25% to SEK 6,438 M (5,146) due to higher market interest rates. The recognised net commission income including remuneration to the regional insurance companies amounted to SEK -1,511 M (-508). The change



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was due to higher remuneration to the regional insurance companies, as a result of higher net interest income. The underlying net commission income, excluding remuneration to the regional insurance companies, increased 6% to SEK 1,405 M (1,329). Net gains from financial items amounted to SEK 1 M (0). Total operating income increased 10% to SEK 5,542 M (5,033), driven by higher net interest income.

### Expenses

Operating expenses rose 14% to SEK 2,869 M (2,510). An impairment of SEK 165 M was recognised for intangible assets in the fourth quarter of 2023, and related to the development of the P27 payment platform and an e-commerce platform in Wasa Kredit. Excluding this impairment, operating expenses increased 8%. Increases in expenses continued to be affected by a high rate of IT development related to, for example, digitisation and AML. A slightly higher share of IT development has also been expensed. At the same time, inflation impacted expenses. The cost/income ratio before credit losses and fees levied amounted to 0.52 (0.50). Excluding the impairment of intangible assets, the cost/income ratio was 0.49. The cost/income ratio after credit losses and fees levied amounted to 0.61 (0.59).

### Credit losses

The credit quality of the loan portfolio remained very high and credit losses in the Bank Group are low. Customers demonstrated high resilience to increased interest rates and higher costs. The share of customers making late payments remains very low.

Credit losses for the full-year 2023 amounted to SEK 114 M (123), corresponding to a credit loss level of 0.03% (0.03). Credit losses in the first quarter was impacted by such factors as positive

earnings effect of SEK 56 M from the divestment of credit-impaired loan receivables in Wasa Kredit and the effects of the implementation of new PD models and LGD estimates.

The impact of the macroeconomic trend on credit quality and the loss allowance has been limited to date. However, it cannot be ruled out that developments may lead to higher loss allowances in the future.

Credit-impaired loan receivables (stage 3) before provisions amounted to SEK 1,147 M (963), corresponding to a share of credit-impaired loan receivables of 0.29% (0.25) gross and net after provisions to 0.21% (0.15). The loss allowance for credit-impaired loan receivables was SEK 321 M (394). The reserve ratio for credit-impaired loan receivables amounted to 28.0%. In addition, SEK 70 M of the remuneration to the regional insurance companies regarding credit-impaired loan receivables\* is withheld. Including the withheld remuneration to the regional insurance companies, the loss allowance for credit-impaired loan receivables totalled SEK 391 M (434). The reserve ratio for credit-impaired loan receivables, including withheld remuneration to the regional insurance companies, amounted to 34.1%.

Loan receivables (stage 2) before provisions amounted to SEK 6,528 M (7,247). The loss allowance for loan receivables (stage 2) was SEK 114 M (102) excluding and SEK 147 M (121) including withheld remuneration to the regional insurance companies.

The total recognised loss allowance was SEK 590 M, of which SEK 116 M pertained to withheld remuneration to the regional insurance companies\*.

### Business volumes

Business volumes increased 10% to SEK 901 billion (820), driven by higher fund volumes and



mortgage volumes. Total lending, excluding deposits with the Swedish National Debt Office and similar items, improved 4% to SEK 382 billion (367) with continued high credit quality. Lending in Länsförsäkringar Hypotek increased 6% to SEK 314 billion (297). Lending in Wasa Kredit rose 3% to SEK 25.9 billion (25.1). Deposits declined 2% to SEK 151 billion (153). The fund volume increased 23% to SEK 368 billion (299) due to a continuing very strong net inflow and favourable trends in market values.

### Customers

The number of customers with Länsförsäkringar as their primary bank rose 4% to 634,500 (612,800). 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 820,600 (794,600).

### Deposits and savings

Deposits from the public declined 2% to SEK 151 billion (153). Deposits from businesses amounted to SEK 13.4 billion (15.2). The total number of deposit accounts increased 7%. The market share of household deposits had declined to 5.0% (5.1) on 31 December 2023 according to Statistics Sweden. The fund volume increased 23% to SEK 368 billion (299) due to a continuing very strong net inflow in the fund business and favourable trends in market values.

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





## Loans

All loans are granted in Sweden, in SEK and have a well-diversified geographic distribution. Loans to the public rose 4% to SEK 382 billion (367) with continued high credit quality. Lending excludes deposits with the Swedish National Debt Office and similar lending items of SEK 13 billion (17). Lending in Länsförsäkringar Hypotek increased 6% to SEK 314 billion (297). The percentage of household mortgages in relation to the total loan portfolio was at 79%. The weighted average loan-to-value ratio (LTV) of the mortgage portfolio amounted to 63% (56). As of 31 December 2023, the market share of household mortgages had increased to 7.4% (7.1) according to Statistics Sweden. Agricultural lending amounted to SEK 34.1 billion (33.9). Agricultural lending primarily comprises first-lien mortgages to family-owned agricultural operations, and the average loan commitment was low at SEK 2.4 M (2.3). First-lien mortgages for agricultural properties increased to SEK 33.4 billion (33.2), corresponding to 98% (98) of agricultural lending. Lending in Wasa Kredit rose 3% to SEK 25.9 billion (25.1).

## Funding

The Bank Group has a low refinancing risk and the maturity profile is well diversified. Debt securities in issue increased 7% to a nominal SEK 281 billion (263), of which covered bonds amounted to SEK 231 billion (218), senior long-term funding to SEK 49 billion (44) and short-term funding to SEK 0.6 billion (1.4). The average remaining term for long-term funding was 3.2 years (3.0) on 31 December 2023.

Covered bonds were issued in 2023 at a volume of a nominal SEK 51.9 billion (39.6). Repurchases of covered bonds amounted to a nominal SEK 9.8 billion (12.5) and matured covered bonds to a nominal SEK 28.7 billion (23.6). Länsförsäkringar Bank issued senior unsecured bonds corresponding to a nominal SEK 17.3 billion (7.7) in 2023, while maturities amounted to a nominal SEK 11.5 billion (9.4). The total volume of senior non-preferred bonds outstanding, which also qualify for inclusion in MREL, amounted to SEK 11.0 billion (8.9) on 31 December 2023.

In 2023, Länsförsäkringar issued a new covered seven-year benchmark bond in SEK and a

covered six-year Euro benchmark bond of EUR 500 M in Länsförsäkringar Hypotek.

A green senior preferred Euro bond was issued during the year at an amount of EUR 500 M, and a green senior non-preferred bond in SEK was issued at an amount of SEK 1.5 billion.

## Liquidity

On 31 December 2023, the liquidity reserve totalled SEK 75 billion (71). About 25% of the liquidity reserve is invested in short-term deposits with the Riksbank and the Swedish National Debt Office, and the remainder is invested in securities with very high credit quality 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 about two years without needing to secure new funding in the capital market. The Liquidity Coverage Ratio (LCR) for the consolidated situation on 31 December 2023 amounted to 337% (277). The Net Stable Funding Ratio (NSFR) for the consolidated situation on 31 December 2023 was 128% (125).

## Capital adequacy for consolidated situation

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

In the first quarter of 2023, Finansinspektionen (the Swedish Financial Supervisory Authority, FSA) approved the Länsförsäkringar Bank Group's application to use new probability of default (PD) models and to 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 were replaced by new models, which took place in the first quarter of 2023. The effect of the implementation of the new models was a slight increase in the total risk exposure amount (REA).

## Capital adequacy

Consolidated situation (SEK M)	31 Dec 2023	31 Dec 2022
IRB Approach	39,691	39,664
retail exposures	23,914	30,809
exposures to corporates	15,758	8,855
Standardised Approach	9,000	12,439
CVA	662	827
Operational risk (standardised)	6,972	6,401
Additional requirements (risk weight floor, Article 458 CRR)	71,384	60,580
<b>Total REA</b>	<b>127,710</b>	<b>119,910</b>
Common Equity Tier 1 capital	19,229	18,469
Tier 1 capital	21,429	20,669
Total capital	24,519	22,164
Common Equity Tier 1 capital ratio, %	15.1	15.4
Tier 1 ratio, %	16.8	17.2
Total capital ratio, %	19.2	18.5



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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. No new policies are underwritten in Länsförsäkringar Liv, but the company manages traditional life assurance that was taken out before September 2011. Länsförsäkringar Liv is operated according to mutual principles and is not consolidated in the Länsförsäkringar AB Group.

**L**änsförsäkringar Fondliv is one of the leading companies in the market for non-collectively agreed occupational pensions, commanding a market share of 13%. 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 life assurance and pension savings is for pension solutions for companies that do not have collective agreements. This is a market with a widespread need for individual advice. A pension analysis is performed based on 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

Premiums paid in the total life-assurance market (competitive pension and life assurance) increased marginally by 1% to SEK 333 billion (330) in 2023. 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 3.7% (3.6).

## Occupational pensions - the largest market

The occupational pension market is the largest sub-market, comprising 56% (50) of the total life-assurance market measured in premiums paid. The market increased 12% to SEK 187 billion (166) in 2023. Länsförsäkringar Fondliv holds a market share of 5.8% (6.1), making the company the sixth largest.

## Non-collectively agreed occupational pensions

The occupational pension market can be divided into two different sub-markets: the collectively agreed and the non-collectively agreed occupational pension markets. The non-collectively agreed occupational pension market is Länsförsäkringar's primary market. Länsförsäkringar



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Fondliv is one of the leading companies in this area with a market share of 12.8% (13.0), measured in premiums paid.

### Transfer market

Mobility in the total transfer market remained high, increasing 27% to SEK 75 billion (59) in 2023. Länsförsäkringar Fondliv reported a net transfer of SEK -0.4 billion (1.3) in 2023, with capital transferred to the company increasing 18% and capital transferred from the company increasing 49%. Again in 2023, net inflow was impacted by higher outward transfers due to expanded transfer rights that were introduced on 1 July 2022. However, the volume of capital transferred in was positively impacted by Länsförsäkringar becoming an ITP pension manager from October 2023.

### Unit-linked insurance

Optimism in the financial markets increased in 2023, resulting in stock-market upturns. This was also reflected in Länsförsäkringar's fund range. Of a total of 155 funds, 83% generated a positive

return in 2023, with an average return of 13.4% for customers. The categories of funds that performed the strongest included technology, US equities and global funds, while funds targeting China performed negatively.

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. 10 new funds in different categories were launched during the year, and 11 funds were replaced by funds with higher sustainability levels and return potential. 99.5% of customer savings is invested in funds that promote sustainability or have sustainable investment as their objective according to the EU Sustainable Finance Disclosure Regulation.

### Guarantee management

Länsförsäkringar offers guarantee management for customers who want a guarantee in their savings and the lowest level on their future pay-

ments. Länsförsäkringar guarantees a portion of the customer's paid-in insurance capital with the possibility of additional returns.

Investments as of 31 December 2023 comprised 37% equities, 34% interest-bearing, 21% alternative investments and 8% properties. The share of alternative investments has gradually increased in recent years. 29% of managed assets was invested in sustainability-focused investments.

Guarantee management's managed assets increased to SEK 6.3 billion (5.5). The return was 10.9% (-9.2). The average return has been 7.6% per year since 2019.

### Traditional life assurance

Länsförsäkringar Liv, which is closed for new business, conducts traditional life assurance for its customers divided into three management forms: New Trad, Old Trad and New World.

Total managed assets rose to SEK 106 billion (103) on 31 December 2023, primarily as a result of stock-market upturns. All classes of assets, except properties, made a positive contribution to returns since optimism in the financial markets increased despite the central banks continuing to lift key interest rates. Geopolitical uncertainty is continuing, although the market impact was limited in 2023.

Sustainability is an integral part of Länsförsäkringar Liv's portfolios. On 31 December 2023, 24% (22) of managed assets were invested in sustainability-focused investments, which meant that the target of 23% was exceeded. Länsförsäkringar Liv also has the target of halving the carbon footprint from its management portfolios by 2027 compared with 2019. The decline on 31 December 2023 was 54%.

Länsförsäkringar Liv is working actively to strengthen the company's capital position in order to improve the conditions for maintaining its long-term investment strategy with the alloca-

tion of risk assets held at a balanced and sustainable level over time.

As a result of this strategy and the favourable trend in the financial markets, Länsförsäkringar Liv raised its bonus rate in 2023 from 1% to 5% in New Trad and from 1% to 4% in Old Trad. An extra bonus rate was also awarded to about 300,000 customers in Old Trad in July. A total of SEK 6.5 billion was distributed, corresponding to a 14% increase in customers' insurance capital.

### New Trad

Managed assets in New Trad amounted to SEK 28 billion (27). New Trad is a management form that existing customers can choose to transition to. The new terms and conditions entail 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 2023 comprised 40% equities, 36% interest-bearing, 16% alternative investments and 8% properties. The percentage of equities and properties increased in 2023, while the percentage of interest-bearing investments declined. The percentage of alternative investments remained the same.

Investment return amounted to 12.0% (-10.0). The average return has been 6.0% per year since 2013. The bonus rate on 31 December 2023 was 5% (1). The average bonus rate has been 6.7% per year since 2013.

### Old Trad

Managed assets in Old Trad amounted to SEK 70 billion (68). 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.

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Investments as of 31 December 2023 comprised 62% interest-bearing, 19% equities, 11% alternative investments and 8% properties. The percentage of equities and properties increased in 2023, while the percentage of interest-bearing and alternative investments declined.

Investment return amounted to 7.8% (-6.6). The bonus rate on 31 December 2023 was 4% (1). The average bonus rate has been 6.2% per year since 2013.

### New World

Managed assets in New World amounted to SEK 8 billion (8). 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 2023, comprised 70% equities and 30% interest-bearing.

Investment return amounted to 17.5% (-14.2).

### Earnings for Länsförsäkringar Fondliv

Profit before tax for Länsförsäkringar Fondliv increased to SEK 1,040 M (760). Excluding the reimbursement for yield tax that is included in other technical revenue, profit before tax amounted to SEK 555 M (566). The lower profit was due to increased remuneration and investments to drive growth.

Managed assets increased 15% during the year to SEK 228 billion (198) on 31 December 2023 due to positive returns from stock-market upturns and strong growth in the underlying business. Net inflow of premiums and capital from existing and new customers amounted to SEK 3,997 M (5,971), with a higher share of business volumes transferred out of the company in 2023. However, the total premium income continued to report healthy growth with an increase of 12% to SEK 20,499 M (18,362), with premiums paid increasing

7% to SEK 11,310 M (10,574) and transferred in business volumes increasing 18% to SEK 9,189 M (7,789). Transferred in business volumes were positively impacted by Länsförsäkringar becoming an ITP pension manager from October 2023.

Premium income after ceded reinsurance for insurance risk amounted to SEK 270 M (314).

Commission and fee income declined to SEK 2,045 M (2,080) mainly due to lower fee levels. Commission income was stable at SEK 1,198 M (1,199) despite higher average managed assets in 2023 as customers decided to invest a larger share of capital in funds with lower fees, such as index funds.

Operating expenses increased to SEK 1,699 M (1,659), mainly driven by higher sales and strong growth in the underlying business, which resulted in higher remuneration to the regional insurance companies.

The total profit for Länsförsäkringar Fondliv and the life assurance operations in the 23 regional insurance companies amounted to SEK 660 M (713). Länsförsäkringar Fondliv has had an earnings-based remuneration model for the regional insurance companies since 2021 in order to finance and drive long-term organic growth for the Länsförsäkringar Alliance.

### Capital position

Länsförsäkringar Fondliv's solvency ratio on 31 December 2023 was 156% (163). The capital requirement increased mainly due to higher managed assets. Own funds declined slightly during the year. The positive market development and earnings for the period strengthened own funds, while increased transferred out business volumes and the planned dividends of SEK 500 M for the 2023 fiscal year to Länsförsäkringar AB reduced own funds. Länsförsäkringar Fondliv has a strong and stable capital position and is considered highly capable to manage any future negative market fluctuations.



### Earnings for Länsförsäkringar Liv

Profit for Länsförsäkringar Liv increased to SEK 5,122 M (-2,409) as a result of rising stock markets, which contributed to higher investment income of SEK 9,430 M (-9,622). At the same time, profit was negatively impacted by claims paid and lower market interest rates in 2023. 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 matching assets and liabilities against each other. Operating expenses rose to SEK 341 M (330) primarily due to higher inflation and higher staff costs. Länsförsäkringar Liv endeavours to enhance the efficiency of its operations, with the long-term objective of reducing operating expenses over time, which benefits customers through lower fees.

### Capital position

Länsförsäkringar Liv's solvency ratio amounted to 208% (215) on 31 December 2023. The lower solvency ratio was the result of the increase in the capital requirement, mainly due to the increase in the value of investment assets and a higher share of equities. Länsförsäkringar Liv has a strong capital position and is considered highly capable to manage any future negative market fluctuations. Collective consolidation amounted to 113% (104) in New Trad and 113% (117) 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

The central banks continued to raise interest rates to curb inflation in 2023. Indications emerged at the end of the year that inflation was continuing to fall in several advanced economies, which presented opportunities for the central banks to start lowering interest rates in 2024. At the same time, there was optimism in the financial markets, with falling market interest rates and sharp stock-market upturns. The global economy continued to show its resilience and there are increasing signals that more central banks could succeed in curbing inflation without triggering a serious recession. The turmoil in the banking sector in the first months of the year gradually abated and the consequences for the financial system were limited.

Unit-linked insurance capital in Länsförsäkringar Fondliv increased during the period, mainly due to stock-market upturns. 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.

Business volumes in Länsförsäkringar Bank increased during the period, mainly due to the healthy trend in fund volumes combined with higher mortgage volumes. 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. Credit losses remained very low in 2023.

The Group's non-life insurance operations are highly diverse, ranging from cargo insurance and reinsurance to pet insurance. Non-life insurance 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 turbulent geopolitical situation has resulted in higher cyber risks and other security risks. Compliance risks 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.

Extreme weather and climate risks have increasingly come to the fore and the companies in the Group work proactively to reduce both the climate impact of their own operations and the climate risks to which the operations are exposed. The Länsförsäkringar AB Group's goal is to be climate-positive by 2045.

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

Despite uncertainty in the world and in the financial markets, the Länsförsäkringar AB Group's capital position remains stable.

A more detailed description of the risks to which the Group is exposed, and how they are managed, is presented in the Group's 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 34–36 and 190–191.

## 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 2023 are presented in the following financial statements with accompanying notes for the Group and Parent Company.*

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# Corporate Governance Report



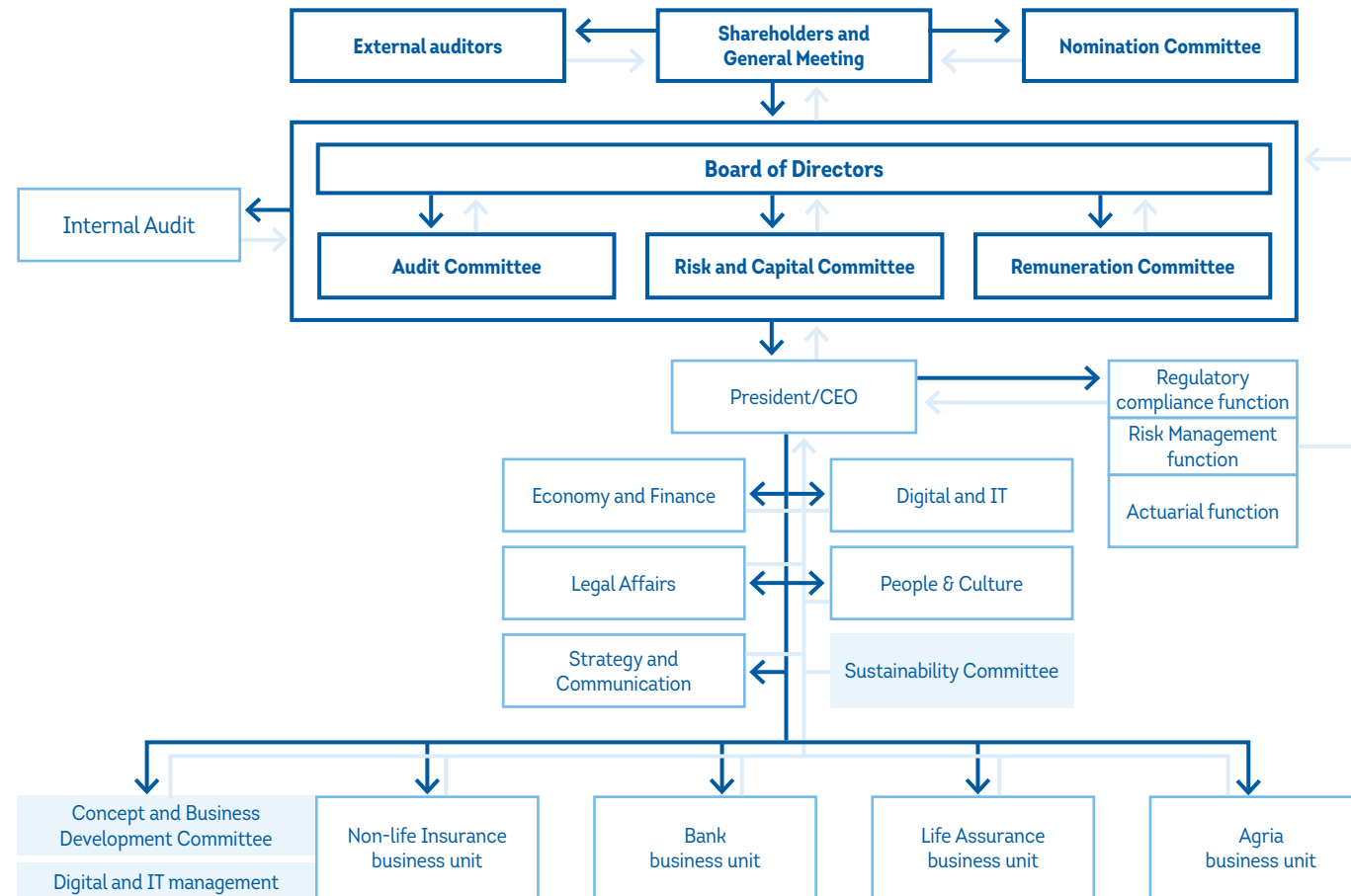
## CORPORATE GOVERNANCE

Sustainable, risk-based and responsible corporate governance is required in order for Länsförsäkringar AB to best carry out its task of simplifying everyday life for customers and helping create a secure future together with the regional insurance companies.

Corporate governance is to ensure conscious risk-taking, clear responsibility and effective performance of the operations that includes internal control as a natural part of the process. Good corporate governance will ensure that our employees work in customers' best interests.

**Maria Engholm**  
Chairman of Länsförsäkringar AB

## LÄNSFÖRSÄKRINGAR AB's GOVERNANCE STRUCTURE



→ Elects/appoints  
→ Informs/reports to

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Länsförsäkringar AB (publ) is wholly owned by 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 regional insurance companies as best suited to be run jointly. Most of the regional insurance companies' 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").

According to the Code, good corporate governance is assurance that companies are managed in a manner that optimises efficiency for their shareholders. For Länsförsäkringar AB, good corporate governance is also significant for other company stakeholders, such as customers, bond investors and supervisory authorities. Good corporate governance is to ensure that Länsförsäkringar AB carries out its strategies in an effective, responsible and sustainable manner, with a high level of risk awareness and control so as to ensure that Länsförsäkringar AB and its customers are well prepared for the future.

The main reasons for the deviations in applying the Code are the limitations under the rules for financial companies 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.

### Shareholders and General Meeting

Governance of Länsförsäkringar AB is based on the shareholders. 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 owns 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' decision-making powers

At General Meetings, no party is permitted to use their own and any other party's shares to vote for more than 99/1,000 of the 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.

The 2023 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 responsibilities and duties of the Nomination Committee are stipulated in instructions

approved 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.

### Nomination Committee prior to 2024 Annual General Meeting

Since the 2023 Annual General Meeting, the Nomination Committee has comprised Göran Trobro as Chairman (LF Göinge-Kristianstad), Mikael Bergström (LF Västernorrland), Ulrica Hedman (LF Uppsala), Bengt Mattsson (LF Blekinge) and Anki Norrström (LF Bergslagen).

Prior to 2024 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.

### 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/CEO. 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 Länsförsäkringar AB'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 pos-

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sesses 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, Länsförsäkringar AB 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/CEO fully satisfy the fit and proper criteria.

#### 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 perform a reasonable assurance engagement of 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 2023. 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 with-

#### Board year



out 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. Länsförsäkringar AB 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 and Board Secretary (also 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 twelve 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 222–223.

#### Board responsibilities and allocation of duties

The Board is responsible for the organisation and administration of Länsförsäkringar AB and decisions on issues of material significance and of an overall nature relating to Länsförsäkringar AB'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, for example, 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 Länsförsäkringar AB to be able to continuously assess Länsförsäkringar AB'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 Länsförsäkringar AB'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 the compliance, risk management

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and Internal Audit functions 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. The Board meets Länsförsäkringar AB's auditors at least once a year. The Board evaluates the President's work and employment conditions every year.

### Chairman

The Chairman of the Board 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 Länsförsäkringar AB 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 and annually recurring items of business. 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 held twelve meetings in 2023. The number of Board meetings and members' attendance at these meetings are presented in the table on page 62.

In 2023, the Board devoted particular attention to issues including IT security and develop-

ment, corporate governance and managing outsourced operations, as well as climate and sustainability matters.

During 2023, the Board addressed the matters presented in the Board year diagram on page 60.

Any potential disqualification or conflict of interest among the Board members is reported by the members of the Board ahead of each meeting, and means that the member may not participate in deciding on the matter in question. Every year, Länsförsäkringar AB carries out an evaluation of the types of conflicts of interest that have previously been identified and documented, and analyses whether any new conflicts of interest have emerged. The purpose of this evaluation is to strengthen Länsförsäkringar AB's internal governance and control in this area and the evaluation forms the basis of the annual review of Länsförsäkringar AB's directives and instructions, and the list of conflicts of interest. The evaluation includes assessing whether the measures taken to manage conflicts of interest were adequate, or if additional measures should be taken.

Every six months, the Board receives a report on the number of complaints received and any actions the operations have taken in respect of these complaints. Länsförsäkringar AB regularly analyses complaints to identify any shortcomings, areas with potential for improvement and any actions that Länsförsäkringar AB needs to take due to complaints received. Customers and stakeholders have the opportunity to have Länsförsäkringar AB's decision in a matter reviewed, both internally and via bodies for alternative dispute resolution approved by the Swedish Legal, Financial and Administrative Services Agency or any of the boards organised voluntarily by the insurance industry via the industry association Insurance Sweden.

The Board did not need to take any action in 2023 as part of its process of following up complaints.

### Skills development for the Board

The Board underwent several training courses during the year. These included outsourced operations, Länsförsäkringar's Internal Model, climate risk management and climate risk reporting, governance systems, the Digital Operational Resilience Act (DORA) and the requirements for control and governance of Information and Communication Technology (ICT) risks, sustainability, the economic climate and the financial market.

The Board holds a strategic seminar every year. The matters addressed at the 2023 seminar included skills, global trends, change areas and strategy per business area.

### Evaluation of the Board's work

Every year, the Board Chairman initiates an evaluation of the Board's work. Particular attention in this evaluation is directed to whether the Board has been efficient in its work, acted responsibly, monitored risks and acted in Länsförsäkringar AB's best interests. The evaluation includes the overall performance of the Board as regards its supervision of handling material sustainability risks. The evaluation of the Board's work takes the form of a self-assessment. A summary of the results of the evaluation was presented to the Board for discussion. As a result of the evaluation, the Board received training in fields including sustainability, focusing on future regulations and their impact on the operations.

### Board committees

The Board of Directors has established an Audit Committee, a Risk and Capital Committee and a Remuneration Committee. The duties of the committees are decided by the Board in its formal work plan and in separate formal work plans for each committee. None of the committees has any general decision-making mandate. Each committee must regularly report on its activities to the Board. The Non-life Insurance Committee estab-

lished by the Board was discontinued on 28 April 2023. The matters previously addressed by the Non-life Insurance Committee are now discussed by the Board as a whole from 28 April 2023.

### Audit Committee

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

- Monitor Länsförsäkringar AB'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 Länsförsäkringar AB 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 Länsförsäkringar AB's:

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

At the Board meeting on 28 April 2023, Eva Julin Dombrowe (Chairman), Karin Mattsson, Maria Wallin Wällberg and Ricard Robbstål were appointed members of the Audit Committee. The number of Audit Committee meetings and members' attendance at these meetings are presented in the table on page 62.

### Risk and Capital Committee

The Risk and Capital Committee is to support the Board in risk and capital issues and serve as a

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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 28 April 2023, Maria Engholm (Chairman), Lennart Käll, Beatrice Kämpe Nikolausson and Örjan Söderberg 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 the right.

#### Remuneration Committee

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

At the Board meeting on 28 April 2023, Maria Engholm (Chairman), Christian Bille and Eva Julin Dombrowe 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 the right.

#### Meetings and attendance

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

#### President/CEO and corporate management

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 Länsförsäkringar 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.

Since 1 June 2023, the operations of the Länsförsäkringar AB Group have been organised into the four business units of Non-life, Bank, Life Assurance and Agria, the five Group-wide units Digital and IT, Economy and Finance, Legal Affairs, People & Culture and Strategy and Communication, and the central functions of Internal Audit, the Compliance function, the Risk Management function and the Actuarial function.

Länsförsäkringar AB's corporate management comprises the Presidents and Heads of the business units and Heads of the Group-wide units. Corporate management comprises the management team for the entire Länsförsäkringar AB Group. Corporate management discusses and decides on issues concerning the Group's units.

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 subsidiaries' directly owned subsidiaries.

Corporate management is presented on pages 224-225.

#### Corporate governance system

Länsförsäkringar AB's corporate governance model can be described as the framework upon which the regional insurance companies' strate-

	Board of Directors	Audit Committee	Risk and Capital Committee	Remuneration Committee
<b>Total number of meetings</b>	12	6	7	6
Maria Engholm	12		7	6
Eva Julin Dombrowe <sup>1)</sup>	6	4		2
Christian Bille	12			6
Susanne Båsk <sup>2)</sup>	6	2		
Eric Grimlund <sup>3)</sup>	5	2		4
Bengt-Erik Jansson <sup>4)</sup>	6			
Lennart Käll	11		7	
Beatrice Kämpe Nikolausson	12		6	
Karin Mattsson	12	6		
Ricard Robbstål <sup>5)</sup>	5	2		
Örjan Söderberg <sup>6)</sup>	6		5	
Maria Wallin Wällberg	12	4		
Susanne Lindberg, employee representative	11			
Anna Sandqvist, employee representative <sup>7)</sup>	2			
Mirek Swartz, employee representative	10			
Hans Holm, deputy <sup>8)</sup>	8			
Susanne Hirsch, deputy <sup>9)</sup>	0			
Linnéa Niklasson, deputy <sup>10)</sup>	0			

<sup>1)</sup> Board member from 28 April 2023. Member of Audit Committee and Remuneration Committee from 28 Apr 2023.

<sup>2)</sup> Board member until 28 April 2023. Member of Audit Committee until 28 April 2023.

<sup>3)</sup> Board member until 28 April 2023. Member of Audit Committee and Remuneration Committee until 28 April 2023.

<sup>4)</sup> Board member until 28 April 2023.

<sup>5)</sup> Board member from 28 April 2023. Member of Audit Committee from 28 Apr 2023.

<sup>6)</sup> Board member from 28 April 2023. Chairman of the Risk and Capital Committee from 28 April 2023.

<sup>7)</sup> Deputy until 28 April 2023. Board member from 9 May 2023.

<sup>8)</sup> Board member until 9 May 2023. Deputy from 9 May 2023.

<sup>9)</sup> Deputy from 28 April 2023.

<sup>10)</sup> Deputy until 28 April 2023.

gies and Länsförsäkringar AB's task from the shareholders, long-term direction and governance principles are converted into business activities in the Länsförsäkringar AB Group. The framework is the system under which Länsförsäkringar AB organises, governs and controls the operations, taking into account applicable internal and external regulations. The corporate governance system aims to ensure healthy and respon-

sible 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 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, Läns-

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försäkringar 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, it has a responsibility for the governance and supervision of its subsidiaries within the Länsförsäkringar Group. 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 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. 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. For this purpose, the Board has established an appropriate and transparent organisation with a clear distribution of responsibilities and duties between the various company bodies, a risk and internal control organisation, and effective systems for reporting and transferring information. Länsförsäkringar AB's internal regulations determine the organisation and distribution of responsibilities, the corporate governance system and how governance and internal control are to be performed.

### Risk and internal control organisation

All operations must feature a sound risk culture and a high level of internal control. To ensure this, Länsförsäkringar AB has organised its risk management and internal control in accordance with the principle of three lines of defence.

The first line of defence is the business operations. As the risk owner, the first line of defence bears the responsibility for identifying, managing and controlling risk under the framework of its operations. The task of the first line of defence is also to monitor and report risks, the outcome of controls, manage shortcomings and deviations and to continuously ensure compliance with external and internal regulations.

The central functions of risk management, compliance and the Actuarial function form Länsförsäkringar AB's second line of defence. These

functions in the second line of defence must be separate from and independent of the operations, and are to provide support for the operations in establishing structures for a high level of risk control and effective risk management. The functions in the second line of defence are also to monitor and control risks in their respective areas of responsibility. Each function is to regularly report to the President and the Board.

The Internal Audit function is also a central function and serves as the third line of defence. Internal Audit is an independent audit function that reports directly to the Board of Länsförsäkringar AB and its task is to evaluate the efficiency of the processes and risk management in the work of the first and second lines of defence. Internal audit reports to the Board.

### RISK MANAGEMENT FUNCTION

*Magnus Strömgren*  
Chief Risk Officer

The risk management function 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 President and the Board of Länsförsäkringar AB and its licensable subsidiaries, and to the Risk and Capital Committee. The risk management function is also responsible for the independent risk control of the operations of Asset Management. The function is to report 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.

### COMPLIANCE FUNCTION

*Susanne Sjödin Suensson*  
Head of Compliance function

The compliance function is an independent central function responsible for monitoring and controlling that operations are conducted in full regulatory compliance. 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. The function is also to provide support and advice to operations, to ensure that operations are informed about new and amended regulations. 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. The Bank business unit has a separate compliance function that is under the President of the Bank business unit. Reporting is addressed to the respective Board and President of the business unit.

### ACTUARIAL FUNCTION

*David Lam*  
Actuarial function

The Actuarial function is responsible for coordinating and the quality of the technical calculations and investigations, and is to contribute to Länsförsäkringar AB'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.

### INTERNAL AUDIT

*Jakob Nordin*  
Head of 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.

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### 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 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 Länsförsäkringar AB 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 Länsförsäkringar AB. Another deviation from the provisions of the Code is the publication of information about and from the Nomination Committee on lf.se. These deviations are due to the fact that Länsförsäkringar AB is not a listed company and has only a limited number of shareholders.

### Composition of the 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 and corporate management, and that not less than two Board members must be independent in relation to the company's major shareholders. According to the instruction for the Nomination Committee, the Board of Directors is to be appropriately composed, with respect to Länsförsäkringar AB'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 federation of the regional insurance companies.

### Mandate period for Board members

The mandate period for Board members is two years. Länsförsäkringar AB 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 the 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 Länsförsäkringar AB 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 Länsförsäkringar AB is not a listed company and also to reduce costs.

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# Internal control over financial reporting

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 the management and Board. The ICFR is performed in an annual cycle as shown in the diagram below.

## 2. VALIDATE THE DESIGN OF KEY CONTROLS

The 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 Board.



## 3. PLAN ACTIVITIES FOR MONITORING AND AUDITS

A general plan is prepared for the quarterly self-assessments of the controls for the operations. 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 the 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.

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*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.*



## Five-year summary Länsförsäkringar AB Group

Amounts in SEK M unless otherwise stated	2023	2022	2021	2020	2019
<b>GROUP</b>					
Profit before tax	3,240	2,513	3,806	2,726	3,003
Net profit for the year	2,195	1,963	3,229	2,270	2,957
Return on equity, %	8	8	9	8	10
Total assets, SEK billion	731	686	712	614	573
Number of shares, 000s	10,425	10,425	10,425	10,425	10,425
Equity per share, SEK	3,261	3,144	3,183	2,959	2,754
<b>Solvency capital</b>					
Equity	36,198	34,976	35,387	33,051	30,907
Tier 1 capital issued	-2,200	-2,200	-2,200	-2,200	-2,200
Subordinated debt	3,093	2,597	2,595	2,597	2,595
Deferred tax	991	944	928	797	753
<b>Total solvency capital</b>	<b>38,082</b>	<b>36,316</b>	<b>36,709</b>	<b>34,245</b>	<b>32,056</b>
Solvency margin, %	433	434	442	461	488
Own funds for the group (FRL)	62,634	59,099	65,203	57,412	50,220
Solvency capital requirement for the group (FRL)	46,066	41,836	45,368	39,186	37,966
Own funds for the financial conglomerate	62,634	59,099	65,203	57,412	50,220
Capital requirement for the financial conglomerate	46,066	41,836	45,368	39,186	37,966
Average number of employees	2,942	2,583	2,351	2,271	2,125
<b>INSURANCE OPERATIONS</b>					
<i>Non-life insurance operations</i>					
Premiums earned (after ceded reinsurance)	8,585	8,141	7,339	6,481	5,928
Investment income transferred from financial operations	181	9	7	8	22
Claims payments (after ceded reinsurance)	-6,215	-5,673	-4,927	-4,529	-3,966
<b>Technical result for non-life insurance operations</b>	<b>490</b>	<b>708</b>	<b>629</b>	<b>221</b>	<b>218</b>
<i>Premium income, non-life insurance</i>					
Premium income before ceded reinsurance	10,622	10,174	9,510	8,833	7,852
Premium income after ceded reinsurance	8,801	8,375	7,731	6,887	6,108
<i>Life-assurance operations</i>					
Premium income after ceded reinsurance	641	673	625	572	495
Fees pertaining to financial agreements	847	882	940	811	794
Investment income, net	698	-567	806	237	512
Claims payments (after ceded reinsurance) <sup>1)</sup>	-305	-320	-381	-303	-254
<b>Technical result, life-assurance operations</b>	<b>905</b>	<b>680</b>	<b>829</b>	<b>927</b>	<b>802</b>
<b>Operating profit for insurance operations<sup>2)</sup></b>	<b>1,073</b>	<b>446</b>	<b>1,647</b>	<b>1,219</b>	<b>1,670</b>
<i>Key figures</i>					
Cost ratio	30	28	26	27	30
Expense ratio	24	22	20	20	23
Claims ratio	73	70	71	77	74
Combined ratio	97	92	91	97	97
Management cost ratio, life-assurance operations	0.8	0.8	0.9	0.8	0.8
Direct yield, %	3.6	-0.5	-0.4	1.0	9.6
Total return, %	5.8	-3.3	9.3	3.2	10.1

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## Five-year summary, cont.

Länsförsäkringar AB Group	2023	2022 <sup>1)</sup>	2021	2020	2019
<i>Financial position</i>					
Investment assets, SEK billion	18	16	20	14	14
Unit-linked insurance assets, policyholder bears the risk, SEK bn	222	192	219	166	155
Technical provisions (after ceded reinsurance), SEK bn	11	11	10	9	9
<b>BANKING OPERATIONS</b>					
Net interest income	6,438	5,146	4,741	4,845	4,617
Profit before tax	2,168	2,067	2,296	1,844	1,893
Net profit for the year	1,721	1,663	1,851	1,439	1,440
Return on equity, %	8.1	8.2	9.8	8.5	9.5
Total assets, SEK billion	471	457	451	410	381
Equity	23,788	22,586	21,749	19,830	18,479
Cost/income ratio before credit losses	0.52	0.50	0.56	0.49	0.48
Investment margin, %	1.47	1.19	1.09	1.18	1.21
Common Equity Tier 1 capital ratio, consolidated situation, %	15.1	15.4	15.3	16.7	15.4
Tier 1 ratio, consolidated situation, %	16.8	17.2	17.2	17.7	16.0
Total capital ratio, consolidated situation, %	19.2	18.5	19.4	19.1	16.6
Credit losses in relation to loans, %	0.03	0.03	-0.09	0.09	0.06
Liquidity coverage ratio, consolidated situation, %	337	310	313	296	295
Net Stable Funding Ratio, consolidated situation, %	128	125	130	130	131

<sup>1)</sup> Comparative information for 2022 has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.  
Refer to the section Definitions for more information.

Key figures for banking operations according to full IFRS applied in the Länsförsäkringar Bank Group's reporting					
	2023	2022	2021	2020	2019
<b>Banking operations</b>					
Net interest income	7,023	5,528	4,741	4,845	4,617
Profit before tax	2,168	2,067	2,296	1,844	1,893
Profit for the period	1,722	1,663	1,851	1,439	1,440
Total assets, SEK billion	471	457	451	410	381

Other key figures for banking operations according to full IFRS are unchanged.

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### Income statement for Länsförsäkringar AB Group

SEK M	Note	2023	2022
<b>TECHNICAL RECOGNITION OF NON-LIFE INSURANCE OPERATIONS</b>			
<b>Premiums earned (after ceded reinsurance)</b>	4	<b>8,585</b>	<b>8,141</b>
Premium income		10,622	10,174
Premiums for ceded reinsurance		-1,821	-1,799
Change in Provision for unearned premiums and unexpired risks		-281	-237
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks		65	3
<b>Investment income transferred from financial operations</b>	5	<b>181</b>	<b>9</b>
<b>Other technical revenue (after ceded reinsurance)</b>	6	<b>5</b>	<b>16</b>
<b>Claims payments (after ceded reinsurance)</b>	7	<b>-6,215</b>	<b>-5,673</b>
Claims paid		-6,298	-5,624
Before ceded reinsurance		-8,303	-7,532
Reinsurers' portion		2,005	1,908
Change in Provision for claims outstanding		82	-49
Before ceded reinsurance		414	1,564
Reinsurers' portion		-332	-1,612
<b>Operating expenses</b>	8,9,10,11	<b>-2,064</b>	<b>-1,784</b>
<b>Other technical expenses (after ceded reinsurance)</b>	12	<b>-2</b>	<b>-2</b>
<b>Technical result for non-life insurance operations</b>		<b>490</b>	<b>708</b>
<b>TECHNICAL RECOGNITION OF LIFE-ASSURANCE OPERATIONS</b>			
<b>Premium income (after ceded reinsurance)</b>	4	<b>641</b>	<b>673</b>
Premium income		676	711
Premiums for ceded reinsurance		-35	-38
<b>Investment income, revenue</b>	13	<b>303</b>	<b>128</b>
<b>Unrealised gains on investment assets</b>	13	<b>26,130</b>	<b>0</b>
<b>Other technical revenue</b>	6	<b>2,594</b>	<b>2,335</b>
<b>Claims payments (after ceded reinsurance)</b>	7	<b>-305</b>	<b>-320</b>
Claims paid		-324	-277
Before ceded reinsurance		-331	-283
Reinsurers' portion		6	5
<b>Change in Provision for claims outstanding</b>		<b>19</b>	<b>-43</b>
Before ceded reinsurance		16	-44
Reinsurers' portion		3	1
<b>Change in other technical provisions (after ceded reinsurance)</b>		<b>-26,361</b>	<b>33,463</b>
Life-assurance provision		-9	-14
Technical provisions for life-assurance provision, policyholder bears the risk		-26,352	33,477
Unit-linked insurance commitments		-25,752	32,934
Conditional bonus		-600	543
<b>Operating expenses</b>	8,9,10,11	<b>-1,915</b>	<b>-1,865</b>
<b>Investment income, expenses</b>	13	<b>-69</b>	<b>-156</b>
<b>Unrealised losses on investment assets</b>	13	<b>-4</b>	<b>-33,492</b>
<b>Other technical expenses (after ceded reinsurance)</b>	12	<b>-107</b>	<b>-86</b>
<b>Technical result, life-assurance operations</b>		<b>905</b>	<b>680</b>

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## Income statement for Länsförsäkringar AB Group, cont.

SEK M	Note	2023	2022
<b>NON-TECHNICAL RECOGNITION</b>			
Technical result for non-life insurance operations		490	708
Technical result, life-assurance operations		905	680
Investment income, revenue	13	1,707	752
Unrealised gains on investment assets	13	304	148
Investment income, expenses	13	-1,419	-680
Unrealised losses on investment assets	13	-117	-505
Investment income transferred to non-life insurance operations		-201	-34
Other income	14	2,773	2,425
Other expenses	14	-3,370	-3,050
<b>Profit from insurance operations</b>		<b>1,073</b>	<b>446</b>
<b>BANKING OPERATIONS</b>			
Net interest income	15	6,438	5,146
Operating lease income	16	3,038	2,888
Net commission income and other operating income	17	-1,487	-495
Operating expenses	8,9,10,11	-2,866	-2,510
Depreciation, operating leases	16	-2,450	-2,506
Credit losses	18	-114	-123
Risk tax levied and resolution fee		-391	-333
<b>Profit from banking operations</b>		<b>2,168</b>	<b>2,067</b>
<b>Profit before tax</b>		<b>3,240</b>	<b>2,513</b>
Current tax		-491	-392
Yield tax		-485	-194
Deferred tax		-69	36
<b>Tax on net profit for the year</b>	19	<b>-1,045</b>	<b>-550</b>
<b>Net profit for the year</b>		<b>2,195</b>	<b>1,963</b>

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## Consolidated statement of comprehensive income

SEK M	Note	2023	2022
<b>Net profit for the year</b>		<b>2,195</b>	<b>1,963</b>
<b>Other comprehensive income</b>	33		
<b>Items that may subsequently be transferred to profit or loss</b>			
Translation differences attributable to foreign operations		9	9
Cash flow hedges		-112	253
of which change in value for the period		4,161	6,456
of which reclassification to profit or loss		-4,273	-6,203
Change in fair value of financial assets measured at fair value through other comprehensive income		-52	-281
of which change in value for the period		-53	-321
of which reclassification to profit or loss		1	40
Tax attributable to items that have been transferred or can be transferred to profit or loss		-	6
<b>Total</b>		<b>-121</b>	<b>-14</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		-2	-3
Tax attributable to items that cannot be reversed to profit or loss		-	1
<b>Total</b>		<b>-2</b>	<b>-2</b>
<b>Total other comprehensive income for the year, net after tax</b>		<b>-123</b>	<b>-16</b>
<b>Comprehensive income for the year</b>		<b>2,072</b>	<b>1,947</b>

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## Balance sheet for Länsförsäkringar AB Group

SEK M	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Intangible assets</b>		<b>4,327</b>	<b>3,979</b>
Goodwill	21	81	115
Other intangible assets	22	4,246	3,865
<b>Investment assets</b>		<b>83,711</b>	<b>82,757</b>
Investments in Group companies, associated companies, joint ventures and other companies with a participating interest.		218	140
Shares in Länsförsäkringar Liv	23	8	8
Shares and participations in associated companies and joint ventures	24	210	131
Other financial investment assets		83,356	82,456
Shares and participations	25	7,429	6,572
Bonds and other interest-bearing securities	26.27	70,829	67,627
Other loans		-	0
Derivatives	28	5,098	8,256
Deposits with companies that have ceded reinsurance		136	162
<b>Investment assets, life-assurance policyholder bears the investment risk</b>		<b>221,636</b>	<b>192,086</b>
Unit-linked insurance assets	29	221,636	192,086
<b>Reinsurers' portion of Technical provisions</b>	30	<b>8,841</b>	<b>9,106</b>
Unearned premiums and unexpired risks	30	562	497
Claims outstanding	30	8,278	8,609
<b>Receivables</b>		<b>391,776</b>	<b>376,810</b>
Receivables, direct insurance	31	3,489	3,181
Receivables, reinsurance		421	740
Loans to the public	32	387,381	376,362
Change in value of hedge portfolios	33	-1,553	-4,847
Other receivables	34	2,037	1,373
<b>Other assets</b>		<b>17,179</b>	<b>17,654</b>
Property and equipment, leases	35	7,837	7,742
Property and equipment, other	35	448	334
Cash and bank balances	36	8,572	9,245
Other assets		322	334
Deferred tax	37	84	62
Current tax		238	272
<b>Prepaid expenses and accrued income</b>	38	<b>4,014</b>	<b>3,787</b>
Accrued interest and rental income		90	60
Deferred acquisition costs		2,905	2,744
Other prepaid expenses and accrued income		1,019	983
<b>TOTAL ASSETS</b>		<b>731,483</b>	<b>686,180</b>

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## Balance sheet for Länsförsäkringar AB Group, cont.

SEK M	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>	39	<b>36,198</b>	<b>34,976</b>
Share capital		200	200
Other capital contributed		11,115	11,115
Tier 1 capital		2,200	2,200
Other funds		-245	-220
Retained earnings		20,732	19,717
Net profit for the year		2,195	1,963
<b>Subordinated liabilities</b>	40	<b>3,093</b>	<b>2,597</b>
Subordinated liabilities		3,093	2,597
<b>Technical provisions (before ceded reinsurance)</b>	30	<b>19,805</b>	<b>19,662</b>
Unearned premiums and unexpired risks		4,250	3,982
Life-assurance provision		2,834	2,550
Claims outstanding		12,721	13,130
<b>Technical provisions for life assurance, policyholder bears the risk (before ceded reinsurance)</b>	41	<b>225,592</b>	<b>195,258</b>
Conditional bonus		3,506	2,969
Unit-linked insurance commitments		222,086	192,289
<b>Other provisions</b>	42	<b>1,620</b>	<b>1,359</b>
Pensions and similar commitments		76	48
Current tax		395	239
Deferred tax	37	1,074	1,006
Other provisions		74	67
<b>Deposits from reinsurers</b>		<b>72</b>	<b>63</b>
Deposits from reinsurers		72	63
<b>Liabilities</b>		<b>438,328</b>	<b>427,293</b>
Liabilities, direct insurance	43	928	851
Liabilities, reinsurance		406	529
Due to credit institutions	44	5,895	8,992
Deposits and funding from the public	45	148,878	151,312
Change in value of hedge portfolios	33	-4,197	-12,010
Debt securities in issue	46	279,804	265,515
Derivatives	28	4,162	10,475
Other liabilities	47	2,450	1,628
<b>Accrued expenses and deferred income</b>	48	<b>6,776</b>	<b>4,972</b>
Reinsurers' portion of Deferred acquisition costs		5	5
Other accrued expenses and deferred income		6,771	4,967
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>731,483</b>	<b>686,180</b>

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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 2022</b>	200	11,115	2,200	-25	-240	-170	22,307	35,387
Effect of change in accounting policies <sup>1)</sup>	-	-	-	-	-	-	-537	-537
<b>Adjusted opening equity, 1 January 2022</b>	200	11,115	2,200	-25	-240	-170	21,770	34,850
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	9	-226	201	1,964	1,947
<b>Comprehensive income for the year<sup>2)</sup></b>	-	-	-	9	-226	201	1,964	1,947
<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	-17	-466	31	21,913	34,976
<b>Opening equity, 1 January 2023</b>	200	11,115	2,200	-17	-466	31	21,913	34,976
<b>Comprehensive income for the year</b>								
Net profit for the year	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	9	-43	-89	2,195	2,072
<b>Comprehensive income for the year</b>	-	-	-	9	-43	-89	2,195	2,072
<b>Transactions with the Group's owners</b>								
<i>Contributions from and transfers of value to owners</i>								
Dividends paid	-	-	-	-	-	-	-698	-698
<b>Total transactions with the Group's owners</b>	-	-	-	-	-	-	-698	-698
Realised gain/loss from sale of shares	-	-	-	-	-	-	-	-
Dividends, etc., on Additional Tier 1 instruments	-	-	-	-	-	-	-151	-151
<b>Closing equity, 31 December 2023</b>	200	11,115	2,200	-7	-509	-58	23,258	36,198

<sup>1)</sup> Refers to the effect on the transition to consolidated accounting policies in accordance with Chapter 7, Sections 1-4 of the ÅRFL, and FFFS 2019:23.

<sup>2)</sup> Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

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## Notes to the financial statements

All figures in SEK M unless otherwise stated.

### Note 1 Accounting policies

#### Compliance with standards and legislation

The consolidated financial statements were prepared in accordance with Chapter 7, Sections 1–4 of the Swedish Annual Accounts Act for Insurance Companies (ÅRFL) and Finansinspektionen's (the Swedish Financial Supervisory Authority, FSA) regulations and general guidelines FFFS 2019:23 regarding annual accounts at insurance undertakings and institutions for occupational retirement provision. The differences arising between the Group's and the Parent Company's accounting policies are described in the section Parent Company 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.

The consolidated financial statements have been prepared in accordance with the cost method, except for certain financial assets and liabilities (including derivative instruments) measured at fair value or amortised cost.

The accounting policies stated below have been applied to all periods presented in the financial statements, unless otherwise stated.

#### Estimates and judgements in the financial statements

Corporate management makes judgements and estimates, and also assumptions, 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. These estimates and judgements are based on previous experience and the best information available on the balance-sheet date. The actual outcome may deviate from these estimates and judgements, but estimates are regularly evaluated to reduce deviations. Changes in 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 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.

The assessment of contingent assets for which an inflow of economic benefits is probable in accordance with IAS 37. This is described in more detail in note 49 Pledged assets, contingent liabilities and contingent assets.

#### 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.

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 provision, 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 and assumptions described in note 47 Fair value valuation techniques are used in the measurement of financial assets for which no observable market data is available.

In addition to the uncertainty described above, there is also uncertainty associated with the measurement of contingent assets and this is described in note 49 Pledged assets, contingent liabilities and contingent assets. An estimate of the financial effect of contingent assets is calculated using the principles for provisions under IAS 37.

#### Correction of error

Since 1 January 2023, Länsförsäkringar AB has prepared its consolidated financial statements in accordance with Chapter 7, Sections 1–4 of the ÅRFL and insurance regulations FFFS 2019:23. The Group's presentation formats for its financial statements were adjusted in connection with this transition, which is why the income statement is divided into the technical result and non-technical result for non-life insurance and life-assurance operations, and earnings for the banking operations. Intra-Group transactions are eliminated, but if they are the result of external income and expenses they are allocated to the most relevant operations in the consolidated income statement. We noted in the half-yearly report for 30 June 2023 that we did not reallocate external transactions for Agria and Länsförsäkringar AB, which resulted in an incorrect classification of SEK 196 M that should have been recognised in *operating expenses* in the technical result for non-life insurance operations and instead was recognised in *other expenses* in the non-technical result for the 2022 comparative year. Accordingly, we restated the comparative information for the full-year 2022 that was presented in the half-yearly report for 30 June 2023.

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## AMENDED ACCOUNTING POLICIES APPLIED FROM 1 JANUARY 2023

From 1 January 2023 Länsförsäkringar AB prepares its consolidated financial statements in accordance with Chapter 7, Sections 1-4 of the ÅRFL and insurance regulations FFFS 2019:23. The most material effects identified in this transition are described below.

### Effects of amended accounting policies

The transition to consolidated financial statements prepared in accordance with Chapter 7, Sections 1-4 of the ÅRFL and FFFS 2019:23 entails reporting that is more consistent with the Parent Company, and this takes place by retrospective restatement, which entails a non-recurring effect on the opening balance for the comparative period that is recognised in equity. Effects of the transition expressed in amounts are presented in the table with transitional effects resulting from the amended accounting policies. Comparative figures in the consolidated financial statements were restated based on the new accounting policies.

Restatement tables – Statement of financial position for the Länsförsäkringar AB Group					
SEK M 1 Jan 2022	(Restated) 1 Jan 2022	Lessee	Lessor	Goodwill	1 Jan 2022
<b>ASSETS</b>					
Intangible assets	3,919	-	-	-577	4,496
Investment assets	69,845	-907	-	-	70,752
Receivables	361,600	-	-7,556	-	369,156
Other assets	32,454	-349	7,556	-	25,247
<b>TOTAL ASSETS</b>	<b>709,756</b>	<b>-1,256</b>	<b>-</b>	<b>-577</b>	<b>711,589</b>

SEK M 1 Jan 2022	(Restated) 1 Jan 2022	Lessee	Lessor	Goodwill	1 Jan 2022
<b>EQUITY, PROVISIONS AND LIABILITIES</b>					
Equity	34,850	40	-	-577	35,387
Liabilities	422,892	-1,296	-	-	424,188
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>709,756</b>	<b>-1,206</b>	<b>-</b>	<b>-577</b>	<b>711,589</b>

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Restatement tables – Statement of income for the Länsförsäkringar AB Group						
SEK M Jan–Dec 2022	(Restated) Full-year 2022	Lessee	Lessor	Yield tax	Goodwill	Full-year 2022
<b>TECHNICAL RECOGNITION OF NON-LIFE INSURANCE OPERATIONS</b>						
Operating expenses	-1,784	0	-	-	-31	-1,753
<b>Technical result for non-life insurance operations</b>	<b>708</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-31</b>	<b>739</b>
<b>TECHNICAL RECOGNITION OF LIFE-ASSURANCE OPERATIONS</b>						
Other technical revenue	2,335	-	-	194	-	2,141
Operating expenses	-1,865	-0	-	-	-	-1,865
<b>Technical result, life-assurance operations</b>	<b>680</b>	<b>-</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>486</b>
<b>NON-TECHNICAL RECOGNITION</b>						
<b>Profit from insurance operations</b>	<b>445</b>	<b>0</b>	<b>-</b>	<b>194</b>	<b>-31</b>	<b>88</b>
<b>BANKING OPERATIONS</b>						
Net interest income	5,147	-382	-	-	-	5,528
Operating lease income	2,888	2,888	-	-	-	-
Net commission income and other operating income	-495	-	-	-	-	-495
Operating expenses	-2,510	-	-	-	-	2,510
Depreciation, operating leases	-2,506	-2,506	-	-	-	-
Credit losses	-123	-	-	-	-	-123
Risk tax levied and resolution fee	-333	-	-	-	-	-333
<b>Profit from banking operations</b>	<b>2,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067</b>
<b>Profit/loss before tax</b>	<b>2,513</b>	<b>0</b>	<b>-</b>	<b>194</b>	<b>-31</b>	<b>2,155</b>
Current tax	-392	-	-	-	-	-392
Yield tax	-194	-	-	-194	-	-
Deferred tax	36	-	-	-	-	36
<b>Tax on net profit for the year</b>	<b>-550</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-550</b>
<b>Net profit for the year</b>	<b>1,963</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-31</b>	<b>1,995</b>

Restatement tables – Statement of financial position for the Länsförsäkringar AB Group					
SEK M 31 Dec 2022	(Restated) 31 Dec 2022	Lessee	Lessor	Goodwill	31 Dec 2022
<b>ASSETS</b>					
Intangible assets	3,979	-	-	-613	4,592
Investment assets	82,757	-767	-	-	83,524
Receivables	376,810	-	-7,742	-	384,552
Other assets	17,654	-413	7,742	-	10,325
<b>TOTAL ASSETS</b>	<b>686,180</b>	<b>-1,180</b>	<b>-</b>	<b>-613</b>	<b>687,973</b>

SEK M 31 Dec 2022	(Restated) 31 Dec 2022	Lessee	Lessor	Goodwill	31 Dec 2022
<b>EQUITY, PROVISIONS AND LIABILITIES</b>					
Equity	34,976	40	-	-613	35,549
Liabilities	427,293	-1,219	-	-	428,513
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>686,180</b>	<b>-1,180</b>	<b>-</b>	<b>-613</b>	<b>687,973</b>

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## Consolidated financial statements in accordance with Chapter 7, Sections 1-4 of the ÅRFL and FFFS 2019:23

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 the consolidated financial statements of unlisted insurance undertakings, occupational pension companies and financial holding 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). For this reason, Länsförsäkringar AB decided to prepare its consolidated financial statements in accordance with Chapter 7, Sections 1-4 of the ÅRFL and insurance regulations FFFS 2019:23 from 1 January 2023 when IFRS 17 Insurance Contracts came into effect. The most material effects identified in this transition are described below.

### Consolidated financial statements

The transition 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, Länsförsäkringar AB no longer prepares a cash-flow statement.

The Länsförsäkringar AB Group's presentation formats for its financial statements have been adjusted to the 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 presentation format of the balance sheet has been adapted with the addition of certain bank-specific balance-sheet items.

Intra-Group transactions are eliminated, but if they are the result of external income and expenses they are allocated to the most relevant operations in the consolidated income statement.

### Yield tax

Yield tax paid by the company on behalf of the policyholders is recognised

as tax on net profit for the year. The compensation deducted from the assets managed on behalf of the policyholders is recognised as Other technical revenue. These items were previously recognised net in Change in life-assurance provision, 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 so that the reporting in the Group and the Parent Company is more consistent. 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

For Länsförsäkringar AB 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

All leases as lessor are recognised as if they are operating leases even if the lease is deemed to be a finance lease. 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. A financial receivable from the lessee and an associated interest income were previously recognised in profit or loss for leases classified as finance leases.

### Goodwill

Consolidated goodwill is amortised based on the useful life compared with the previous policy when consolidated goodwill had an unlimited useful life and thus was not amortised and was instead tested for

impairment at least once a year. If the useful life cannot be determined, it is assumed to be five years.

## IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules

The IASB published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) in May 2023. The amendments endorsed by the EU on 9 November 2023 include a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to the introduction of the Pillar Two Model Rules. They also include disclosure requirements for periods in which the rules have been enacted or substantively enacted, but are not yet in effect. Under the requirements, disclosures are to be presented for known or reasonably estimable information that helps users of financial statements understand the entity's exposure to income taxes arising from the Pillar Two Model Rules under this legislation. For further information, refer to note 19 Taxes.

## NEW IFRSS AND INTERPRETATIONS THAT HAVE NOT YET BEEN APPLIED

No 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.

## DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

### CONSOLIDATION PRINCIPLES

#### Subsidiaries

Subsidiaries are consolidated in the Group according to the purchase method from the date on which the controlling influence is obtained and until the date on which the controlling influence ceases. 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.

#### Joint ventures

Holdings in joint ventures are companies in which the Group shares a controlling influence. Participations in joint ventures are recognised in accordance with the equity method from the date on which the joint controlling influence was obtained.

#### 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. A significant influence exists when the number of votes is less than 20% when it can be clearly demonstrated that a significant influence exists based on an overall assessment of the facts and circumstances in the individual case. 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.

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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 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 foreign currency translations in the balance sheet are recognised in profit or loss.

### Translation of the financial statements of foreign operations

The Group has small foreign operations in the form of branches in Denmark, Finland, Norway, France and Germany, one subsidiary and a branch in both the UK and Ireland, 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.

## PRINCIPLES FOR ITEMS IN PROFIT OR LOSS

### 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.

#### Ceded reinsurance

The premium for ceded reinsurance is recognised as the amount paid during the fiscal year or the amount recognised as a liability to the insurance company that assumed the reinsurance under signed reinsurance contracts. The premiums are allocated such that the expense is distributed to the period to which the insurance cover pertains.

#### 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 balance sheet.

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.

### 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.

### Investment income

Investment income comprises the items investment income, revenue, investment income, expenses, realised gains or losses on investment assets, and unrealised gains or losses on investment assets.

Realised gains or losses are calculated as the difference between the sales price received and the cost of the asset. Unrealised gains or losses comprise changes for the year in the difference between the fair value and cost. The cost for interest-bearing securities is the amortised cost and the cost for investment assets is the historical cost.

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.

### 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

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. The recoverable amount is the higher of fair value less selling expenses and value in use. Impairment is recognised in profit or loss.

#### Reversal of impairment losses

##### Reversal of impairment losses on property and equipment, intangible assets

##### and participations in associated companies

Impairment is 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. Reversed impairment is recognised in profit or loss.

#### 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 obligation 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

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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.

#### **Leases**

All leases in which Länsförsäkringar is either a lessor or a lessee, are recognised as if they are operating leases even if the lease is deemed to be a finance lease.

#### **Reporting for the lessee**

For leases under which the Group is the lessee, paid lease payments are expensed straight-line over the term. Leases that contain both one or more lease components and one or more non-lease components are recognised by the lessee as a single lease component. This means that all payments received under the lease are recognised as lease payments.

#### **Reporting for the lessor**

For leases under which Länsförsäkringar is the lessor, received lease payments are recognised in profit or loss straight-line over the term.

#### **Interest income and interest expense**

Interest income and interest expense presented in the banking operations' net interest income 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 profit or loss.

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. Refer also the section on expected credit losses below.

#### **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
6. 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.

#### **Rebating of commissions**

Rebating of commissions is received from fund companies that Länsförsäkringar Fondliv has partnership agreements with in order to

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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.

#### **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 components 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 paid by the company on behalf of the policyholders is recognised as tax on net profit for the year. The reimbursement deducted from the assets managed on behalf of the policyholders is recognised as Other technical revenue

#### **PRINCIPLES FOR BALANCE-SHEET ITEMS**

##### **Intangible assets**

###### **Goodwill**

Consolidated goodwill is recognised at cost adjusted for amortisation and impairment. If the useful life cannot be determined, it is assumed to be five years and amortised on a straight-line basis.

###### **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 balance sheet only when these expenses increase the future financial economic benefits of the specific asset to which they pertain.

##### **Financial assets and liabilities**

###### **Recognition and derecognition in the balance sheet**

A financial asset or financial liability is recognised in the balance sheet when the company becomes party to the agreement in accordance with the conditions of the instrument. A financial asset is derecognised from the balance sheet when the rights in the contract are realised, expire or - when the assets are 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 balance sheet 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 balance sheet 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 balance sheet 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 balance

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sheet 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 balance sheet 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 balance sheet. 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 balance sheet. 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.

#### **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 the fair value of these assets are recognised in profit or loss. 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.

#### **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 balance sheet 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 value recognised in other comprehensive income. These holdings are not held for the purpose of generating investment income and comprise holdings of a more strategic nature. 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 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 balance sheet. 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

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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. Unrealised changes in the value of hedging instruments are also recognised in profit or loss. 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 where 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. The definition of default includes a trial period of at least three months from the date on which no default indicators are active any more. During this trial period, a credit remains in default and in stage 3. After the trial period, the credit returns to stage 2 or 1 when no longer in default. 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 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

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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 balance sheet 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 balance sheet if the terms of an existing contract have materially changed. A new loan with the new contractual terms is then recognised in the balance sheet. 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.

#### Equity instruments issued

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 Additional Tier 1 instruments are recognised as equity instruments in the balance sheet.

#### Property and equipment

The Group recognises property and equipment 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.

#### Leases

Leases as a lessor are recognised as operating leases and are recognised at cost less depreciation, derecognition and individual and collective impairment for credit losses.

#### 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.

#### Insurance contracts

Direct insurance and assumed reinsurance contracts that the Group distributes in its capacity as insurer under the provisions of the Insurance Business Act are classified as insurance contracts or investment contracts. Investment contracts are insurance contracts that are classified and recognised as financial agreements in Länsförsäkringar Fondliv Försäkrings AB. Contracts that include a

financial component are separated and are reported separately as insurance contracts and investment contracts. Other insurance contracts are classified and recognised as insurance contracts.

#### Financial agreements

For insurance contracts that contain both a financial component and an insurance component, the financial component is recognised according to IFRS 9 and the insurance component according to FFFS 2019:23. For cases in which separation is not possible, the reason is that the financial component and the insurance contract cannot be measured separately. In such cases the contract is recognised in its entirety in accordance with FFFS 2019:23.

Premiums for the financial component are recognised as a deposit in the insurance operations through the balance sheet.

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 balance sheet. 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 insurance contracts issued 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.

Such reinsurance contracts that manage cancellation risks in Länsförsäkringar Fondliv's unit-linked insurance business (see note 2) are classified as direct insurance contracts. Premiums paid are recognised as other technical expenses and any compensation is recognised as other technical revenue.

#### 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 balance sheet 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.

#### Technical provisions

Technical provisions consist of Unearned premiums, Unexpired risks, Life-assurance provisions and Claims outstanding.

Changes in technical provisions for the period are recognised in

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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. 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 provisions. 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 in investment income.

#### **Life-assurance provision**

The life-assurance provision, 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 provision 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.

#### **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 provision. Conditional bonuses for the guarantee management form are recognised in the balance sheet.

#### **Other provisions**

A provision is recognised in the balance sheet 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 balance sheet. Issued irrevocable loan commitments are valid for three months and are recognised as a commitment.

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### 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 own 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 internal ratings-based models 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.

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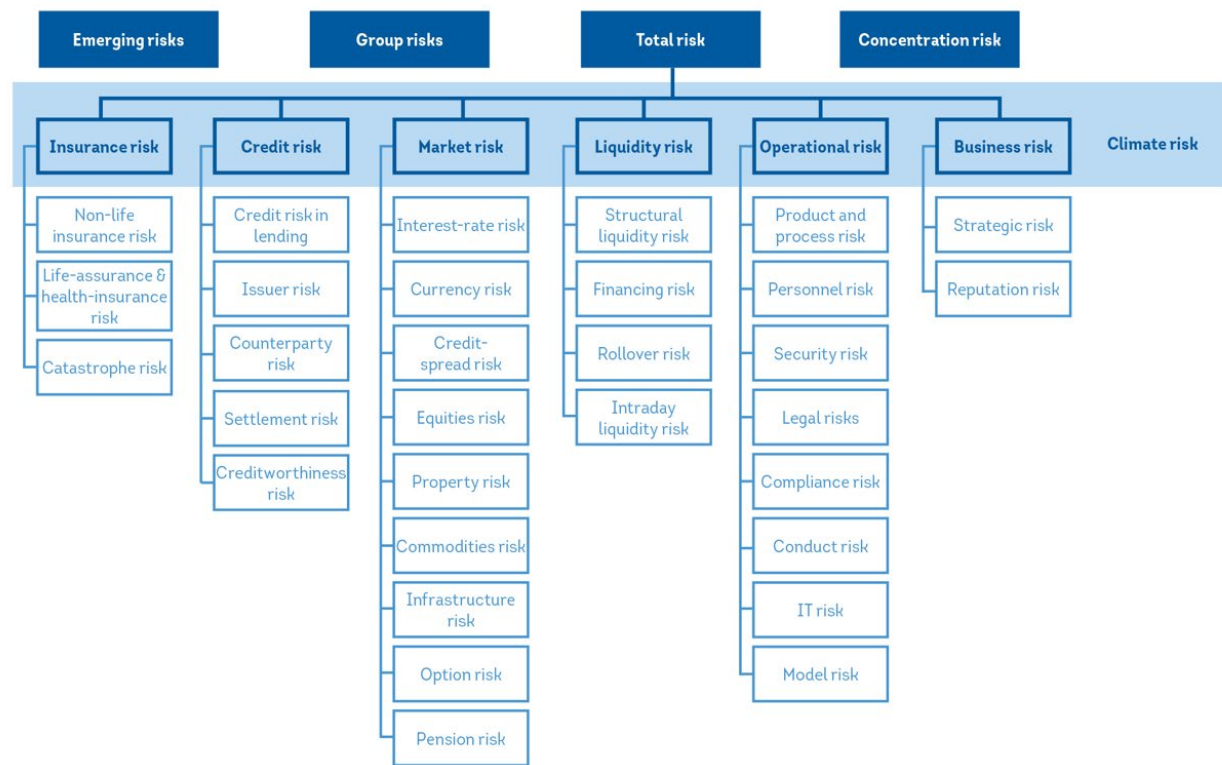
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Figure 1. Classification of risk in the Länsförsäkringar AB Group including Länsförsäkringar Liv



### 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 trend in 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 up to 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. Information security risks and IT risks are increasingly becoming focal points as advances are made towards more digitalised customer meetings and business processes, combined with the geopolitical security situation. Compliance risks are continuously in focus, particularly risks associated with money laundering and financing of terrorism, which are the primary areas with which the banking operations and also the insurance operations actively work.
- 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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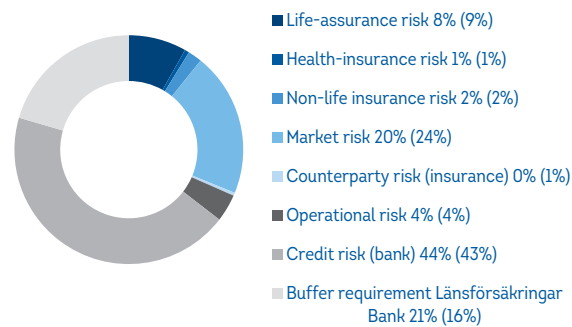
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**Figure 3. Regulatory capital requirements per risk type including diversification on 31 December 2023. (Figures in parentheses pertain to 2022.)**



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 28 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. The international reinsurance market has been very challenging as a result of claims related to, for example, climate change, inflation and uncertainty in the finance markets. This means that reinsurance cover has become more expensive and Länsförsäkringar AB thus retains more risk in its own books for some business through higher retention in the external reinsurance cover. 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 2023		31 Dec 2022	
	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	-189	-150	-188	-149
10% increased claims frequency or average claim in Agria	-433	-344	-380	-302
10% momentary external transfer from Länsförsäkringar Fondliv	-392	-392	-380	-380

Table 2. Estimated claims costs before ceded reinsurance for non-life insurance risk per claim year, SEK M

	2017	2018	2019	2020	2021	2022	2023	Total
At end of claim year	4,099	4,801	5,127	6,476	6,547	6,228	7,189	
One year later	4,006	4,486	5,034	6,259	6,724	6,644		
Two years later	3,900	4,440	5,021	6,236	6,754			
Three years later	3,861	4,378	4,952	6,139				
Four years later	3,839	4,337	4,923					
Five years later	3,725	4,316						
Six years later	3,706							
Estimated claims costs	3,706	4,316	4,923	6,139	6,754	6,644	7,189	
Accumulated claims payments	3,413	3,991	4,562	5,603	6,005	5,733	5,001	
Provision for claims payments	293	326	361	537	749	911	2,188	5,364
Provision for claims payments, older								3,596
Provision for claims payments for reinsurance, gross								1,212
<b>Total provision for claims payments,</b>								<b>10,171</b>
Annuity reserve, gross								1,605
Claims adjustment reserve, gross								280
<b>Provision for claims outstanding, gross</b>								<b>12,057</b>

Table 3. Estimated claims costs after ceded reinsurance for non-life insurance risk per claim year, SEK M

	2017	2018	2019	2020	2021	2022	2023	Total
At end of claim year	3,255	3,592	3,836	4,324	4,783	5,155	5,757	
One year later	3,198	3,470	3,757	4,200	4,609	5,058		
Two years later	3,176	3,436	3,728	4,231	4,587			
Three years later	3,160	3,420	3,694	4,216				
Four years later	3,150	3,392	3,685					
Five years later	3,136	3,396						
Six years later	3,138							
Estimated claims costs	3,138	3,396	3,685	4,216	4,587	5,058	5,757	
Accumulated claims payments	3,084	3,334	3,601	4,036	4,362	4,662	4,627	
Provision for claims payments	54	62	84	179	225	396	1,130	2,131
Provision for claims payments, older								406
Provision for claims payments for reinsurance, net								749
<b>Total provision for claims payments ceded reinsurance</b>								<b>3,286</b>
Annuity reserve								275
Claims adjustment reserve								280
<b>Provision for claims outstanding after ceded reinsurance</b>								<b>3,841</b>

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.

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## 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. Derivatives are cleared via central counterparties or traded using high credit quality support annexes. 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. Currency futures are also regularly used to reduce currency risk. Equities risk can be reduced as required by using equity index forward contracts. Committed derivative strategies are followed up by measuring the sensitivities of the portfolio against underlying exposure and regular monitoring.

### 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 19 and 20 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 entails that the hedged item's currency flows are swapped 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 links to 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). In April 2023, the SFBF received permission from the FSA to act as a Stibor administrator in accordance with the EU Benchmarks Regulation. This means that Stibor may continue to be used as a benchmark.

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 ended in August 2021 and it has been possible to use Swestr as a benchmark in financial contracts since 1 September 2021.

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 stopped being published on 30 June 2023.

Regarding the Länsförsäkringar AB Group's discounting of technical provisions, it is mainly the changed extrapolation of the risk-free interest rate structure in the 2020 review of the Solvency II regulations that is expected to have an effect.

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## Risk sensitivity

**Table 4. 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Interest-rate risk assets	100 bps higher nominal	-220	-180			-199	-171
liabilities, net <sup>1), 2)</sup>	market interest rates						
Credit-spread risk <sup>2), 3)</sup>	100 bps increased credit spread	-183	-135			-169	-124
Equities risk	10% lower share prices						
	hedge funds	-731	-655	-26	-25	-581	-521
Property risk	10% lower property prices	-214	-223			-177	-183
Currency risk <sup>3)</sup>	10% strengthening of SEK	-205	-175			-183	-161

<sup>1)</sup> Interest-rate risk refers to both cash-flow risk and price risk. Bond holdings are stressed including accrued interest.

<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 8.

<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 4 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 6 and 9 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.

**Table 5. Net currency distribution<sup>1)</sup>, including derivatives, SEK M**

Currency	31 Dec 2023	31 Dec 2022
USD	1,214	1,091
EUR	388	318
DKK	265	208
CHF	97	96
JPY	77	73
GBP	60	65
KRW	-11	15
ZAR	-11	-24
TWD	-13	16
CNY	-24	-20
Other currencies	12	-87
<b>Total</b>	<b>2,054</b>	<b>1,752</b>

<sup>1)</sup> The table presents the currency exposure in directly owned holdings listed in each currency and 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 risk of losses arising due to counterparties being unable to fulfil their undertakings and that part of the receivable can thus not be paid.

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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 6.

**Table 6. Parent Company's and insurance subsidiaries' exposure<sup>1</sup> by credit quality step, SEK M**

Bonds and other interest-bearing securities	31 Dec 2023	31 Dec 2022
AAA – Swedish Government	-	-
AAA – other states	308	278
AAA – other	6,142	2,835
AA	408	740
A	-	476
BBB	-	-
BB or lower	-	-
No rating available	1,264	2,484
<b>Total</b>	<b>8,122</b>	<b>6,813</b>

<sup>1</sup> Market value including accrued interest for directly-owned holdings and fixed-income funds.

On 31 December 2023, the Parent Company and insurance subsidiaries had joint commitments of SEK 911 M in amounts outstanding to invest in investment assets and SEK 66 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 using central counterparty clearing (CCP). For other counterparties in financial derivatives, the principle of diversification is applied and trading is limited to counterparties with high credit ratings. Regular follow-ups of exposure in terms of pledged assets take place for each counterparty, and standardised collateral agreements are prepared with all counterparties.

Holdings in loan funds, including mortgage funds are reduced by diversification since the funds finance a large number of loans. The loan funds that Länsförsäkringar AB and the insurance subsidiaries have invested in have collateral that far exceeds the size of the loan, which also reduces the credit risk.

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 7 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 7. Parent Company's and insurance subsidiaries' counterparty-related credit risks with respect to collateral received, SEK M<sup>1</sup>**

	31 Dec 2023				31 Dec 2022	
	Maximum credit risk exposure	Collateral			Net exposure	Net exposure
Cash and cash equivalents		Securities	Other			
<b>Financial derivatives and cash</b>						
CCP	0			0	0	
AA	3			3	-	
A	3,364	119		3,239	4,826	
BB					-	
<b>Total</b>	<b>3,367</b>	<b>119</b>		<b>3,242</b>	<b>4,826</b>	
<b>Reinsurance</b>						
Regional insurance companies	8,148			8,148	7,956	
AA	159			159	381	
A	443			443	660	
BBB or lower	71			71	81	
<b>Total</b>	<b>8,822</b>			<b>8,822</b>	<b>9,078</b>	

<sup>1</sup> The table does not include exposure to mortgage funds in which the value of collateral received far exceeds exposure.

#### 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 companies 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. Mortgages 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 the retail mortgage portfolio. First-lien mortgages up to 85% of the market value 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. For household lending, the collateral largely comprises mortgage deeds in

residential properties. 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 retail exposures in accordance with the advanced Internal Ratings-based Approach (IRB), which corresponds to the 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.

The Länsförsäkringar Bank Group's credit risk exposure is shown in table 8.

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**Table 8. Länsförsäkringar Bank Group's credit risk exposure, SEK M**

	31 Dec 2023	31 Dec 2022
<b>Credit risk exposure for items in the balance sheet</b>		
Cash and balances with central banks	5,786	4,947
Treasury bills and other eligible bills, etc.	11,183	10,857
Loans to credit institutions of which collateral in repurchase	878	1,253
	109	154
Loans to the public of which collateral in properties and apartments	395,590	384,660
	354,501	339,133
Bonds and other interest-bearing securities	51,523	49,969
Derivative instruments	4,964	8,138
Other assets	741	583
<b>Credit risk exposure for memorandum items</b>		
Guarantees	42	31
Loan commitments and other credit	23,776	24,795
<b>Total</b>	<b>494,483</b>	<b>485,233</b>

**Table 9. Credit exposure in the Länsförsäkringar Bank Group by external risk classification, SEK M**

	Not credit-impaired (stage 1)	
	Gross carrying amount	
	31 Dec 2023	31 Dec 2022
<b>Treasury bills and other eligible bills</b>		
AAA-AA	9,525	10,857
<b>Total</b>	<b>9,525</b>	<b>10,857</b>
<b>Bonds and other interest-bearing securities</b>		
AAA-AA	51,523	49,969
<b>Total</b>	<b>51,523</b>	<b>49,969</b>
<b>Loans to credit institutions</b>		
AAA-AA	193	125
A	576	5,045
<b>Total</b>	<b>769</b>	<b>5,171</b>
<b>Derivatives</b>		
AAA-AA	1,439	2,163
A	3,525	5,976
BBB-BB	-	-
Not risk classified <sup>1)</sup>	3,843	2,945
<b>Total</b>	<b>8,807</b>	<b>11,083</b>
<b>Total</b>	<b>70,624</b>	<b>77,080</b>

<sup>1)</sup> Exposure to central counterparties is recognised without any rating. The entire exposure to central counterparties and banks on 31 December 2023 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 10. Credit risk exposure in the Länsförsäkringar Bank Group by internal risk classification, SEK M**

31 Dec 2023	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	276,865	9	15		276,889
Internal rating 4-6	72,277	102	16		72,395
Internal rating 7-9	23,491	2,098	8		25,597
Internal rating 10-11	1,200	4,007	14		5,222
Defaulted	-	-	504		504
Not risk classified	14,082	311	590		14,984
<b>Total</b>	<b>387,915</b>	<b>6,528</b>	<b>1,147</b>		<b>395,590</b>
	<b>Credit risk exposure</b>	<b>Credit risk exposure</b>	<b>Credit risk exposure</b>		<b>Credit risk exposure</b>
<b>Loan commitments and other credit commitments</b>					
Internal rating 1-3	12,227	-	0		12,227
Internal rating 4-6	5,395	2	0		5,397
Internal rating 7-9	2,319	83	1		2,403
Internal rating 10-11	156	129	7		292
Defaulted	-	-	-		-
Not risk classified	3,248	197	13		3,457
<b>Total</b>	<b>23,344</b>	<b>410</b>	<b>22</b>		<b>23,776</b>

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**Table 10. 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	
<b>Loans to the public, SEK M</b>				<b>Gross carrying amount</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>
<b>Loan commitments and other credit commitments</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>

The Länsförsäkringar Bank Group's credit portfolio largely comprises 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 4. Länsförsäkringar Bank Group loans by segment**

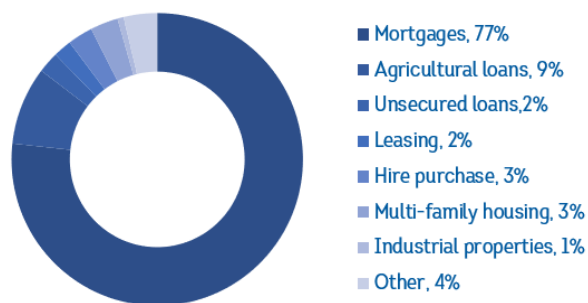
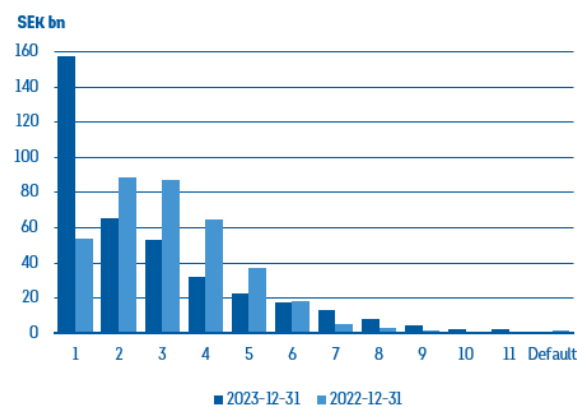


Figure 4 presents the Länsförsäkringar Bank Group's credit exposure according to risk class. The results show a distribution of exposure, with 81% (81) found in the lowest grades 1-4. The specifications are not directly comparable between years due to several changes during the year. New PD models were introduced after receiving approval from the FSA, which provide a slightly different risk profile. In addition, the risk level for each risk class was changed during the year, with the classes generally having a lower risk for this year's outcome.

**Figure 5. Credit exposure by risk class**



SEK 14,984 M (21,168) is included in loans to the public that are not graded under the IRB Approach, and which includes overnight loans with the Swedish National Debt Office and a time-limited exemption pertaining to exposure in Wasa Kredit.

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 63% (56).

#### *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 12 shows non-performing receivables by the number of days past due.

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**Table 11. Länsförsäkringar Bank Group's credit-impaired loan receivables by collateral, SEK M**

	31 Dec 2023	31 Dec 2022
Residential properties, including tenant-apartments	267	156
Commercial immovable property	334	226
Other physical collateral	174	121
Guarantees	9	9
Unsecured loans	364	450
<b>Total credit-impaired loan receivables</b>	<b>1,147</b>	<b>963</b>

**Table 12. Länsförsäkringar Bank Group's non-performing loan receivables that are not credit-impaired, SEK M**

	31 Dec 2023	31 Dec 2022
Receivables overdue by 1-30 days	244	28
Receivables overdue by 31-60 days	256	239
Receivables overdue by 61-90 days	47	97
Receivables >90 days past due	52	32
<b>Total</b>	<b>598</b>	<b>397</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.

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 166.5 M (240.6) as per 31 December 2023.

#### *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 Bank Group's assessment is based on the default risk between the reporting date compared with the initial reporting date. A relative threshold of 200% combined with an absolute threshold of 100 basis points is applied to credits granted before February 2023. The corresponding thresholds for credits granted after February 2023 are 300% and 200 basis points, respectively. An absolute, independent threshold of 500 basis points is applied to all credits regardless of the granting date. In addition, a credit risk is deemed to have increased significantly for assets that are more than 30 days past due. If the relative thresholds had declined by 50 percentage points, the loss allowance would increase by 0.8%, and if the relative thresholds had instead been 50 percentage points higher, the loss allowance would reduce by 0.6%. 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 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 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%.

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 13 shows the loss allowances that would have been recognised on 31 December 2023 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 13. 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, %
497	Positive scenario	482	-3%
	Negative scenario	515	4%

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### 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 14 shows the Länsförsäkringar Bank Group's counterparty risk with respect to collateral received.

Table 14. Credit risk exposure for derivatives regarding collateral received and other forms of credit enhancement, SEK M

	31 Dec 2023				31 Dec 2022	
	Maximum credit risk exposure	Collateral			Net exposure	Net exposure
Cash and cash equivalents		Securities	Other			
AAA-AA	1,439	1,112		81	18	
A	3,525	2,772		213	8	
Not risk classified	3,843	-		-	-	
<b>Total</b>	<b>8,807</b>	<b>3,885</b>	<b>-</b>	<b>294</b>	<b>27</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 1,718 M (2,661).

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

The 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 2023, the liquidity reserve amounted to SEK 74.6 billion (71.0) and 45% (47) 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 and EUR, since the majority of the Bank Group's assets comprise Swedish mortgages. Certain funding also takes place in CHF and NOK. The Bank Group endeavours to regularly launch issuances in these markets to create long-term confidence in the international capital markets.

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**Table 15. 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.

	2023						2022					
	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 and leases		16,860	10,678	40,380	327,199	395,117	-	21,293	11,212	40,751	310,848	384,104
Bonds and other interest-bearing securities <sup>1)</sup>		2,588	16,457	39,418	1,586	60,049	-	2,817	9,409	44,803	487	57,516
Treasury bills and other eligible bills		4,400	1,439	5,434	124	11,397	-	4,886	1,684	3,939	624	11,132
Other assets		2,050				2,050	-	1,248	-	-	-	1,248
Reinsurers' portion of technical provisions		435	1,099	3,010	4,297	8,841	-	397	1,018	3,169	4,523	9,106
Cash and balances with central banks	5,786					5,786	4,947	-	-	-	-	4,947
<b>Liabilities</b>												
Subordinated liabilities				3,100		3,100	-	-	-	1,500	-	1,500
Technical provision <sup>2)</sup>		2,356	4,789	5,357	7,302	19,805	-	2,254	4,565	5,429	7,413	19,662
Debt securities in issue		6,616	36,070	203,284	39,187	285,158	-	2,231	50,129	181,869	34,940	269,169
Deposits from the public	110,337	20,941	18,257	971	1	150,507	135,329	5,185	10,935	1,893	-	153,341
Lease liabilities						-	-	72	210	739	199	1,219
Due to credit institutions	0	4,595				4,595	-	8,170	-	-	-	8,170
Other liabilities		3,135	1,076			4,211	-	1,677	709	-	-	2,386
<b>Total cash flows, net</b>	<b>-104,551</b>	<b>-11,310</b>	<b>-30,519</b>	<b>-124,470</b>	<b>286,716</b>	<b>15,866</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>
Loans approved but not disbursed		23,776				23,776	-	24,795	-	-	-	24,795
Derivatives, in and outflows, net		-380	2,231	10,858	1,607	14,316	-	-481	2,409	5,878	1,176	8,982
<b>Total cash flows for financial assets and liabilities, and insurance undertakings</b>	<b>-104,551</b>	<b>12,086</b>	<b>-28,288</b>	<b>-113,612</b>	<b>288,323</b>	<b>53,958</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>

<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, such as crime and improprieties cannot be completely avoided and information security risks and IT risks are increasingly becoming focal points as advances are made towards more digitalised customer meetings and business processes, combined with the geopolitical security situation. Compliance risks are continuously in focus, particularly risks associated with money laundering and the 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 sound 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 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 material and 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.

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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 has good capacity to manage 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 life cycles are carried out annually according to established plans. Both desktop and technological testing of applications and life cycles, and crisis management exercises are regularly conducted. 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 16 presents a selection of risks identified by the company and the Sustainability Committee.

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**Table 16. Selection of identified climate risks**

**Transition risks**

<i>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).</i>	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 the climate transition limits the range of energy sources, which means greater sensitivity to high energy prices during new energy crises. Risk that companies, agricultural operations, tenant-owners' associations and households are more vulnerable. Risk that companies we invest in that want to have fossil-free energy experience a shortage of supply and/or higher prices, which impacts our returns.
	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.
	Strategic risk for the industry and for Länsförsäkringar AB should the risk of greenwashing be allowed sufficient scope to obstruct the transition. Intense pressure from stakeholders could drive the transition towards a limited investment range, resulting in major concentration risk.
	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.

**Physical risks**

<i>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).</i>	Risk of higher expenses related to claims and payments in non-life insurance, pet insurance, and accident and health insurance. This impacts Länsförsäkringar AB's own insurance products and via the Länsförsäkringar Alliance's internal reinsurance solution.
	Risk of lower premiums earned due to uninsurable elements in areas or industries that are particularly vulnerable.
	Risk of higher reinsurance costs in the reinsurance market.
	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 loans issued by the banking operations and future loans.
	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.
	For the individual, climate change and adapting to it risk leading to potential limitations in housing and work, which affects general solvency.

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.

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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 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 different climate scenarios have been used from the NGFS (Network for Greening the Financial System) and the Bank of England in the 2023 analysis. The scenarios from the NGFS and the Bank of England are broad in nature, encompassing physical climate risks and 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

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. The major effects of global warming in this scenario are expected in the second half of the century.

The analysis compares the three climate scenarios with a comparison scenario based on a long-term historical average from an economic scenario generator (referred to below as the "historical scenario"). The historical scenario is intended to reflect what the future would have been without any effects of climate change.

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 6. Value growth trend in investment portfolio with high share of equities

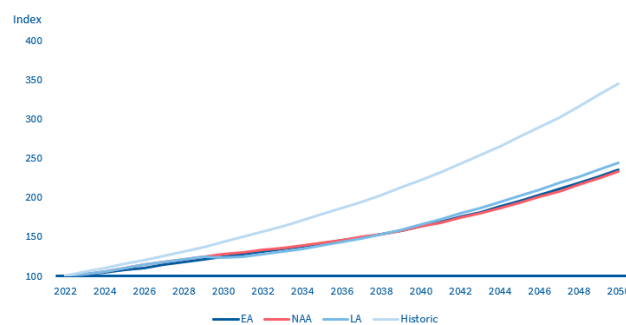
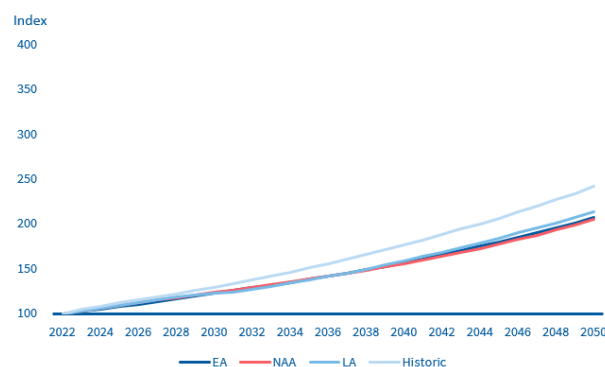


Figure 7. Value growth trend in investment portfolio with low share of equities



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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.

The no additional action scenario results in the lowest value growth trend even by 2050 despite the largest difference in physical risks between the scenarios being expected in the second half of the century, which is not included in the analysis since it extends to 2050.

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

Länsförsäkringar Bank has performed scenario analyses based on the TCFD's recommendations since 2018. The analyses are based on the Swedish Meteorological and Hydrological Institute's and the Swedish Civil Contingencies Agency's scenarios for climate change, 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 effects on the various loan portfolios in a no additional action scenario were also analysed. The analyses looked into how climate change could impact the market value of properties in terms of direct effect and impact on operating and maintenance expenses. Analysis was also conducted of the impact of rising costs of living on customers' repayment capacity and operating and maintenance expenses as an effect on climate change.

#### Analysis of claims costs from natural catastrophes

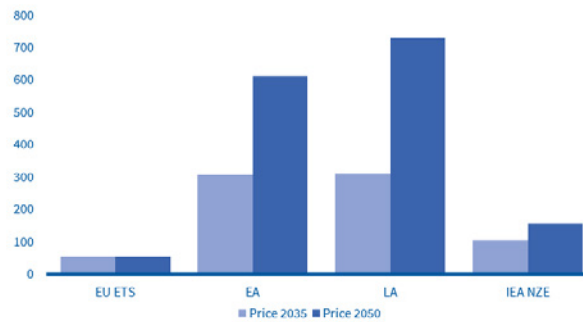
For Länsförsäkringar AB's non-life insurance business, the analysis was supplemented with an analysis of how climate change can impact the trend in claims costs for flooding. Higher claims costs for this type of event affect Länsförsäkringar AB through the shared reinsurance pool for catastrophe risk 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. Climate change could be predicted to result in higher claims costs in the future and greater uncertainty in claims forecasting. Challenges and uncertainty are associated with how the reinsurance market will be impacted by the long-term effects of climate change, and there is a risk that premiums and retention could increase as these effects become evident.

#### Climate risk 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 tonnes CO<sub>2</sub>e, is expected to increase 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, SEK M**



#### 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 banking operations together with 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/CRD) 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. The Länsförsäkringar AB Group has assumed some cost risk from its mutually operated subsidiary Länsförsäkringar Liv through a multi-year agreement to provide services at a fixed price in order to ensure that Länsförsäkringar Liv can discontinue its operations in an orderly manner.

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.

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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 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.

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### 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.

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 17.

**Table 17. Solvency situation, financial conglomerate and group under the insurance rules, SEK M**

	31 Dec 2023	31 Dec 2022
Own funds	62,634	59,099
<i>of which own funds included from Länsförsäkringar Liv</i>	18,035	16,313
Capital requirement	46,066	41,836
<i>of which capital requirement Liv</i>	18,035	16,313
Surplus capital	16,568	17,262

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 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 18.

**Table 18. Capital adequacy Länsförsäkringar Bank consolidated situation, SEK M**

	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 capital	19,229	18,469
Tier 1 capital	21,429	20,669
Own funds (total capital)	24,519	22,164
Risk Exposure Amount	127,710	119,910
Common Equity Tier 1 capital ratio, %	15.1	15.4
Tier 1 ratio, %	16.8	17.2
Capital adequacy ratio, %	19.2	18.5
Own funds requirements (Pillar I)	10,217	9,593
Pillar II Requirements (P2R)	2,682	2,518
Combined buffer requirement	5,747	4,197
Pillar II Guidance (P2G)	0.0	0.0
Overall adequate level of own funds	18,646	16,308
Leverage ratio, %	4.4	4.4
Pillar II Requirements and Pillar II Guidance regarding leverage ratio requirement	0.15	0.15

The Common Equity Tier 1 capital ratio for Länsförsäkringar Bank's consolidated situation was 15.1% (15.4). The FSA decided on 30 September 2022 on a separate 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 14.6% (13.6) on 31 December 2023. The total capital ratio amounted to 19.2% (18.5) on 31 December 2023.

The leverage ratio for Länsförsäkringar Bank's consolidated situation was 4.4% (4.4) on 31 December 2023. The FSA also decided on Pillar II Guidance for the leverage ratio requirement for the consolidated situation of 0.15% (0.15) 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% (3.15).

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Table 19. 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	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	2023	2022	31 Dec	31 Dec
<b>Fair value hedges</b>										
Interest-rate contracts										
Hedged items <sup>2)</sup>										
Treasury bills and other eligible bills			6,708	5,253			251	-391	-248	-454
Bonds and other interest-bearing securities			40,492	40,527			1,373	-2,114	-955	-2,315
Debt securities in issue										
Hedging instruments										
Interest-rate swaps	48,053	48,131	1,413	2,780	282	2	-1,615	2,499		
Ineffectiveness <sup>1)</sup>							10	-6		
<b>Currency contracts</b>										
Hedged items <sup>2)</sup>										
Treasury bills and other eligible bills			477	1,020			9	-26	-13	84
Bonds and other interest-bearing securities			3,791	3,227			62	-166	44	43
Debt securities in issue					57,602	54,760	-1,965	4,084	-1,701	-3,667
Hedging instruments										
Cross-currency interest	63,185	62,672	662	89	2,055	3,775	1,900	-3,906		
Ineffectiveness <sup>1)</sup>							6	-14		
<b>Portfolio of fair value hedges</b>										
Interest-rate contracts										
Hedged items										
Loans to the public			109,367	141,484			3,293	-4,471	-1,553	-4,847
Deposits and funding of the public					18,616	10,114	-52	36	16	-36
Debt securities in issue					181,336	157,156	-7,771	11,386	-4,364	-12,135
Hedging instruments										
Interest-rate swaps	326,700	337,520	4,361	4,754	7,295	12,229	4,498	-6,930		
Ineffectiveness <sup>1)</sup>							-31	21		
<b>Cash flow hedges<sup>5)</sup></b>										
Currency contracts										
Hedged items <sup>3)</sup>							-92	93		
Hedging instruments										
Cross-currency interest	59,127	58,280	4,600	6,222	541	83	92	-93		
Ineffectiveness <sup>1)</sup>										
<b>Total hedged item</b>			<b>160,835</b>	<b>191,510</b>	<b>257,554</b>	<b>222,030</b>	<b>-4,891</b>	<b>8,432</b>	<b>-8,775</b>	<b>-23,325</b>
<b>Total hedging instruments</b>	<b>497,064</b>	<b>506,603</b>	<b>11,035</b>	<b>13,844</b>	<b>10,173</b>	<b>16,089</b>	<b>4,876</b>	<b>-8,430</b>		
<b>Total ineffectiveness</b>							<b>-15</b>	<b>2</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 2023 was 1.6% (0.9).

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 20. Länsförsäkringar Bank Group – maturity profile for nominal amounts in hedging instruments, SEK M**

	31 Dec 2023			31 Dec 2022		
	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	7,362	42,437	8,057	13,233	39,487	5,560

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### Note 3 Earnings per operating segment

2023	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and service	Eliminations and adjustments	Total
<b>TECHNICAL RECOGNITION OF NON-LIFE INSURANCE OPERATIONS</b>							
Premiums earned (after ceded reinsurance)	2,975	5,972	-	-	-	0	8,946
Investment income transferred from financial operations	113	74	-	-	-	-	187
Other technical revenue (after ceded reinsurance)	-	5	-	-	-	-	5
Claims payments (after ceded reinsurance)	-2,116	-4,326	-	-	-	-	-6,441
Operating expenses	-614	-1,523	-	-	-	-	-2,137
Other technical expenses (after ceded reinsurance)	-2	-	-	-	-	-	-2
<b>Technical result for non-life insurance operations</b>	<b>355</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>558</b>
<b>TECHNICAL RECOGNITION OF LIFE-ASSURANCE OPERATIONS</b>							
Premium income (after ceded reinsurance)	-	-	270	-	-	-	270
Investment income, revenue	-	-	286	-	-	3	290
Unrealised gains on investment assets	-	-	26,113	-	-	-2	26,111
Other technical revenue	-	-	2,594	-	-	-	2,594
Claims payments (after ceded reinsurance)	-	-	-79	-	-	-	-79
Change in other technical provisions (after ceded reinsurance)	-	-	-26,352	-	-	-	-26,352
Operating expenses	-	-	-1,699	-	-	-143	-1,842
Investment income, expenses	-	-	-63	-	-	-0	-64
<b>Technical result, life-assurance operations</b>	<b>-</b>	<b>-</b>	<b>959</b>	<b>-</b>	<b>-</b>	<b>-142</b>	<b>816</b>
<b>NON-TECHNICAL RECOGNITION</b>							
Technical result for non-life insurance operations	355	202	-	-	-	0	558
Technical result, life-assurance operations	-0	-	959	-	-	-142	816
Investment income, revenue	-21	903	69	-	1,661	-892	1,721
Unrealised gains on investment assets	20	122	19	-	164	-1	323
Investment income, expenses	-6	-855	-10	-	-555	0	-1,425
Unrealised losses on investment assets	-0	-0	-0	-	-117	-	-117
Investment income transferred to non-life insurance operations	-6	-74	-	-	-127	-	-207
Other income	-0	2	109	-	4,147	-1,485	2,773
Other expenses	-	-	-105	-	-4,749	1,485	-3,370
<b>Profit from insurance operations</b>	<b>343</b>	<b>300</b>	<b>1,040</b>	<b>-</b>	<b>423</b>	<b>-1,034</b>	<b>1,073</b>
<b>BANKING OPERATIONS</b>							
Net interest income	-	-	-	6,438	-	-	6,438
Operating lease income	-	-	-	3,038	-	-	3,038
Net commission income and other operating income	-	-	-	-1,487	-	-	-1,487
Operating expenses	-	-	-	-2,866	-	-	-2,866
Depreciation, operating leases	-	-	-	-2,450	-	-	-2,450
Credit losses	-	-	-	-114	-	-	-114
Risk tax levied and resolution fee	-	-	-	-391	-	-	-391
<b>Profit from banking operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,168</b>	<b>-</b>	<b>-</b>	<b>2,168</b>
<b>Profit before tax</b>	<b>343</b>	<b>300</b>	<b>1,040</b>	<b>2,168</b>	<b>423</b>	<b>-1,034</b>	<b>3,240</b>

### Segment note for the Banking operations according to full IFRS that is applied in the Länsförsäkringar Bank Group's reporting

2023	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and service	Eliminations and adjustments	Total
<b>BANKING OPERATIONS</b>							
Net interest income	-	-	-	7,023	-	-	7,023
Operating lease income	-	-	-	-	-	-	-
Net commission income and other operating income	-	-	-	-1,482	-	-	-1,482
Operating expenses	-	-	-	-2,869	-	-	-2,869
Depreciation, operating leases	-	-	-	-	-	-	-
Credit losses	-	-	-	-114	-	-	-114
Risk tax levied and resolution fee	-	-	-	-391	-	-	-391
<b>Profit from banking operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,168</b>	<b>-</b>	<b>-</b>	<b>2,168</b>

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### Note 3 Earnings per operating segment, cont.

2022	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and service	Eliminations and adjustments	Total
<b>TECHNICAL RECOGNITION OF NON-LIFE INSURANCE OPERATIONS</b>							
Premiums earned (after ceded reinsurance)	2,929	5,556	-	-	-	0	8,485
Investment income transferred from financial operations	9	0	-	-	-	-	9
Other technical revenue (after ceded reinsurance)	-	16	-	-	-	-	16
Claims payments (after ceded reinsurance)	-2,068	-3,797	-	-	-	-	-5,865
Operating expenses	-562	-1,285	-	-	-	0	-1,847
Other technical expenses (after ceded reinsurance)	-2	-	-	-	-	-	-2
<b>Technical result for non-life insurance operations</b>	<b>305</b>	<b>491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>797</b>
<b>TECHNICAL RECOGNITION OF LIFE-ASSURANCE OPERATIONS</b>							
Premium income (after ceded reinsurance)	-	-	314	-	-	-	314
Investment income, revenue	-	-	119	-	-	0	120
Unrealised gains on investment assets	-	-	-	-	-	-	-
Other technical revenue	-	-	2,335	-	-	-	2,335
Claims payments (after ceded reinsurance)	-	-	-128	-	-	-	-128
Change in other technical provisions (after ceded reinsurance)	-	-	33,477	-	-	-	33,477
Operating expenses	-	-	-1,659	-	-	-143	-1,802
Investment income, expenses	-	-	-150	-	-	-0	-150
<b>Technical result, life-assurance operations</b>	<b>-</b>	<b>-</b>	<b>758</b>	<b>-</b>	<b>-</b>	<b>-143</b>	<b>615</b>
<b>NON-TECHNICAL RECOGNITION</b>							
Technical result for non-life insurance operations	305	491	-	-	-	0	797
Technical result, life-assurance operations	-	-	758	-	-	-143	615
Investment income, revenue	-74	216	23	-	2,432	-1,837	761
Unrealised gains on investment assets	148	0	-	-	-	-	148
Investment income, expenses	-6	-201	-16	-	-463	0	-686
Unrealised losses on investment assets	-27	-169	-6	-	-330	-	-532
Investment income transferred to non-life insurance operations	-	-0	-	-	-33	-	-34
Other income	0	1	-	-	3,684	-1,260	2,425
Other expenses	-	-	-	-	-4,309	1,260	-3,050
<b>Profit from insurance operations</b>	<b>347</b>	<b>338</b>	<b>760</b>	<b>-</b>	<b>980</b>	<b>-1,979</b>	<b>446</b>
<b>BANKING OPERATIONS</b>							
Net interest income	-	-	-	5,146	-	-	5,146
Operating lease income	-	-	-	2,888	-	-	2,888
Net commission income and other operating income	-	-	-	-495	-	-	-495
Operating expenses	-	-	-	-2,422	-	-	-2,422
Depreciation, operating leases	-	-	-	-2,506	-	-	-2,506
Credit losses	-	-	-	-123	-	-	-123
Risk tax levied and resolution fee	-	-	-	-421	-	-	-421
<b>Profit from banking operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067</b>	<b>-</b>	<b>-</b>	<b>2,067</b>
<b>Profit before tax</b>	<b>347</b>	<b>338</b>	<b>760</b>	<b>2,067</b>	<b>980</b>	<b>-1,979</b>	<b>2,512</b>

### Segment note for the Banking operations according to full IFRS that is applied in the Länsförsäkringar Bank Group's reporting

2022	Non-life insurance	Agria	Unit-linked insurance	Bank	Support and service	Eliminations and adjustments	Total
<b>BANKING OPERATIONS</b>							
Net interest income	-	-	-	5,528	-	-	5,528
Operating lease income	-	-	-	-	-	-	-
Net commission income and other operating income	-	-	-	-496	-	-	-496
Operating expenses	-	-	-	-2,510	-	-	-2,510
Depreciation, operating leases	-	-	-	-	-	-	-
Credit losses	-	-	-	-123	-	-	-123
Risk tax levied and resolution fee	-	-	-	-333	-	-	-333
<b>Profit from banking operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,067</b>	<b>-</b>	<b>-</b>	<b>2,067</b>

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.

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## Premium income per geographic market, Agria operating segment

SEK M	2023	2022
Sweden	3,084	3,098
Denmark	443	369
Finland	187	146
Norway	886	862
UK	1,420	1,189
France	64	41
Germany	29	10
Ireland	45	36
<b>Total</b>	<b>6,158</b>	<b>5,751</b>

### Note 4 Premiums earned after ceded reinsurance

	2023	2022
<b>Non-life insurance</b>		
Premium income, direct insurance in Sweden	5,650	5,572
Premium income, direct insurance, rest of EEA	1,665	581
Premium income, direct insurance, rest of world	1,420	2,051
Premium income assumed reinsurance	1,887	1,969
Change in provision for unearned premiums	-276	-228
Change in provision for unexpired risks	-5	-9
<b>Total premiums earned before ceded reinsurance</b>	<b>10,341</b>	<b>9,937</b>
Premiums for ceded reinsurance	-1,821	-1,799
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	65	3
<b>Total reinsurers' portion of premiums earned</b>	<b>-1,756</b>	<b>-1,796</b>
<b>Total premiums earned after ceded reinsurance</b>	<b>8,585</b>	<b>8,141</b>
<b>Life assurance</b>		
Direct life assurance	676	711
<b>Total premium income gross before ceded reinsurance</b>	<b>676</b>	<b>711</b>
<b>Premium income gross for direct life assurance is distributed between the following categories</b>		
Premiums for individual life assurance	305	352
<b>Total premium income gross before ceded reinsurance</b>	<b>305</b>	<b>352</b>
Periodic premiums	305	352
<b>Total periodic premiums</b>	<b>305</b>	<b>352</b>
Premiums for contracts that do not carry bonus rights	286	334
Premiums for contracts that carry bonus rights	-	0
Premiums, policyholder bears the risk	19	18
<b>Total periodic premiums</b>	<b>305</b>	<b>352</b>
<b>Premiums for ceded reinsurance</b>		
Premiums for ceded reinsurance, life assurance	-35	-38
<b>Total Reinsurers' portion of premium income</b>	<b>-35</b>	<b>-38</b>
<b>Total Premium income after ceded reinsurance</b>	<b>641</b>	<b>673</b>
<b>Total premiums earned after ceded reinsurance</b>	<b>9,226</b>	<b>8,814</b>

### Note 5 Investment income transferred from financial operations

	2023	2022
Transferred investment income	181	9
<b>Interest rates, %</b>		
Provisions for insurance policies with long-term claims in run-off	2.3	1.2
Provisions for insurance policies with short-term claims in run-off	2.2	-

The estimated 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.

### Note 6 Other technical revenue

	2023	2022
<b>Non-life insurance</b>		
Other	5	16
<b>Life assurance</b>		
Inheritance gains received	59	57
Fees from financial agreements	847	882
Rebating of commissions	1,198	1,199
Yield tax	484	194
Other	6	4
<b>Total Other technical revenue</b>	<b>2,599</b>	<b>2,352</b>

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## Note 7 Claims payments

	2023			2022		
	Before ceded reinsurance	Ceded reinsurance	After ceded reinsurance	Before ceded reinsurance	Ceded reinsurance	After ceded reinsurance
<b>Non-life insurance</b>						
Claims paid	-7,689	1,984	-5,705	-6,954	1,888	-5,066
Claims annuities paid	-70	-	-70	-45	-	-45
Change in provision for claims incurred and reported	138	-100	38	219	-345	-126
Change in provision for claims incurred but not reported	276	-232	44	1,345	-1,268	77
Operating expenses for claims adjustment	-544	22	-523	-534	20	-514
<b>Total</b>	<b>-7,889</b>	<b>1,674</b>	<b>-6,215</b>	<b>-5,968</b>	<b>295</b>	<b>-5,673</b>
<b>Life assurance</b>						
Claims paid	-306	6	-300	-261	5	-256
Change in provision for claims outstanding	16	3	19	-44	1	-43
Operating expenses for claims adjustment	-24	-	-24	-17	-	-17
<b>Total</b>	<b>-314</b>	<b>10</b>	<b>-304</b>	<b>-323</b>	<b>7</b>	<b>-316</b>
<b>Total non-life insurance and life assurance</b>	<b>-8,203</b>	<b>1,683</b>	<b>-6,520</b>	<b>-6,291</b>	<b>302</b>	<b>-5,989</b>

## Note 8 Operating expenses

	2023	2022
<b>Specification of income items operating expenses</b>		
Acquisition costs <sup>1)</sup>	-2,031	-2,060
Change in Deferred acquisition costs	160	203
Administration expenses	-2,165	-1,854
Commission and profit shares in ceded reinsurance	57	64
<b>Total</b>	<b>-3,979</b>	<b>-3,648</b>
of which non-life insurance operations	-241	-225
of which life-assurance operations	-25	-21
of which commission for direct	<b>-266</b>	<b>-268</b>
<b>Other operating expenses</b>		
Claims adjustment costs <sup>1)</sup>	-569	-555
Expenses for finance management <sup>2)</sup>	-96	-85
Expenses for support and service operations <sup>3)</sup>	-3,264	-3,050
Expenses for banking operations <sup>4)</sup>	-5,316	-5,016
<b>Total</b>	<b>-9,245</b>	<b>-8,705</b>
<b>Total operating expenses</b>	<b>-13,224</b>	<b>-12,353</b>

### Operating expenses by type of cost

	2023	2022
<b>Direct and indirect staff costs</b>		
Costs for premises	-443	-347
IT costs	-3,981	-3,652
Depreciation	-3,703	-3,645
Other operations-related expenses	-1,729	-1,763
<b>Total operating expenses</b>	<b>-13,224</b>	<b>-12,353</b>

<sup>1)</sup> Included in Claims paid in the technical and non-technical result.

<sup>2)</sup> Included in Investment income, expenses in the technical and non-technical result

<sup>3)</sup> Included in Other expenses in the non-technical result

<sup>4)</sup> Included in Operating expenses in the non-technical result

## Note 9 Leases

	2023	2022
<b>Lease agreements in which the company is the lessee</b>		
Up to 1 year	-213	-312
1-5 years	-634	-835
More than 5 years	-121	-317
<b>Total Lease agreements in which the company is the lessee</b>	<b>-968</b>	<b>-1,464</b>
<b>Leases in which the company is the lessor</b>		
Up to 1 year	2,532	2,651
1-5 years	3,897	4,162
More than 5 years	1,466	1,017
<b>Total lease agreements in which the company is the lessor</b>	<b>7,896</b>	<b>7,830</b>

A rental charge of SEK -206 M (-161) was recognised in profit for 2023. The leases are valid for five and 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.

## Note 10 Fees and remuneration of auditors

	2023	2022
Deloitte AB, audit assignment	-24	-16
Deloitte AB, audit activities in addition to the audit assignment	-1	-
Deloitte AB, other assignments	-1	-1
KPMG AB, audit assignment	-	-1
KPMG AB, audit activities in addition to the audit assignment	-	-1
KPMG AB, other assignments	-	-1
<b>Total fees and remuneration of auditors</b>	<b>-26</b>	<b>-20</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.

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## Note 11 Employees, staff costs and remuneration of senior executives

Average number of employees	2023	2022
<b>Sweden</b>		
Men	1,203	1,030
Women	1,437	1,272
<b>Total Sweden</b>	<b>2,640</b>	<b>2,302</b>
<b>Denmark</b>		
Men	2	2
Women	37	34
<b>Total Denmark</b>	<b>39</b>	<b>36</b>
<b>Finland</b>		
Men	1	1
Women	15	12
<b>Total Finland</b>	<b>16</b>	<b>13</b>
<b>France</b>		
Men	2	2
Women	9	7
<b>Total France</b>	<b>11</b>	<b>9</b>
<b>Ireland</b>		
Men	10	10
Women	9	15
<b>Total Ireland</b>	<b>19</b>	<b>25</b>
<b>Norway</b>		
Men	9	10
Women	58	56
<b>Total Norway</b>	<b>67</b>	<b>66</b>
<b>UK</b>		
Men	40	38
Women	103	88
<b>Total UK</b>	<b>143</b>	<b>126</b>
<b>Germany</b>		
Men	1	1
Women	6	5
<b>Total Germany</b>	<b>7</b>	<b>6</b>
<b>Total average number of employees</b>		
Men	1,268	1,094
Women	1,674	1,489
<b>Total</b>	<b>2,942</b>	<b>2,583</b>
<b>Salaries and other remuneration, as well as social security expenses, other employees</b>	<b>2023</b>	<b>2022</b>
Salaries and remuneration	2,128	1,772
of which, variable salary	-	-
Social security expenses	1,114	940
of which, pension costs	382	329
<b>Total</b>	<b>3,242</b>	<b>2,712</b>
<b>Board of Directors and senior executives, 31 (22)</b>	<b>2023</b>	<b>2022</b>
Salaries and remuneration	51	63
of which, variable salary	-	-
Social security expenses	37	48
of which, pension costs	16	23
<b>Total</b>	<b>88</b>	<b>111</b>
<b>Total salaries, other remuneration and social security expenses</b>	<b>2023</b>	<b>2022</b>
Salaries and remuneration	2,178	1,835
of which, variable salary	-	-
Social security expenses	1,151	988
of which, pension costs	399	352
<b>Total</b>	<b>3,329</b>	<b>2,823</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, Executive Vice 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 and Executive Vice 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. For certain senior executives the pension is a defined-contribution plan and the pension premium is to amount to 35% of the monthly salary. For other senior executives, the terms follow the pension agreements between the Swedish Insurance Employers' Association (FAO), Forena and the Swedish Confederation of Professional Associations (SACO). In addition, a pension contribution of one or half a price base amount is paid.

### 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 11 Employees, staff costs and remuneration of senior executives, cont.

Loans to the Board of Directors, Presidents/Executive Vice President and other senior executives	31 Dec 2023	31 Dec 2022
Board members	136	84
President and Executive Vice President	30	24
Other senior executives	67	42
<b>Total loans to Board members, Presidents, Executive Vice Presidents and other senior executives</b>	<b>233</b>	<b>150</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%.

Number of women among senior executives, %	31 Dec 2023	31 Dec 2022
Board members	43	44
Other senior executives	47	53

## Note 12 Other technical expenses

	2023	2022
<b>Non-life insurance</b>		
Other	-2	-2
<b>Life assurance</b>		
Inheritance gains allotted	-71	-70
Reinsurance, cancellation risk	-31	-15
Other	-5	-1
<b>Total Other technical expenses</b>	<b>-110</b>	<b>-88</b>

## Note 13 Investment income, net

	2023	2022
<b>Dividends</b>		
Dividends received	23	30
Dividends received (non-technical)	3	6
<b>Total dividends and Group contributions</b>	<b>26</b>	<b>36</b>
<b>Interest income<sup>1)</sup></b>		
Bonds and other interest-bearing securities	49	22
Bonds and other interest-bearing securities (non-technical)	158	40
Derivatives	16	1
Derivatives (non-technical)	5	1
Other interest income	23	3
Other interest income (non-technical)	122	25
Financial assets that are not measured at fair value through profit or loss	3	0
Financial assets that are not measured at fair value through profit or loss (non-technical)	22	7
<b>Total interest income</b>	<b>397</b>	<b>99</b>
Shares and participations	117	66
Shares and participations (non-technical)	69	84
Bonds and other interest-bearing securities	5	-33
Bonds and other interest-bearing securities (non-technical)	-14	-24
Derivatives	65	-40
Derivatives (non-technical)	14	16
<b>Total realised profit, net</b>	<b>256</b>	<b>70</b>
Shares and participations	323	-415
Shares and participations (non-technical)	74	-176
Bonds and other interest-bearing securities	66	-124
Bonds and other interest-bearing securities (non-technical)	113	-176
Derivatives	0	-1
Derivatives (non-technical)	0	-1
Change in value of unit-linked insurance assets	25,739	-32,951
<b>Total unrealised profit, net</b>	<b>26,315</b>	<b>-33,846</b>
Exchange-rate gains/losses, net	12	-32
Exchange-rate gains/losses, net (non-technical)	11	-49
<b>Interest expense</b>		
Derivatives	-22	-9
Derivatives (non-technical)	-25	-14
Other interest expense (non-technical)	-6	-6
Financial liabilities that are not measured at fair value through profit or loss (non-technical)	-9	-2
<b>Total interest expense</b>	<b>-62</b>	<b>-31</b>
Asset management expenses	-21	-78
Asset management expenses (non-technical)	-74	-7
Other financial expenses	-22	-17
Other financial expenses (non-technical)	-3	-5
Restatement, annuity reserve (non-technical)	-8	49
<b>Total investment income, net</b>	<b>26,829</b>	<b>-33,810</b>
<b>Investment income by measurement category</b>		
Financial assets measured at FVPL	910	-754
Financial liabilities measured at amortised cost	-9	-2
Financial assets measured at amortised cost	75	13
<b>Items not specified by category</b>		
Other items	-4	-116
<b>Total investment income, net</b>	<b>973</b>	<b>-859</b>

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#### Note 14 Other income and expenses

	2023	2022
Income from service operations	2,771	2,425
Expenses for service operations	-3,370	-3,050
Other income	2	1
<b>Total Other income and expenses</b>	<b>-596</b>	<b>-624</b>

#### Note 15 Net interest income

	2023	2022
<b>Interest income</b>		
Loans to credit institutions	429	137
Loans to the public	14,049	7,483
Interest-bearing securities <sup>1)</sup>	1,252	330
Derivatives	4,366	555
Other interest income	0	0
<b>Total interest income according to effective interest method</b>	<b>20,097</b>	<b>8,506</b>
<b>Interest expense</b>		
Due to credit institutions <sup>1)</sup>	-307	-82
Deposits and funding from the public	-2,429	-367
Debt securities in issue <sup>2)</sup>	-4,668	-2,393
Subordinated liabilities	-131	-45
Derivatives	-6,031	-356
Other interest expense	-93	-116
<b>Total interest expense according to effective interest method</b>	<b>-13,659</b>	<b>-3,359</b>
<b>Total net interest income</b>	<b>6,438</b>	<b>5,146</b>
Average interest rate on loans to the public for the year, %	4	2
Average interest rate on deposits from the public for the year, %	2	0

<sup>1)</sup> Of which negative interest rate on Interest-bearing securities of SEK -19 M (30) and Due to credit institutions of SEK 0 M (4).

<sup>2)</sup> Interest expense for senior non-preferred debt amounted to SEK 517 M (9%).

#### Note 16 Net leasing

	2023	2022
Lease income	3,038	2,888
Lease depreciation according to plan	-2,450	-2,506
<b>Total net leasing</b>	<b>587</b>	<b>382</b>

#### Note 17 Net commission income and other operating income

	2023	2022
<b>Commission income</b>		
Payment mediation	172	154
Loans	295	244
Deposits	3	5
Securities	1,136	1,117
Cards	377	351
Remuneration to the regional insurance companies	132	75
Other commission	-37	-59
<b>Summa commission income<sup>1)</sup></b>	<b>2,079</b>	<b>1,886</b>
<b>Commission expense</b>		
Payment mediation	-177	-156
Securities	-121	-120
Cards	-189	-160
Remuneration to the insurance companies	-2,916	-1,837
Administration costs	-97	-105
Other commission	-89	-16
<b>Total commission expense</b>	<b>-3,590</b>	<b>-2,394</b>
<b>Total Net commission income</b>	<b>-1,511</b>	<b>-508</b>
<b>Net gains/losses from financial items</b>		
Interest-bearing assets and liabilities and related derivatives	-11	-63
Other financial assets and liabilities	8	54
Interest compensation (refer to the items measured at amortised cost)	4	9
<b>Total Net gains/losses from financial items</b>	<b>1</b>	<b>1</b>
<b>Other operating income</b>		
Other operating income	23	13
<b>Total Net commission income and Other operating income</b>	<b>-1,487</b>	<b>-494</b>

<sup>1)</sup> Refers to revenue from contracts with customers

For more information, see Länsförsäkringar Bank AB's 2023 Annual Report.

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## Note 18 Credit losses

SEK M	2023	2022
<b>Change in loss allowance for loan receivables</b>		
Stage 1 (not credit-impaired)	20	14
Stage 2 (not credit-impaired)	-11	-13
Stage 3 (credit-impaired)	73	-27
<b>Total change in loss allowance for loan receivables</b>	<b>82</b>	<b>-26</b>
Expense for confirmed credit losses	-279	-193
Recoveries of previously confirmed credit losses	88	104
<b>Net expense for credit losses for loan receivables</b>	<b>-109</b>	<b>-116</b>
Change in loss allowance for commitments and guarantees	3	-4
Net expense for credit losses	-8	-3
Net expense of modification result	-0	-0
<b>Total net expense for credit losses</b>	<b>-114</b>	<b>-123</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 2023, total credit losses amounted to SEK -161 M (-135), of which the Bank Group's recognised credit losses amounted to SEK -114 M (-123) and the remainder of SEK 47 M (-13) 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 2023.

### Loss allowance

SEK M	31 Dec 2023	31 Dec 2022
<b>Financial assets measured at amortised cost</b>		
Cash and balances with central banks	-	-
Loans to credit institutions	-	-
Loans to the public	473	556
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	24	26
Guarantees	0	0
<b>Total loss allowance</b>	<b>498</b>	<b>583</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 32 and 49.

## Note 19 Taxes

	2023	2022
<b>Current tax</b>		
Tax expenses for the period	-493	-391
Adjustment of tax expense pertaining to prior years	2	-1
<b>Total current tax</b>	<b>-491</b>	<b>-392</b>
<b>Yield tax</b>		
Yield tax for the year	-485	-194
<b>Total yield tax</b>	<b>-485</b>	<b>-194</b>
<b>Deferred tax</b>		
Deferred tax pertaining to temporary differences	-69	40
<b>Total deferred tax</b>	<b>-69</b>	<b>40</b>
<b>Total recognised tax expense</b>	<b>-1,045</b>	<b>-546</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	3,240	2,513
Less gain/loss in return-based operations	-982	-782
Tax at applicable tax rate for the Parent Company	-643	-362
Effect of other tax rates for foreign companies	-3	1
Tax on non-deductible costs	-103	-98
Tax on non-taxable income	168	76
Increase in loss carryforwards without corresponding capitalising of deferred tax	-3	-2
Tax attributable to earlier years	2	-1
Change in deferred tax liabilities	8	-15
Other	15	39
<b>Recognised effective tax on net profit for the year</b>	<b>-560</b>	<b>-362</b>
Applicable tax rate, %	20.6	20.6
Effective tax rate, %	16.9	15.1
<b>Tax recognised in other comprehensive income</b>		
Cash flow hedges	23	-52
Financial assets measured at FVOCI	11	58
<b>Total tax recognised in other comprehensive income</b>	<b>34</b>	<b>6</b>

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## Note 19 Taxes, cont.

Law on top-up tax for companies in large groups

The Länsförsäkringar AB Group is subject to the law on top-up tax for companies in large groups (the "Top-up Tax Act") that comes into force on 1 January 2024. This Act means that companies in the Länsförsäkringar AB Group may be obliged to pay a top-up tax for the difference between a minimum rate of 15% and the effective tax rate calculated according to the Top-up Tax Act for each country in which the Group operates. Länsförsäkringar Fondliv is likely to meet the criteria for being considered a pension fund and thus would be exempt from these rules. As per 31 December 2023, the Länsförsäkringar AB Group pays corporate tax of more than 15% in all its countries of operation, except for Ireland where Capstone Financial Services Ltd and Agria's Irish branch both pay corporate tax of 12.5%. Corporate tax that is less than the minimum tax rate of 15% is an indicator that operations may be liable to pay top-up tax. Countries of operation with a nominal corporate tax rate of at least 15% could still be subject to top-up tax since the calculation of the effective tax rate per country depends on specific adjustments. Accordingly, it is too early to state whether the Group will be liable to pay top-up tax due to the complex legislation. The Länsförsäkringar AB Group is currently evaluating its exposure to top-up tax, including the application of temporary simplification rules, and it is not yet possible to estimate the outcome with reasonable certainty. However, calculations based on the financial outcome for 2023 indicate that the Group could apply the simplification rules, meaning that no top-up tax would be paid for the 2024–2026 fiscal years. The option of applying simplification rules is not established until the financial outcome of each year is known. For this reason, the Länsförsäkringar AB Group is applying the compulsory exemption in IAS 12 Income Taxes in its annual and consolidated financial statements regarding the presentation and reporting of disclosures on deferred tax that could arise as a result of the Top-up Tax Act.

## Note 20 Earnings per share

	2023	2022
Net profit for the year attributable to Parent Company shareholders, SEK M	2,195	1,963
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>211</b>	<b>188*</b>

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

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.

## Note 21 Goodwill

	2023	2022
<b>Cost</b>		
Opening cost, 1 January	907	813
Acquisitions for the year	-	86
Exchange-rate differences	5	8
<b>Accumulated cost, 31 December</b>	<b>912</b>	<b>907</b>
<b>Amortisation</b>		
Opening amortisation, 1 January	-613	-200
Adjusted opening balance amortisation	-	-377
Amortisation for the year	-34	-31
Exchange-rate differences	-4	-5
<b>Accumulated amortisation, 31 December</b>	<b>-651</b>	<b>-613</b>
<b>Impairment</b>		
Opening impairment, 1 January	-	-179
<b>Accumulated impairment, 31 December</b>	<b>-179</b>	<b>-179</b>
<b>Closing carrying amount, 31 December</b>	<b>81</b>	<b>115</b>
	<b>2023</b>	<b>2022</b>
Agria Vet Guide AB	26	41
Capstone Financial Services Limited	55	73
<b>Closing carrying amount, 31 December</b>	<b>81</b>	<b>115</b>
	<b>2023</b>	<b>2022</b>
<b>Assumptions for testing recoverable amount</b>		
<b>Non-life insurance operations</b>		
Long-term growth, %	2.0	2.0
Discount rate after tax, %	6.1	6.1

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

Goodwill testing is based on the recoverable amount or the fair value less selling expenses.

### Non-life insurance operations

When calculating the value in use for both of the goodwill items for Capstone Financial Services Ltd and Agria Vet Guide, measurement is based on future cash flows of expected gains, less capital requirements from the cash-generating unit. For Capstone Financial Services Ltd, the cash-generating unit comprises the entire operations in Ireland and the branch that Agria established in Ireland in 2023. For Agria Vet Guide, the cash-generating unit comprises Agria Vet Guide and Försäkringsaktiebolaget Agria.

### 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 22 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 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>
Opening cost, 1 January 2023	4,958	211	4,231	9,401
Acquisitions	942	3	-	945
Divestments/disposals	-7	-	-	-7
Reclassification	-	-	-	-
Exchange-rate differences	1	0	-	1
<b>Closing cost, 31 December 2023</b>	<b>5,894</b>	<b>214</b>	<b>4,231</b>	<b>10,340</b>
<b>Amortisation</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
Exchange-rate differences	-1	-	-	-1
<b>Closing accumulated amortisation, 31 December 2022</b>	<b>-1,864</b>	<b>-132</b>	<b>-2,219</b>	<b>-4,215</b>
Opening accumulated amortisation, 1 January 2023	-1,864	-132	-2,219	-4,215
Amortisation	-216	-41	-143	-400
Divestments/disposals	7	0	-	7
Exchange-rate differences	-1	0	-	-1
<b>Closing accumulated amortisation, 31 December 2023</b>	<b>-2,073</b>	<b>-174</b>	<b>-2,362</b>	<b>-4,609</b>
<b>Impairment</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>
Opening accumulated impairment, 1 January 2023	-1,257	-65	-	-1,322
Impairment for the year	-165	-	-	-165
Divestments/disposals	-	-	-	-
Reclassification	-	-	-	-
<b>Closing accumulated impairment, 31 December 2023</b>	<b>-1,422</b>	<b>-65</b>	<b>-</b>	<b>-1,487</b>
<b>Carrying amount, 31 December</b>				
2022	1,838	14	2,013	3,865
<b>2023</b>	<b>2,400</b>	<b>-24</b>	<b>1,870</b>	<b>4,246</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. Impairment of SEK 164 M in 2023 related to the Länsförsäkringar Bank Group. The promised functionality and expected efficiency have not materialised to a sufficient extent which is why impairment took place.

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## Note 23 Shares in Länsförsäkringar Liv Försäkringsaktiebolag (publ)

Company name	Corporate Registration Number	Registered office	Number of participations	Share of equity, %	Equity, 31 Dec 2023	Earnings 2023	Carrying amount on 31 Dec 2023	Carrying amount on 31 Dec 2022
Länsförsäkringar Liv Försäkringsaktiebolag (publ)	516401-6627	Stockholm	8,000	100	39,190	5,122	8	8

Länsförsäkringar AB owns 100% of the shares in Länsförsäkringar Liv Försäkringsaktiebolag (publ) (Länsförsäkringar Liv) but this company is not consolidated.

## Note 24 Shares and participations in associated companies and joint ventures

	Associated companies		Joint ventures	
	2023	2022	2023	2022
Carrying amount at beginning of the year	128	75	-	-
Adjusted opening balance	10	-	-	-
Profit shares in the company	15	3	-	-
Other changes in the company's equity	-28	-	-	-
Acquisition of participations in companies	80	50	5	3
<b>Total shares and participations in associated companies and joint ventures</b>	<b>205</b>	<b>128</b>	<b>5</b>	<b>3</b>

	Corporate Registration Number	Registered office	Number of participations	Share of equity, %	Carrying amount, 31 Dec 2023	Carrying amount, 31 Dec 2022
<b>Associated companies</b>						
CAB Group AB	556131-2223	Örebro	1,582	28.8	45	44
European Alliance Partners Company AG	CH-0203026423-1	Zurich, Switzerland	9,248	12.5	13	13
FörsäkringsGiro Sverige AB	556482-4471	Solna	5,000,000	16.6	10	-
Svenska Andelshästar AB	556536-9633	Uppsala	450	45.0	3	3
LF Trygghetstjänster AB <sup>1)</sup>	559316-2034	Stockholm	11,700	23.4	-	19
Baby Journey AB	559214-9966	Stockholm	907	16.7	52	50
Omocom AB	559097-2377	Stockholm	2,270,147	36.4	82	-
<b>Associated companies <sup>2)</sup></b>					<b>205</b>	<b>128</b>
<b>Joint ventures</b>						
Tibern AB <sup>3)</sup>	559384-3542	Stockholm	4,000	14.5	5	3
<b>Total joint ventures</b>					<b>5</b>	<b>3</b>
<b>Total associated companies and joint ventures</b>					<b>210</b>	<b>131</b>

<sup>1)</sup>The associated company LF Trygghetstjänster AB was sold in June 2023.

<sup>2)</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>3)</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.

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## Note 25 Shares and participations

Carrying amount	31 Dec 2023	31 Dec 2022
Listed shares and participations	4,062	3,229
Unlisted shares and participations	3,367	3,343
<b>Total shares and participations</b>	<b>7,429</b>	<b>6,572</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Fair value	7,429	6,572
Cost	4,129	3,642

In 2022, the Group divested shares and participations measured at FVOCI, and the accumulated gain amounted to SEK 19 M.

## Note 26 Bonds and other interest-bearing securities

Carrying amount	31 Dec 2023	31 Dec 2022
Swedish mortgage institutions	39,666	37,674
Other Swedish issuers	8,919	6,375
Foreign states	2,019	1,810
Other foreign issuers	9,042	10,911
<b>Total bonds and other interest-bearing securities</b>	<b>59,646</b>	<b>56,770</b>
Fair value	59,646	56,770
Amortised cost	59,572	58,915
Nominal value	59,788	57,655
Listed securities	58,381	55,511
Unlisted securities	1,264	1,259
<b>Carrying amounts of securities compared with nominal amounts</b>		
Total fixed-income funds	1,251	1,677
Total surplus	34	-
Total deficit	-1,427	-2,550

For loss allowance, refer to note 18 Credit losses.

## Note 27 Treasury bills and other eligible bills

Carrying amount	31 Dec 2023	31 Dec 2022
Swedish government	10,706	10,275
Finnish government	136	133
German government	341	450
<b>Total treasury bills and other eligible bills</b>	<b>11,183</b>	<b>10,857</b>
Fair value	11,183	10,857
Amortised cost	11,425	11,206
Nominal value	11,397	11,132

For loss allowance, refer to note 18 Credit losses.

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## Note 28 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 2023	Related amounts not offset in the statement of financial position					
	Gross amount	Offset in statement of financial position	Net amounts in statement of financial position	Netting framework agreement	Collateral Received (-) / Pledged (+)	Net amount
<b>Assets</b>						
Derivatives	8,942	-3,843	5,098	-27	-4,082	989
Repurchase agreements	109	-	109	-	-109	-
<b>Liabilities</b>						
Derivatives	-8,005	3,843	-4,162	27	2,727	-1,408
Repurchase agreements	-492	-	-492	-	492	-
<b>Total</b>	<b>553</b>	<b>-</b>	<b>553</b>	<b>-</b>	<b>-972</b>	<b>-419</b>

31 Dec 2022	Related amounts not offset in the statement of financial position					
	Gross amount	Offset in statement of financial position	Net amounts in statement of financial position	Netting framework agreement	Collateral Received (-) / Pledged (+)	Net amount
<b>Assets</b>						
Derivatives	11,201	-2,945	8,256	-44	-7,908	305
Repurchase agreements	154	-	154	-	-154	-
<b>Liabilities</b>						
Derivatives	-13,420	2,945	-10,475	44	9,473	-959
Repurchase agreements	-154	-	-154	-	154	-
<b>Total</b>	<b>-2,219</b>	<b>-</b>	<b>-2,219</b>	<b>-</b>	<b>1,565</b>	<b>-654</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 note 2 Risk and capital management.

## Note 29 Unit-linked insurance assets, policyholder bears the risk

	31 Dec 2023	31 Dec 2022
Equity funds	204,082	174,716
Fixed-income funds	17,554	17,370
<b>Total unit-linked insurance assets</b>	<b>221,636</b>	<b>192,086</b>
Amortised cost	155,867	146,596

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## Note 30 Technical provisions

	2023			2022		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
<b>Unearned premiums</b>						
Opening balance, 1 January	3,918	442	3,475	3,619	435	3,184
Provisions for the period	276	58	218	228	4	225
Exchange-rate changes	-13	0	-14	70	3	67
<b>Closing balance, 31 December</b>	<b>4,180</b>	<b>500</b>	<b>3,680</b>	<b>3,918</b>	<b>442</b>	<b>3,475</b>
of which non-life insurance	-	-	-	3,918	442	3,475
<b>Unexpired risks</b>						
Opening balance, 1 January	65	55	10	56	56	-
Provisions for the period	5	7	-2	9	-1	10
<b>Closing balance, 31 December</b>	<b>70</b>	<b>62</b>	<b>8</b>	<b>65</b>	<b>55</b>	<b>10</b>
of which non-life insurance	-	-	-	65	55	10
<b>Life-assurance provision</b>						
Opening balance, 1 January	2,550	-	2,550	2,422	-	2,422
Provisions for the period	9	-	9	14	-	14
Deposits	552	-	552	588	-	588
Payments	-115	-	-115	-107	-	-107
Difference between premiums paid and life-assurance provision for premiums paid during the fiscal year	-199	-	-199	-207	-	-207
Costs withdrawn	-9	-	-9	-8	-	-8
Change due to changed interest-rate assumption	121	-	121	-298	-	-298
Change due to changed expense assumption	-36	-	-36	-4	-	-4
Change due to changed transfer assumption	-53	-	-53	160	-	160
Other changes	15	-	15	-11	-	-11
<b>Closing balance, 31 December</b>	<b>2,834</b>	<b>-</b>	<b>2,834</b>	<b>2,550</b>	<b>-</b>	<b>2,550</b>
of which life assurance	2,834	-	2,834	2,550	-	2,550
<b>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 opening balance, 1 January</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>
Provisions for the period	-424	-329	-95	-1,507	-1,610	103
Effect of interest rate revaluations on provision for annuities	28	-	28	-25	-	-25
Exchange-rate changes	-13	-2	-12	129	9	120
<b>Closing balance, 31 December</b>	<b>12,721</b>	<b>8,278</b>	<b>4,442</b>	<b>13,130</b>	<b>8,609</b>	<b>4,522</b>
of which non-life insurance	12,057	8,216	3,841	12,456	8,549	3,908
of which life assurance	664	63	601	674	60	614
<b>Specification of closing balance claims outstanding</b>						
Claims incurred and reported	5,519	3,579	1,939	5,656	3,705	1,951
Claims incurred and not reported	5,314	3,369	1,945	5,647	3,615	2,032
Annuities	1,605	1,331	275	1,581	1,289	292
Claims adjustment costs	283	-	283	247	-	247
<b>Total closing balance, 31 December</b>	<b>12,721</b>	<b>8,278</b>	<b>4,442</b>	<b>13,130</b>	<b>8,609</b>	<b>4,522</b>
<b>Carrying amount at year-end</b>	<b>19,805</b>	<b>8,841</b>	<b>10,964</b>	<b>19,662</b>	<b>9,106</b>	<b>10,556</b>
of which non-life insurance	16,307	8,778	7,529	16,439	9,046	7,392
of which life assurance	3,498	63	3,435	3,223	60	3,164
<b>Run-off profit/loss, non-life insurance</b>	<b>867</b>	<b>-387</b>	<b>480</b>	<b>1,494</b>	<b>-979</b>	<b>515</b>

The discount rate curve defined by the EIOPA is used to calculate annuities, the life-assurance provision 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 31 Receivables, direct insurance

	2023	2022
Receivables, policyholders	3,427	3,101
Receivables, insurance brokers	62	73
Receivables, insurance companies	-0	7
<b>Total Receivables, direct insurance</b>	<b>3,489</b>	<b>3,181</b>

### Note 32 Loans to the public and leases

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	2023	2022
Public sector	10,188	8,149
Corporate sector	26,765	23,696
Retail sector	356,010	343,951
Other	2,628	8,864
<b>Loans to the public before provisions</b>	<b>395,590</b>	<b>384,660</b>
Loss allowance	-473	-556
<b>Total loans to the public</b>	<b>395,117</b>	<b>384,104</b>

#### Fixed-interest period

Remaining term of not more than 3 months	135,767	128,516
Remaining term of more than 3 months but not more than 1 year	181,097	148,221
Remaining term of more than 1 year but not more than 5 years	76,877	105,104
Remaining term of more than 5 years	1,375	2,264
<b>Total loans to the public</b>	<b>395,117</b>	<b>384,104</b>

Remaining term refers to loans with periodically restricted conditions.

31 Dec 2023	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	311,496	2,435	327	314,258	-2	-4	-5	-11	314,247
Länsförsäkringar Bank AB	53,678	1,166	293	55,138	-1	-4	-12	-18	55,120
Wasa Kredit AB	22,741	2,926	528	26,194	-36	-105	-303	-444	25,750
<b>Total</b>	<b>387,915</b>	<b>6,528</b>	<b>1,147</b>	<b>395,590</b>	<b>-39</b>	<b>-114</b>	<b>-321</b>	<b>-473</b>	<b>395,117</b>

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>

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**Note 32 Loans to the public and leases, cont.**  
Reconciliation of gross carrying amount and loss

	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>

	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 2023</b>	<b>376,450</b>	<b>-60</b>	<b>7,247</b>	<b>-102</b>	<b>963</b>	<b>-394</b>	<b>384,660</b>	<b>-556</b>
New loans	67,838	-31	48	-0	8	-1	67,894	-33
<b>Changes:</b>								
Change in loss allowance model or method	-	9	-	14	-	10	-	33
Repayment	-54,639	20	-1,654	25	-201	82	-56,494	127
Change in risk parameters	-	-105	-	-59	-	-70	-	-234
Other	92	0	-62	2	-4	1	26	4
Sales	-0	0	-81	12	-264	153	-345	165
<b>Transfer between stages:</b>								
Transfer from stage 1 to stage 2	-4,813	42	4,813	-80	-	-	-	-38
Transfer from stage 2 to stage 1	3,480	-4	-3,480	12	-	-	-	8
Transfer to stage 3	-554	89	-349	64	902	-233	-0	-79
Transfer from stage 3	60	-0	46	-1	-106	8	-0	7
Write-off	-	-	-	-	-151	124	-151	124
<b>Closing balance</b>								
<b>31 Dec 2023</b>	<b>387,915</b>	<b>-40</b>	<b>6,528</b>	<b>-114</b>	<b>1,147</b>	<b>-321</b>	<b>395,590</b>	<b>-473</b>

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## Note 32 Loans to the public and leases, cont.

SEK M	Not credit-impaired		Credit-impaired	Net carrying amount
	Stage 1	Stage 2	Stage 3	Total
<b>Loans to the public before provisions 2022</b>	<b>376,450</b>	<b>7,247</b>	<b>963</b>	<b>384,659</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>

Loans to the public before provisions 2023	Not credit-impaired		Credit-impaired	Net carrying amount
	Stage 1	Stage 2	Stage 3	Total
<b>Loans to the public before provisions 2023</b>	<b>387,915</b>	<b>6,528</b>	<b>1,147</b>	<b>395,590</b>
Credit reserve requirement	-52	-147	-391	-590
Withheld remuneration to the regional insurance companies	13	33	70	116
Recognised loss allowance	-39	-114	-321	-474
<b>Total loans to the public 2023</b>	<b>387,876</b>	<b>6,414</b>	<b>827</b>	<b>395,117</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 declined SEK 82.2 M (26.7) during the year. The decrease was primarily attributable to Wasa Kredit AB, and mainly due to sales of loan receivables in stage 3. 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 166.5 M (240.6) as per 31 December 2023.

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%.

	2023	2022
<b>Loan receivables, gross</b>		
Loans to the public	18,302	17,768
Leases	7,893	7,891
<b>Total loan receivables, gross</b>	<b>26,194</b>	<b>25,658</b>
<b>Less provisions</b>		
Loans to the public	-287	-387
Leases	-157	-149
<b>Total less provisions</b>	<b>-444</b>	<b>-536</b>
<b>Loan receivables, net carrying amount</b>		
Loans to the public	18,015	17,381
Leases	7,735	7,742
<b>Total loan receivables, net carrying amount</b>	<b>25,750</b>	<b>25,123</b>
<b>Terms</b>		
Remaining term of not more than 3	25,556	25,033
Remaining term of >3 months - 1 year	79	26
Remaining term of >1 year - 5 years	89	59
Remaining term of >5 years	27	4
<b>Total terms</b>	<b>25,750</b>	<b>25,123</b>

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## Note 32 Loans to the public and leases, cont.

SEK M	Base scenario				Negative scenario				Positive scenario			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
House prices, annual change in %	2.98	4.03	4.03	4.00	-4.14	4.03	4.03	4.00	10.57	4.03	4.03	4.00
GDP, annual change in %	0.57	3.19	3.03	2.00	-0.25	3.04	3.36	2.00	1.47	3.33	2.70	2.00
Unemployment, level in %	8.48	8.37	7.68	7.00	8.95	8.86	7.88	7.00	7.94	7.81	7.16	7.00

### Modified loan receivables in loans to the public

SEK M	31 Dec 2023	31 Dec 2022
Loan receivables modified during the period that were in stages 2 and 3 when they were modified		
Amortised cost before modification	101	67
Modification gain/loss	0	0
Gross carrying amount of loan receivables that have been modified since initial recognition and were in stage 2 or 3 at the time of modification and have been transferred to stage 1 during the period	62	45

### Note 33 Change in value of hedge portfolios

	31 Dec 2023	31 Dec 2022
<b>Assets</b>		
Carrying amount, 1 January	-4,846	735
Changes during the year attributable to lending	3,293	-4,847
Changes during the year attributable to funding	-	-735
<b>Carrying amount, 31 December</b>	<b>-1,553</b>	<b>-4,847</b>
<b>Liabilities</b>		
Carrying amount, 1 January	-12,010	376
Changes during the year attributable to deposits	399	-36
Changes during the year attributable to funding	7,414	-11,975
Changes during the year attributable to lending	-	-376
<b>Carrying amount, 31 December</b>	<b>-4,197</b>	<b>-12,010</b>

### Note 34 Other receivables

	31 Dec 2023	31 Dec 2022
Accounts receivable	559	362
Other receivables	1,479	1,011
<b>Total other receivables</b>	<b>2,037</b>	<b>1,373</b>

Accounts receivable related to contracts with customers amounted to SEK 216 M (178) in the Parent Company and SEK 0 M (0) in Länsförsäkringar Fondliv. Accounts receivable pertaining to leases amounted to SEK 227 M (173).

Other receivables related to contracts with customers amounted to SEK 31 M (6) in the Parent Company and SEK 665 M (270) 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 18 Credit losses.

### Note 35 Property and equipment, leases and other

2023	Leases	Other	Total
<b>Cost</b>			
Opening cost, 1 January	13,970	382	14,351
Reclassification	-	-	-
Acquisitions	3,579	174	3,753
Divestments/disposals	-3,568	-20	-3,588
Exchange-rate differences	-	1	1
<b>Closing cost, 31 December</b>	<b>13,981</b>	<b>536</b>	<b>14,517</b>
<b>Depreciation</b>			
Opening accumulated depreciation, 1 January	-6,079	-64	-6,143
Depreciation	-2,447	-62	-2,508
Divestments/disposals	2,540	16	2,556
Exchange-rate differences	-	0	0
<b>Closing accumulated depreciation, 31 December</b>	<b>-5,986</b>	<b>-110</b>	<b>-6,096</b>
<b>Impairment</b>			
Opening accumulated impairment, 1 January	-149	-	-149
Impairment	-8	-	-8
<b>Closing accumulated impairment, 31 December</b>	<b>-157</b>	<b>-</b>	<b>-157</b>
<b>Carrying amount, 31 December</b>	<b>7,837</b>	<b>427</b>	<b>8,264</b>
<b>2022</b>	<b>Leases</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>			
Opening cost, 1 January	13,835	226	14,060
Reclassification	-	2	2
Acquisitions	3,687	250	3,937
Divestments/disposals	-3,552	-96	-3,648
Exchange-rate differences	-	1	1
<b>Closing cost, 31 December</b>	<b>13,970</b>	<b>382</b>	<b>14,351</b>
<b>Depreciation</b>			
Opening accumulated depreciation, 1 January	-6,128	-107	-6,235
Depreciation	-2,506	-34	-2,540
Divestments/disposals	2,555	77	2,632
Exchange-rate differences	-	-0	-0
<b>Closing accumulated depreciation, 31 December</b>	<b>-6,079</b>	<b>-64</b>	<b>-6,143</b>
<b>Impairment</b>			
Opening accumulated impairment, 1 January	-151	-	-151
Impairment	3	-	3
<b>Closing accumulated impairment, 31 December</b>	<b>-149</b>	<b>-</b>	<b>-149</b>
<b>Carrying amount, 31 December</b>	<b>7,742</b>	<b>317</b>	<b>8,059</b>

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### Note 36 Cash and bank balances

	31 Dec 2023	31 Dec 2022
Cash and balances with central banks	5,786	4,947
Balances with other banks	2,786	4,298
<b>Total cash and cash equivalents</b>	<b>8,572</b>	<b>9,245</b>

For loss allowance, refer to note 18 Credit losses.

### 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Intangible assets	-1	-11	-	-	-1	-11
Receivables	-68	-51	-	-	-68	-51
Other assets	-	-	59	55	59	55
Liabilities	-	-	7	-	7	-
Untaxed reserves	-	-	1,008	943	1,008	943
Cash flow hedges	-15	-	-	8	-15	8
<b>Deferred tax assets (-) / deferred tax liability (+)</b>	<b>-84</b>	<b>-62</b>	<b>1,074</b>	<b>1,006</b>	<b>991</b>	<b>944</b>
<b>Net deferred tax assets (-) / deferred tax liability (+)</b>	<b>-84</b>	<b>-62</b>	<b>1,074</b>	<b>1,006</b>	<b>991</b>	<b>944</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

	Amount on 1 January	Adjusted opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Amount on 31 December
<b>2023</b>					
Intangible assets	-11	-	11	-	-1
Financial assets	-	-	-	-	-
Receivables	-51	-	-18	-	-68
Other assets	55	-	3	-	59
Liabilities	-	-	7	-	7
Loss carryforwards	-	-	-	-	-
Untaxed reserves	943	-	66	-	1,008
Cash flow hedges	8	-	-	-23	-15
<b>Deferred tax assets (-) / deferred tax liabilities (+)</b>	<b>944</b>	<b>-</b>	<b>69</b>	<b>-23</b>	<b>991</b>

	Amount on 1 January	Adjusted opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Amount on 31 December
<b>2022</b>					
Intangible assets	-23	-	12	-	-11
Financial assets	-	-	-	-	-
Receivables	-12	-	-39	-	-51
Other assets	2	-	53	-	55
Liabilities	0	-	-0	-	-0
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>

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### Note 38 Prepaid expenses and accrued income

	31 Dec 2023	31 Dec 2022
Accrued interest and rental income	90	60
Deferred acquisition costs	2,905	2,744
Other accrued income	378	280
Recognised assets from expenses for completing an agreement	-	-
Other prepaid expenses	641	704
<b>Total prepaid expenses and accrued income</b>	<b>4,014</b>	<b>3,787</b>
<b>Opening balance deferred acquisition costs, 1 January</b>	<b>2,744</b>	<b>2,536</b>
Capitalised acquisition costs	1,455	1,151
Amortisation/depreciation	-1,290	-942
Impairment	-3	-1
<b>Closing balance deferred acquisition costs, 31 December</b>	<b>2,905</b>	<b>2,744</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 39 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 2022</b>	<b>200</b>	<b>152</b>	<b>35,035</b>	<b>35,387</b>
Effect of change in accounting policies <sup>1)</sup>			-537	-537
<b>Total adjusted opening balance</b>	<b>200</b>	<b>152</b>	<b>34,498</b>	<b>34,850</b>
Dividends paid	-	-	-1,751	-1,751
Net profit for the year*	-	-	1,963	1,963
Change in translation reserve	-	11	-3	8
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>-27</b>	<b>-16</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>11</b>	<b>1,936</b>	<b>1,947</b>
Dividends, etc., on Additional Tier 1 instruments	-	-	-89	-89
Transfer between restricted and non-restricted equity	-	219	-219	0
Realised gain/loss from sale of shares	-	-	19	19
<b>Closing equity, 31 December 2022</b>	<b>200</b>	<b>383</b>	<b>34,393</b>	<b>34,976</b>
<b>Opening equity, 1 January 2023</b>	<b>200</b>	<b>383</b>	<b>34,393</b>	<b>34,976</b>
Dividends paid	-	-	-698	-698
Net profit for the year	-	-	2,195	2,195
Change in translation reserve	-	6	3	9
Change in fair value reserve	-	-	-43	-43
Change in hedging reserve	-	-	-89	-89
<b>Total other comprehensive income</b>	<b>-</b>	<b>6</b>	<b>-130</b>	<b>-124</b>
<b>Comprehensive income for the year</b>	<b>-</b>	<b>6</b>	<b>2,066</b>	<b>2,072</b>
Dividends, etc., on Additional Tier 1 instruments	-	-	-151	-151
Transfer between restricted and non-restricted equity	-	271	-271	-
<b>Closing equity, 31 December 2023</b>	<b>200</b>	<b>660</b>	<b>35,338</b>	<b>36,198</b>

<sup>1)</sup> Refers to transitional effects on the transition from full IFRS to legally restricted IFRS.

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

The quotient value per share is SEK 19.19. All shares are ordinary shares.

Of the shares issued on 31 December 2023, 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 39 Equity, cont.

### Specification of reserves in equity

Changes in these reserves are included in other comprehensive income

	2023	2022
<b>Translation reserve</b>		
Opening translation reserve, 1 January	-17	-25
Translation differences for the year	9	9'
<b>Closing translation reserve 31 December</b>	<b>-7</b>	<b>-17*</b>
<b>Fair value reserve</b>		
Opening fair value reserve, 1 January	-466	-240
Change for the year in financial assets measured at FVOCI	-54	-284
Tax attributable to change for the year	11	58
<b>Closing fair value reserve, 31 December</b>	<b>-509</b>	<b>-466</b>
<b>Hedging reserve</b>		
Opening hedging reserve, 1 January	31	-170
Change for the year in cash flow hedges	-112	253
Tax attributable to change for the year	23	-52
<b>Closing hedging reserve 31 December</b>	<b>-58</b>	<b>31</b>

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

### 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 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 2023. 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 40 Subordinated liabilities

	31 Dec 2023	31 Dec 2022
Subordinated debts with three-month variable interest rates	1,896	1,748
Subordinated debts with a fixed interest rate	1,197	849
<b>Total subordinated liabilities</b>	<b>3,093</b>	<b>2,597</b>

The subordinated debt is listed and can be redeemed on 25 February 2026 and 1 March 2028 the earliest. These loans fall due on 25 February 2031 and 1 March 2033. Interest on the variable loans on 31 December 2023 was 5.1% (3.4) and 5.9% (3.6), respectively. The interest rate on fixed loans is 1.2% and 4.9%, respectively. For more information, see note 2 Risk and capital management

## Note 41 Provisions, policyholder bears the risk

Unit-linked insurance commitments	31 Dec 2023	31 Dec 2022
Opening balance	192,289	219,450
Deposits	19,668	17,460
Migrations, repurchases and cancellations	-10,316	-7,021
Claims paid	-4,117	-3,684
Costs withdrawn	-814	-854
Change in value	25,810	-32,888
Yield tax	-472	-187
Other changes	39	12
<b>Closing balance, unit-linked insurance commitments</b>	<b>222,086</b>	<b>192,289</b>
Conditional bonus Guarantee management	3,506	2,969
<b>Total provisions</b>	<b>225,593</b>	<b>195,258</b>

## Note 42 Other Provisions

	31 Dec 2023	31 Dec 2022
Provisions for pensions	76	48
Current tax liabilities	395	239
Deferred tax liabilities	1,074	1,006
Other provisions	74	67
<b>Total other provisions</b>	<b>1,620</b>	<b>1,359</b>

### Defined-benefit pension plans

There are a number of 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. 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.

FTP plan contributions for 2023 are expected to total SEK 93 M.

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**Note 42 Other provisions, cont.**

	2023	2022
Expenses for defined-contribution plans	326	307

**Note 43 Liabilities, direct insurance**

	2023	2022
Liabilities to policyholders	801	772
Liabilities to insurance brokers	123	75
Liabilities to insurance companies	4	4
<b>Total Liabilities, direct insurance</b>	<b>928</b>	<b>851</b>

**Note 44 Due to credit institutions**

	31 Dec 2023	31 Dec 2022
Swedish banks	5,895	8,992
<b>Total liabilities due to credit institutions</b>	<b>5,895</b>	<b>8,992</b>
Payable on demand	5	1

Genuine repurchase transactions amounted to SEK 492 M (154).

**Note 45 Deposits from the public**

	31 Dec 2023	31 Dec 2022
Deposits from insurance companies	1,361	2,268
Deposits from households	128,190	130,806
Deposits from other Swedish public	19,327	18,238
<b>Total deposits from the public</b>	<b>148,878</b>	<b>151,312</b>

**Note 46 Debt securities in issue**

	31 Dec 2023	31 Dec 2022
Commercial paper	565	1,407
Bond loans	265,749	255,255
<i>of which, covered bonds</i>	<i>230,721</i>	<i>220,754</i>
Senior non-preferred debt	13,473	8,833
<i>of which, green bonds</i>	<i>9,393</i>	<i>2,297</i>
Cashier's cheques issued	17	21
<b>Total debt securities in issue</b>	<b>279,804</b>	<b>265,515</b>

**Note 47 Other liabilities**

	31 Dec 2023	31 Dec 2022
Liabilities to Länsförsäkringar Liv		
Försäkrings AB	19	12
Accounts payable	438	398
Other liabilities	1,993	1,218
<b>Total other liabilities</b>	<b>2,450</b>	<b>1,628</b>

**Note 48 Accrued expenses and deferred income**

	31 Dec 2023	31 Dec 2022
Accrued interest expense	2,114	1,094
Other accrued expenses	3,376	2,879
Prepaid rent	273	248
Contract liabilities	32	45
Other deferred income	976	701
<b>Total accrued expenses and deferred income</b>	<b>6,771</b>	<b>4,967</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. During the year, the contract liabilities decreased by SEK 13 M, which corresponded to the dissolution for the year.

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## Note 49 Pledged assets, contingent liabilities and contingent assets

	31 Dec 2023	31 Dec 2022
<b>Pledged assets</b>		
<b>Registered assets on behalf of policyholders<sup>1)</sup></b>		
Shares and participations in associated companies	195	-
Unit-linked insurance assets, policyholder bears the risk	221,636	192,086
Shares and participations	5,418	4,551
Bonds and other interest-bearing securities	8,072	6,924
Derivatives	-1	-2
Other receivables	546	512
Cash and cash equivalents	1,260	1,540
<b>Total registered assets</b>	<b>237,126</b>	<b>205,611</b>
<b>Other pledged assets</b>		
Pledged securities in the Riksbank	2,370	2,354
Pledged securities in Euroclear	1,913	1,893
Loan receivables, covered bonds	293,569	282,069
Loan receivables, substitute collateral	10,790	10,390
Collateral paid due to repurchase agreement	492	154
Securities collateral paid for derivatives	6,873	12,454
Pledged bank funds	66	94
<b>Total other pledged assets</b>	<b>316,072</b>	<b>309,409</b>
<b>Total pledged assets</b>	<b>553,198</b>	<b>515,019</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 220,879 M on 31 December 2023. The amounts in the table are for assets measured at fair value according to the Insurance Business Act.

	31 Dec 2023	31 Dec 2022
<b>Contingent liabilities</b>		
Guarantees and other contingent liabilities	192	31
<b>Total contingent liabilities</b>	<b>192</b>	<b>31</b>
<b>Other commitments</b>		
Loans approved but not disbursed	19,063	19,669
Unutilised portion of overdraft facilities	2,647	3,042
Amounts outstanding to invest in investment assets	911	1,198
Committed but unutilised portion of credit card facilities	2,116	2,083
<b>Total other commitments</b>	<b>24,737</b>	<b>25,992</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 0.1 of a 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.

### Contingent assets

Wasa Kredit has an ongoing tax case with the Swedish Tax Agency regarding the repayment of value added tax and a final ruling is expected next year. The tax case is the result of a decision by the Supreme Administrative Court in October 2023, entailing that Wasa Kredit will probably recover input VAT for the 2017-2023 fiscal years. The company's current assessment is that between SEK 130 M and SEK 160 M will be received.

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## Note 49 Pledged assets and contingent liabilities, cont.

### Reconciliation of gross carrying amount and loss allowance for commitments

SEK M	Not credit-impaired		Credit-impaired		Total			
	Stage 1	Stage 2	Stage 3	Stage 3	Credit risk exposure	Loss allowance		
<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	-	-	-	-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>
<b>Opening balance, 1 January 2023</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>
New loan commitments and increase in existing credit commitments	77,457	-7	90	-3	8	-16	77,554	-26
<b>Changes:</b>								
Change in loss allowance model or method	-	4	-	1	-	-	-	5
Net change in existing loan commitments and credit commitments (utilised and repaid)	-30,045	3	-87	1	-9	2	-30,141	5
Change in risk parameters	-	-4	-	1	-	6	-	3
<b>Transfer of loan commitments and credit commitments</b>								
Transfer from stage 1 to stage 2	-474	3	474	-10	-	-	-	-7
Transfer from stage 2 to stage 1	327	-4	-327	5	-	-	-	1
Transfer to stage 3	-32	1	-9	1	41	-4	-	-3
Transfer from stage 3	10	-1	4	-	-14	1	-	1
Expired loan commitments	-48,204	9	-191	2	-37	12	-48,432	22
<b>Closing balance, 31 December 2023</b>	<b>23,344</b>	<b>-7</b>	<b>410</b>	<b>-11</b>	<b>22</b>	<b>-5</b>	<b>23,776</b>	<b>-24</b>

The loss allowance declined SEK 3 M (3) during the year. The decrease was mainly due to past due loan commitments.

On 31 December 2023, the total loss allowance for commitments and guarantees amounted to SEK 30 M (36), of which the Bank Group's recognised loss allowance amounted to SEK 24 M (26) and the remainder of SEK 6 M (10) 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 32 Loans to the public.

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## Note 50 Anticipated recovery and settlement periods for assets and liabilities

Amount expected to be recovered	31 Dec 2023			31 Dec 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
Goodwill	34	47	81	34'	81'	115'
Other intangible assets	455	3,791	4,246	425	3,439	3,865
Deferred tax assets	16	67	84	12	50	62
Property and equipment, leases	581	7,256	7,837	570	7,172	7,742
Property and equipment, other	61	387	448	34	300	334
Shares in Länsförsäkringar Liv Försäkrings AB	-	8	8	-	8	8
Shares and participations in associated companies and joint ventures	-	210	210	-	131	131
Reinsurers' portion of technical provisions	1,534	7,307	8,841	1,415	7,691	9,106
Loans to the public	21,624	365,757	387,381	26,522'	349,840'	376,362'
Unit-linked insurance assets, policyholder bears the risk	12,660	208,975	221,636	7,504	184,581	192,086
Shares and participations	-	7,429	7,429	-	6,572	6,572
Bonds and other interest-bearing securities	18,655	40,991	59,646	12,079	44,691	56,770
Treasury bills and other eligible bills	5,793	5,390	11,183	6,561	4,295	10,857
Derivatives	2,213	2,885	5,098	2,873	5,384	8,256
Change in value of hedge portfolios	-1,553	-	-1,553	-4,847	-	-4,847
Other receivables	6,321	1	6,322	5,727	1	5,729
Prepaid expenses and accrued income	1,961	2,054	4,014	2,001	1,787	3,787
Cash and bank balances	8,572	-	8,572	9,245	-	9,245
<b>Total assets</b>	<b>78,926</b>	<b>652,557</b>	<b>731,483</b>	<b>70,156'</b>	<b>616,024'</b>	<b>686,180'</b>

### Amount expected to be recovered

<b>Liabilities</b>						
Subordinated liabilities	-	3,093	3,093	-	2,597	2,597
Technical provisions	7,151	12,653	19,805	6,814	12,849	19,662
Unit-linked insurance liabilities policyholder bears the risk	12,887	212,706	225,592	7,628	187,630	195,258
Deferred tax liabilities	2	1,073	1,074	9	997	1,006
Other provisions	2	147	150	4	110	115
Debt securities in issue	42,398	237,406	279,804	52,153	213,362	265,515
Deposits from the public	147,907	971	148,878	149,420	1,893	151,312
Due to credit institutions	5,895	-	5,895	8,992	-	8,992
Derivatives	705	3,457	4,162	1,118	9,357	10,475
Change in value of hedge portfolios	-4,197	-	-4,197	-12,010	-	-12,010
Other liabilities	4,199	53	4,252	3,261'	50'	3,311'
Accrued expenses and deferred income	6,776	-	6,776	4,972	-	4,972
<b>Total liabilities</b>	<b>223,726</b>	<b>471,559</b>	<b>695,285</b>	<b>222,361'</b>	<b>428,843'</b>	<b>651,204'</b>

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

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## Note 51 Classification of financial assets and liabilities



31 Dec 2023	Financial assets measured at FVPL			Financial assets measured at FVOCI			Fair value
	Measured at FVPL	Derivatives used in hedge accounting	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments	Total carrying amount	
<b>Assets</b>							
Shares in Länsförsäkringar Liv Försäkrings AB	-	-	-	-	8	8	8
Loans to the public	-	-	387,381	-	-	387,381	384,608
Unit-linked insurance assets, policyholder bears the risk	221,636	-	-	-	-	221,636	221,636
Shares and participations	7,224	-	-	-	204	7,429	7,429
Shares and participations in associated companies	205	-	-	-	-	205	205
Bonds and other interest-bearing securities	8,123	-	-	51,523	-	59,646	59,646
Treasury bills and other eligible bills	-	-	-	11,183	-	11,183	11,183
Derivatives	135	4,964	-	-	-	5,098	5,098
Other receivables	-	-	1,723	-	-	1,723	1,723
Prepaid expenses and accrued income	-	-	435	-	-	435	435
Cash and bank balances	-	-	8,572	-	-	8,572	8,572
<b>Total assets</b>	<b>237,323</b>	<b>4,964</b>	<b>398,111</b>	<b>62,706</b>	<b>212</b>	<b>703,316</b>	<b>700,543</b>

### Financial liabilities measured at FVPL

31 Dec 2023	Measured at FVPL	Identified at FVPL	Derivatives used in hedge accounting	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
<b>Liabilities</b>						
Subordinated liabilities	-	-	-	3,093	3,093	3,077
Debt securities in issue	-	-	-	279,804	279,804	276,650
Unit-linked insurance commitments	-	222,086	-	-	222,086	222,086
Deposits from the public	-	-	-	148,878	148,878	152,239
Due to credit institutions	-	-	-	5,895	5,895	5,895
Derivatives	60	-	4,102	-	4,162	4,162
Other liabilities	-	-	-	1,279	1,279	1,279
Accrued expenses and deferred income	-	-	-	2,812	2,812	2,812
<b>Total liabilities</b>	<b>60</b>	<b>222,086</b>	<b>4,102</b>	<b>441,762</b>	<b>668,011</b>	<b>668,201</b>

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.

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## Note 51 Classification of financial assets and liabilities, cont.

31 Dec 2022	Financial assets measured at FVPL			Financial assets measured at FVOCI			Fair value
	Measured at FVPL	Derivatives used in hedge accounting	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments	Total carrying amount	
<b>Assets</b>							
Shares in Länsförsäkringar Liv Försäkrings AB	-	-	-	-	8	8	8
Loans to the public*	-	-	376,362	-	-	376,362	372,420
Unit-linked insurance assets, policyholder bears the risk	192,086	-	-	-	-	192,086	192,086
Shares and participations*	6,365	-	-	-	207	6,572	6,572
Shares and participations in associated companies	131	-	-	-	-	131	131
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*	-	-	1,041	-	-	1,041	1,041
Prepaid expenses and accrued income*	-	-	427	-	-	427	427
Cash and bank balances	-	-	9,245	-	-	9,245	9,245
<b>Total assets*</b>	<b>205,502</b>	<b>8,137</b>	<b>387,076</b>	<b>60,826</b>	<b>215</b>	<b>661,756</b>	<b>657,814</b>

### Financial liabilities measured at FVPL

31 Dec 2022	Measured at FVPL	Derivatives		Financial liabilities measured at amortised cost	Total carrying amount	Fair value
		Identified at FVPL	used in hedge accounting			
<b>Liabilities</b>						
Subordinated liabilities	-	-	-	2,597	2,597	2,428
Debt securities in issue	-	-	-	265,515	265,515	253,369
Unit-linked insurance commitments	-	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*	-	-	-	812	812	812
Accrued expenses and deferred income*	-	-	-	1,689	1,689	1,689
<b>Total liabilities*</b>	<b>94</b>	<b>192,289</b>	<b>10,382</b>	<b>430,917</b>	<b>633,682</b>	<b>624,622</b>

\* Comparative information has been restated due to the voluntary change in accounting policies in the manner described in note 1 Accounting policies.

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.

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## Note 52 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, where:

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.

	31 Dec 2023				31 Dec 2022			
	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, policyholder bears the risk	221,551	-	85	221,636	191,941	-	144	192,086
Shares and participations	4,062	28	3,339	7,429	3,229	23	3,320	6,572
Shares and participations in associated companies	-	-	205	205	-	-	131	131
Bonds and other interest-bearing securities	58,381	-	1,264	59,646	55,511	-	1,259	56,770
Treasury bills and other eligible bills	7,184	3,999	-	11,183	6,273	4,584	-	10,857
Derivatives	0	5,098	-	5,098	0	8,256	-	8,256
<b>Liabilities</b>								
Derivatives	1	4,161	-	4,162	2	10,473	-	10,475

	Shares in Länsförsäkringar Liv Försäkrings AB	Unit-linked insurance assets	Shares and participations	Shares and participations in associated companies	Bonds and other interest-bearing securities	Total carrying amount
<b>Change Level 3</b>						
Opening balance, 1 January 2022	8	-	2,855	131	982	3,977
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	-	-	0	-	-	0
<b>Closing balance, 31 December 2022</b>	<b>8</b>	<b>144</b>	<b>3,320</b>	<b>131</b>	<b>1,259</b>	<b>4,863</b>
Opening balance, 1 January 2023	8	144	3,320	139	1,259	4,871
Transferred from Level 1 to Level 3	-	-	-	-	-	-
Acquisitions	-	-	156	80	69	304
Divestments and reclassifications	-	-	-15	-28	-44	-87
Recognised in profit or loss	-	-59	-116	14	-19	-180
Recognised in other comprehensive	-	-	-6	-	-	-6
<b>Closing balance, 31 December 2023</b>	<b>8</b>	<b>85</b>	<b>3,339</b>	<b>205</b>	<b>1,264</b>	<b>4,902</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 cost adjusted for impairment.

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### 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 53 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 decision-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 2023

#### **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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## Note 53 Disclosures on related parties, cont.

Related-party transactions 2023	Income	Expenses	Receivables	Liabilities	Commitments
Associated companies and joint ventures	6	27	3	3	-
Länsförsäkringar Liv Försäkrings AB	271	165	375	2,005	-
<b>Owners</b>					
Regional insurance companies	3,203	4,292	7,742	10,519	13
<b>Other related parties</b>					
Länsförsäkringar Mäklarservice AB	33	11	5	58	-
Länsförsäkringar Fastighetsförmedling AB	1	0	3	9	7
Other	-11	201	32	6	0
<b>Total other related parties</b>	<b>23</b>	<b>211</b>	<b>40</b>	<b>73</b>	<b>7</b>

Interest income and interest expense 2023	Interest income	Interest expense
Regional insurance companies	-	118
Länsförsäkringar Liv Försäkrings AB	-	46
Other related parties	2	2

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

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 49 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 11 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 2023 Annual Report.

## Note 54 Events after balance-sheet date

On 16 January 2024, Länsförsäkringar Bank issued an Additional Tier 1 instrument (AT1 bond), with a perpetual term and a first possible redemption date after 5.25 years, in SEK at a volume of SEK 1,350 M. The bonus rate for New Trad was raised from 5% to 6% from 1 February 2024 and for Old Trad from 4% to 5%, due to healthy returns on investment assets.

## Note 55 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 2023 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>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>EARNINGS</b>					
Premiums earned (after ceded reinsurance)	2613	2,585	2,447	2,339	2,142
Investment income transferred from financial operations	107	9	3	8	17
Claims payments (after ceded reinsurance) <sup>1)</sup>	-1890	-1,876	-1,769	-1,819	-1,580
Operating expenses	-541	-499	-474	-439	-445
Other technical revenue and expenses	-2	-2	-1	-1	-2
<b>Technical result for insurance operations</b>	<b>288</b>	<b>217</b>	<b>206</b>	<b>88</b>	<b>133</b>
Remaining investment income	1025	1,755	1,644	136	1,346
Other income	4147	3,684	3,290	-	-
Other expenses	-4749	-4,309	-3,657	-	-
<b>Profit before appropriations and tax</b>	<b>711</b>	<b>1,347</b>	<b>1,484</b>	<b>224</b>	<b>1,478</b>
Net profit for the year	622	1,321	1,446	162	1,398
<b>Premium income (after ceded reinsurance)</b>					
Non-life insurance	2,643	2,625	2,497	2,407	2,181
<b>FINANCIAL POSITION</b>					
Investment assets measured at fair value	43,676	43,950	46,395	6,075	6,984
Technical provisions (after ceded reinsurance)	4,217	4,230	4,006	3,802	3,682
<b>Solvency capital</b>					
Equity	20,283	18,497	19,059	547	1,319
Deferred tax	-11	-11	-10	-7	-6
Untaxed reserves	1,238	1,188	1,174	1,154	1,139
Surplus values	20,403	23,908	24,138	1,685	1,206
<b>Solvency capital</b>	<b>41,913</b>	<b>43,582</b>	<b>44,361</b>	<b>3,379</b>	<b>3,657</b>
<b>Solvency margin, %</b>	<b>1,248</b>	<b>1,660</b>	<b>1,776</b>	<b>140</b>	<b>168</b>
<b>Own funds <sup>2)</sup></b>	<b>19,847</b>	<b>20,548</b>	<b>24,381</b>	<b>3,825</b>	<b>3,479</b>
<b>Minimum capital requirement</b>	<b>2,888</b>	<b>2,633</b>	<b>3,375</b>	<b>875</b>	<b>793</b>
<b>Solvency capital requirement</b>	<b>9,385</b>	<b>9,215</b>	<b>13,499</b>	<b>1,944</b>	<b>1,762</b>
<b>Solvency ratio, %</b>	<b>211</b>	<b>223</b>	<b>181</b>	<b>197</b>	<b>197</b>
<b>Own funds for insurance group</b>	<b>62,634</b>	<b>59,099</b>	<b>65,203</b>	<b>57,412</b>	<b>50,220</b>
<b>Solvency capital requirement for insurance group</b>	<b>46,066</b>	<b>41,836</b>	<b>45,368</b>	<b>39,186</b>	<b>37,966</b>
<b>Solvency ratio, % for insurance group</b>	<b>136</b>	<b>141</b>	<b>144</b>	<b>147</b>	<b>132</b>
<b>KEY FIGURES</b>					
<b>Insurance operations</b>					
Claims ratio	72	73	72	77	74
Expense ratio	21	19	20	19	21
Combined ratio	93	92	92	96	95
<b>Asset management</b>					
Direct yield	0.45	0.40	0.20	0.20	-0.20
Total return ratio	2.87	-0.10	8.50	3.40	10.00

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

<sup>2)</sup> Of which SEK 19,847 M (20,548) is Tier 1 capital.

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### Income statement

SEK M	Note	2023	2022
<b>Technical recognition of non-life insurance operations</b>			
<b>Premiums earned (after ceded reinsurance)</b>			
Premium income	3	4,449	4,416
Premiums for ceded reinsurance		-1,806	-1,791
Change in Provision for unearned premiums and unexpired risks		-94	-43
Reinsurers' portion of Change in provision for unearned premiums and unexpired risks		65	3
<b>Total</b>		<b>2,613</b>	<b>2,585</b>
Investment income transferred from financial operations	4	107	9
<b>Claims payments (after ceded reinsurance)</b>			
Claims paid			
Before ceded reinsurance		-3,915	-3,688
Reinsurers' portion		1,965	1,887
<b>Total</b>	5	<b>-1,949</b>	<b>-1,801</b>
<b>Change in Provision for claims outstanding</b>			
Before ceded reinsurance		425	1,530
Reinsurers' portion		-365	-1,606
<b>Total</b>		<b>59</b>	<b>-75</b>
<b>Claims payments (after ceded reinsurance)</b>			
Operating expenses	6,8,9	-541	-499
Other technical expenses		-2	-2
<b>Technical result for non-life insurance operations</b>		<b>288</b>	<b>217</b>
<b>Non-technical recognition</b>			
Technical result for non-life insurance operations			
		288	217
Investment income, revenue	10	1,660	2,095
Unrealised gains on investment assets	10	163	-
Investment income, expenses	10	-554	-126
Unrealised losses on investment assets	10	-116	-180
Investment income transferred to non-life insurance operations		-127	-33
Other income	7, 11	4,147	3,684
Other expenses	7, 11	-4,749	-4,309
<b>Profit before appropriations</b>		<b>711</b>	<b>1,347</b>
<b>Appropriations</b>			
Tax allocation reserve		-50	-14
<b>Profit before tax</b>		<b>661</b>	<b>1,333</b>
Tax on net profit for the year	12	-39	-12
<b>Net profit for the year</b>		<b>622</b>	<b>1,321</b>

<b>Statement of comprehensive income</b>		
SEK M	2023	2022
<b>Net profit for the year</b>	<b>622</b>	<b>1,321</b>
<b>Other comprehensive income</b>		
Items that cannot be transferred to profit for the period		
Change in fair value of equity instruments measured at FVOCI	-6	-2
Tax attributable to items that cannot be reversed to profit or loss	1	1
<b>Total comprehensive income</b>	<b>617</b>	<b>1,320</b>

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## Performance analysis

2023							
SEK M	Total	Accident and health	Health care	Com-mercial	Legal expenses	Liability	Motor third-party liability
<b>Technical result for non-life insurance operations</b>							
Premiums earned (after ceded reinsurance)	2,613	413	920	146	2	269	48
Investment income transferred from financial operations	107	22	13	6	-	23	4
Claims payments (after ceded reinsurance)	-1,890	-175	-831	-97	-1	-119	-65
Operating expenses	-541	-101	-199	-24	-1	-55	-11
Other technical expenses	-2	-	-	-	-	-	-2
<b>Technical result for non-life insurance operations, 2023</b>	<b>288</b>	<b>159</b>	<b>-97</b>	<b>30</b>	<b>-</b>	<b>118</b>	<b>-26</b>
Technical result for non-life insurance operations, 2022	217	116	-13	25	-2	20	-32
Run-off result (before ceded reinsurance) 2023 <sup>1) 2)</sup>	711	74	16	19	-	89	29
Run-off result (after ceded reinsurance) 2023	342	76	16	-1	-	90	9
<b>Technical provisions before ceded reinsurance</b>							
Provision for unearned premiums and unexpired risks	1,321	82	249	85	1	171	20
Provision for claims outstanding	11,621	777	109	243	1	872	1,723
<b>Total technical provisions, before ceded reinsurance</b>	<b>12,943</b>	<b>859</b>	<b>358</b>	<b>328</b>	<b>2</b>	<b>1,044</b>	<b>1,743</b>
<b>Reinsurers' portion of technical provisions</b>							
Provision for unearned premiums and unexpired risks	562	-	-	21	-	5	-
Provision for claims outstanding	8,163	7	-	36	-	17	1,561
<b>Total reinsurers' portion of technical provisions</b>	<b>8,725</b>	<b>7</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>22</b>	<b>1,561</b>

<sup>1)</sup> Most of the gross run-off gain derives from the internationally assumed reinsurance, liability insurance and accident insurance.

<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 discontinued 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 from claims for the year.

### Notes to Performance analysis

SEK M	Total	Accident and health	Health care	Com-mercial	Legal expenses	Liability	Motor third-party liability
<b>Note A Premiums earned (after ceded reinsurance)</b>							
Premium income	4,449	418	939	194	2	287	51
Premiums for ceded reinsurance	-1,806	-1	-	-47	-	-13	-5
Change in Provision for unearned premiums and unexpired risks	-94	-5	-19	-11	-	-5	2
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	65	-	-	10	-	-	-
<b>Premiums earned (after ceded reinsurance)</b>	<b>2,613</b>	<b>413</b>	<b>920</b>	<b>146</b>	<b>2</b>	<b>269</b>	<b>48</b>
<b>Note B Claims payments (after ceded reinsurance)</b>							
<b>Claims paid</b>							
Before ceded reinsurance	-3,915	-206	-832	-71	-2	-146	-562
Reinsurers' portion	1,965	-	-	4	-	1	507
<b>Change in provision for claims outstanding</b>							
Before ceded reinsurance	425	29	1	-18	1	10	-27
Reinsurers' portion	-365	1	-	-12	-	16	18
<b>Claims payments (after ceded reinsurance)</b>	<b>-1,890</b>	<b>-175</b>	<b>-831</b>	<b>-97</b>	<b>-1</b>	<b>-119</b>	<b>-65</b>

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## Performance analysis 2023, cont.

SEK M	Motor	Transit	Household and homeowner	Credit and guarantees	Direct insurance, Swedish risks	Direct insurance foreign risks	Total assumed reinsurance
<b>Technical result for non-life insurance operations</b>							
Premiums earned (after ceded reinsurance)	172	184	-	2	2,157	8	449
Investment income transferred from financial operations	3	5	-	-	76	-	31
Claims payments (after ceded reinsurance)	-196	-130	-	-	-1,614	-3	-273
Operating expenses	-37	-45	-	-1	-473	-1	-67
Other technical expenses	-	-	-	-	-2	-	-
<b>Technical result for non-life insurance operations, 2023</b>	<b>-58</b>	<b>15</b>	<b>-</b>	<b>2</b>	<b>143</b>	<b>4</b>	<b>140</b>
Technical result for non-life insurance operations, 2022	-10	9	-	-7	105	3	109
Run-off result (before ceded reinsurance) 2023 <sup>1) 2)</sup>	-30	-2	-	5	200	1	510
Run-off result (after ceded reinsurance) 2023	-9	8	-	1	191	1	150
<b>Technical provisions before ceded reinsurance</b>							
Provision for unearned premiums and unexpired risks	520	62	1	28	1,218	5	99
Provision for claims outstanding	149	183	1	34	4,094	4	7,523
<b>Total technical provisions, before ceded reinsurance</b>	<b>669</b>	<b>245</b>	<b>2</b>	<b>61</b>	<b>5,311</b>	<b>9</b>	<b>7,623</b>
<b>Reinsurers' portion of technical provisions</b>							
Provision for unearned premiums and unexpired risks	459	2	-	22	509	2	52
Provision for claims outstanding	85	30	-	26	1,762	-	6,400
<b>Total reinsurers' portion of technical provisions</b>	<b>554</b>	<b>33</b>	<b>-</b>	<b>48</b>	<b>2,272</b>	<b>2</b>	<b>6,452</b>

<sup>1)</sup> Most of the gross run-off gain derives from the internationally assumed reinsurance, liability insurance and accident insurance.

<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 discontinued 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 from claims for the year.

## Notes to Performance analysis

SEK M	Motor	Transit	Household and homeowner	Credit and guarantees	Direct insurance, Swedish risks	Direct insurance foreign risks	Total assumed reinsurance
<b>Note A Premiums earned (after ceded reinsurance)</b>							
Premium income	444	200	-	18	2,554	15	1,880
Premiums for ceded reinsurance	-274	-10	-	-15	-365	-6	-1,435
Change in Provision for unearned premiums and unexpired risks	-41	-6	-	-6	-90	-	-4
Reinsurers' portion of change in provision for unearned premiums and unexpired risks	43	-	-	5	57	-	8
<b>Premiums earned (after ceded reinsurance)</b>	<b>172</b>	<b>184</b>	<b>-</b>	<b>3</b>	<b>2,157</b>	<b>8</b>	<b>449</b>
<b>Note B Claims payments (after ceded reinsurance)</b>							
<b>Claims paid</b>							
Before ceded reinsurance	-495	-90	-	-14	-2,417	-1	-1,496
Reinsurers' portion	319	8	-	11	849	-	1,116
<b>Change in provision for claims outstanding</b>							
Before ceded reinsurance	-42	-50	-	12	-84	-2	510
Reinsurers' portion	21	3	-	-9	37	-	-403
<b>Claims payments (after ceded reinsurance)</b>	<b>-196</b>	<b>-130</b>	<b>-</b>	<b>-</b>	<b>-1,614</b>	<b>-3</b>	<b>-273</b>

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## Balance sheet

(SEK M)	Note	31 Dec 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Intangible assets</b>			
Goodwill	13	-	-
Other intangible assets	14	524	323
<b>Total</b>		<b>524</b>	<b>323</b>
<b>Investment assets</b>			
Investments in Group and associated companies			
Shares and participations in Group companies	15	17,855	17,972
Interest-bearing securities issued by Group companies and loans to Group companies	16	87	23
Shares in Länsförsäkringar Liv Försäkrings AB		8	8
Shares and participations in associated companies	17	192	126
Shares and participations	18	1,084	910
Bonds and other interest-bearing securities	19	3,897	2,696
Derivatives	20.21	14	29
Deposits with companies that have ceded reinsurance		136	144
<b>Total</b>		<b>23,272</b>	<b>21,909</b>
<b>Reinsurers' portion of Technical provisions</b>			
Unearned premiums and unexpired risks	28	562	497
Claims outstanding	29	8,163	8,530
<b>Total</b>		<b>8,725</b>	<b>9,027</b>
<b>Receivables</b>			
Receivables, direct insurance	22	590	518
Receivables, reinsurance		380	738
Other receivables	23	541	1,043
<b>Total</b>		<b>1,511</b>	<b>2,299</b>
<b>Other assets</b>			
Property and equipment	25	381	270
Cash and bank balances		2,460	3,647
Deferred tax	12	18	11
Other assets		86	112
<b>Total</b>		<b>2,946</b>	<b>4,039</b>
<b>Prepaid expenses and accrued income</b>			
Deferred acquisition costs	26	66	76
Other prepaid expenses and accrued income	24	441	355
<b>Total</b>		<b>507</b>	<b>431</b>
<b>TOTAL ASSETS</b>		<b>37,486</b>	<b>38,028</b>

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Balance sheet, cont. (SEK M)	Note	31 Dec 2023	31 Dec 2022
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>	27		
Share capital (10,424,582 shares)		200	200
Development Expenditures Fund		524	245
Statutory reserve		4	4
Fair value reserve		-475	-470
Retained earnings		19,409	19,064
Net profit for the year		622	1,321
<b>Total</b>		<b>20,283</b>	<b>20,364</b>
<b>Untaxed reserves</b>			
Contingency reserve		1,139	1,139
Tax allocation reserve		99	49
<b>Total</b>		<b>1,238</b>	<b>1,188</b>
<b>Technical provisions (before ceded reinsurance)</b>			
Unearned premiums and unexpired risks	28	1,321	1,225
Claims outstanding	29	11,621	12,032
<b>Total</b>		<b>12,943</b>	<b>13,257</b>
<b>Other provisions</b>			
Pensions and similar commitments	30	72	45
Deferred tax liabilities	12	7	-
Other provisions	31	24	26
<b>Total</b>		<b>103</b>	<b>71</b>
<b>Deposits from reinsurers</b>			
		<b>9</b>	<b>4</b>
<b>Liabilities</b>			
Liabilities, direct insurance	32	591	547
Liabilities, reinsurance		399	523
Derivatives	20.21	29	3
Other liabilities	33	1,202	1,395
<b>Total</b>		<b>2,222</b>	<b>2,468</b>
<b>Accrued expenses and deferred income</b>			
Reinsurers' portion of deferred acquisition costs	26	5	5
Other accrued expenses and deferred income	34	683	671
<b>Total</b>		<b>689</b>	<b>676</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>		<b>37,486</b>	<b>38,028</b>

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## Statement of changes in equity

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 2022	200	255	4	-469	17,623	1,446	19,059
Effect of change in accounting policies	-	-	-	-	1,717	-	1,717
<b>Adjusted opening capital</b>							
<b>1 Jan 2022</b>	<b>200</b>	<b>255</b>	<b>4</b>	<b>-469</b>	<b>19,340</b>	<b>1,446</b>	<b>20,776</b>
Appropriation of profit	-	-	-	-	1,446	-1,446	-
Dividends paid	-	-	-	-	-1,751	-	-1,751
Net profit for the year	-	-	-	-	-	1,321	1,321
Other comprehensive income for the year	-	-	-	-1	-	-	-1
Realised gain/loss from sale of shares	-	-	-	-	19	-	19
Capitalised internally generated development expenditures	-	-10	-	-	10	-	-
<b>Closing equity, 31 December 2022</b>	<b>200</b>	<b>245</b>	<b>4</b>	<b>-470</b>	<b>19,064</b>	<b>1,321</b>	<b>20,364</b>
Opening equity, 1 January 2023	200	245	4	-470	19,064	1,321	20,364
Appropriation of profit	-	-	-	-	1,321	-1,321	-
Dividends paid	-	-	-	-	-698	-	-698
Net profit for the year	-	-	-	-	-	622	622
Other comprehensive income for the year	-	-	-	-5	-	-	-5
Realised gain/loss from sale of shares	-	-	-	-	-	-	-
Capitalised internally generated development expenditures	-	278	-	-	-278	-	-
<b>Closing equity, 31 December 2023</b>	<b>200</b>	<b>524</b>	<b>4</b>	<b>-475</b>	<b>19,409</b>	<b>622</b>	<b>20,283</b>

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# Notes to the financial statements

All figures in SEK M unless otherwise stated.

## Note 1 Accounting policies

### Company information

The Annual Report for Länsförsäkringar AB (publ), Corp. Reg. No. 502010-9681, pertains to the fiscal year 1 January–31 December 2023. 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

Länsförsäkringar AB's annual report has been prepared in accordance with the Swedish Annual Accounts Act for Insurance Companies (1995:1560) (ÅRFL), and the FSA's regulations and general guidelines regarding annual accounts at insurance undertakings and institutions for occupational retirement provision (FFFS 2019:23) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

### 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

Corporate management makes 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

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.

### Amended accounting policies from 1 January 2023

Effective 1 January 2023, the Parent Company has decided to change the policy for recognising shares and participations in Group companies and associated companies. A voluntary change in accounting policy has been implemented as a retrospective restatement and has resulted in a non-recurring effect on the opening balance for the comparative period recognised in equity.

#### Shares and participations in Group companies

Shares and participations in Group companies are categorised based on the purpose of the holding. This policy means that the holding in Lf Sak Fastighets AB is now measured at fair value instead of at cost as previously. The change was made retrospectively and meant that the comparative figures relating to 31 December 2022 have been restated in the amount of SEK 1,837 M. The opening balance of equity for 2022 was adjusted in the amount of SEK 1,688 M. The restatement impacted the comparative figures for profit or loss such that Unrealised gains relating to 31 December 2022 were restated in the amount of SEK 148 M.

Shares and participations in associated companies are measured at fair value instead of at cost as was previously the case. The change was made retrospectively and meant that the comparative figures relating to 31 December 2022 have been restated in the amount of SEK 31 M. The opening balance of equity for 2022 was adjusted in the amount of SEK 29 M. The restatement impacted the comparative figures for profit or loss such that Unrealised gains relating to 31 December 2022 were restated in the amount of SEK 3 M.

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

No 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.

### Differences between the Group's and the Parent Company's accounting policies

#### Shares and participations in Group companies

Shares and participations in Group companies are measured at fair value or cost based on the purpose of the subsidiary's operations. Subsidiaries held for the purpose of generating investment income through capital growth solely by investing funds in investment assets are measured at fair value through profit or loss, while other subsidiaries are measured according to the cost method. Dividends from subsidiaries are recognised as Investment income, revenue when the right to receive dividends is deemed to be certain and can be reliably calculated.

The Parent Company's holdings in Lf Sak Fastighets AB are held for an investment income purpose and thus are measured at fair value.

The Parent Company's holdings in other subsidiaries are valued according to the cost method.

#### Shares and participations in associated companies

Shares and participations in associated companies are measured at fair value through profit or loss. 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. Group contributions paid to subsidiaries are recognised as an increase in the cost of shares and participations in Group companies.

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#### *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 (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.

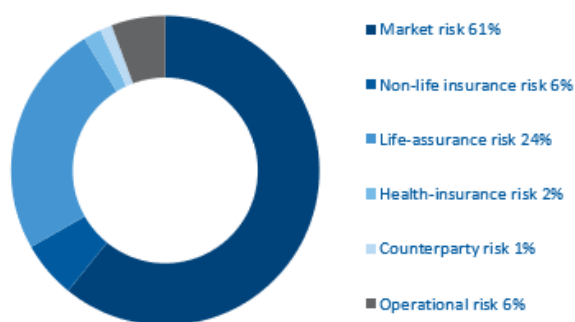
### Risk map and capital requirements

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.

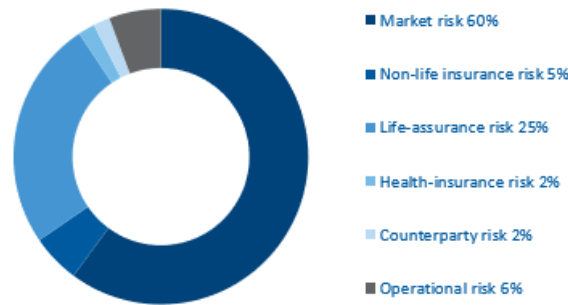
**Figure 1. Regulatory capital requirement per risk category in accordance with Solvency II, including diversification under Länsförsäkringar's internal model**

2023



<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

2022



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. The international reinsurance market has been very challenging as a result of claims related to, for example, climate change, inflation and uncertainty in the finance markets. This means that reinsurance cover has become more expensive and Länsförsäkringar AB thus retains more risk in its own books for some business through higher retention in the external reinsurance cover.

#### 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.

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.

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**Table 1. Sensitivity analysis, insurance risk (SEK M)**

Assumption		Impact on profit before tax		Impact on equity	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Insurance risk	10% increased claims frequency or average claim	-189	-188	-150	-149
Claims inflation	1% higher annual claims inflation	-146	-151	-116	-120

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 2.9 years (3.3).

**Table 2. Estimated claims costs gross and for own account, SEK M**

Estimated claims costs gross	2017	2018	2019	2020	2021	2022	2023	Total
At end of claim year	1,996	2,467	2,502	3,451	3,137	2,608	3,069	
One year later	1,931	2,181	2,432	3,271	3,422	3,098		
Two years later	1,827	2,137	2,428	3,243	3,452			
Three years later	1,795	2,078	2,362	3,145				
Four years later	1,771	2,036	2,333					
Five years later	1,661	2,015						
Six years later	1,641							
Estimated claims costs	1,641	2,015	2,333	3,145	3,452	3,098	3,069	
Accumulated claims payments	1,349	1,692	1,972	2,617	2,723	2,202	1,243	
Provision for claims payments	293	324	361	527	730	897	1,826	<b>4,957</b>
Provision for claims payments, older year classes								3,594
Provision for claims payments for assumed reinsurance								1,212
<b>Total provision for claims payments, gross</b>								<b>9,762</b>
Annuity reserve, gross								1,605
Claims adjustment reserve, gross								253
<b>Provision for claims outstanding, gross</b>								<b>11,621</b>
<b>Estimated claims costs for own account</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>Total</b>
At end of claim year	1,152	1,258	1,210	1,307	1,394	1,535	1,715	
One year later	1,123	1,166	1,155	1,226	1,338	1,512		
Two years later	1,103	1,133	1,135	1,256	1,310			
Three years later	1,094	1,120	1,104	1,241				
Four years later	1,082	1,091	1,095					
Five years later	1,071	1,095						
Six years later	1,073							
Estimated claims costs	1,073	1,095	1,095	1,241	1,310	1,512	1,715	
Accumulated claims payments	1,019	1,034	1,012	1,065	1,097	1,131	909	
Provision for claims payments	54	60	84	176	213	382	806	<b>1,776</b>
Provision for claims payments, older year classes								406
Provision for claims payments for assumed reinsurance								749
<b>Total provision for claims payments, for own</b>								<b>2,930</b>
Annuity reserve, for own account								275
Claims adjustment reserve, for own								253
<b>Provision for claims outstanding, for own account</b>								<b>3,458</b>

#### 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.

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**Table 3. Sensitivity analysis, market risks (SEK M)**

Assumption		Impact on profit before tax		Of which impact on other comprehensive income before tax		Impact on equity	
		31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Property risk	10% lower property prices	-179	-190	-	-	-142	-151
Interest-rate risk assets and liabilities net <sup>1)</sup>	100 bps higher interest rate	-44	-63	-	-	-35	-50
Interest-rate risk assets and liabilities net <sup>1)</sup>	100 bps lower interest rate	43	64	-	-	34	51
Equities risk <sup>2)</sup>	10% lower share prices including hedge funds	-108	-91	-15	-16	-86	-72
Credit-spread risk	100 bps increased credit spread	-38	-31	-	-	-31	-25
Currency risk <sup>3)</sup>	10% strengthening of SEK	-73	-52	-	-	-58	-42

<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. Net currency distribution, including derivatives, SEK M**

Currency <sup>1)</sup>	31 Dec 2023	31 Dec 2022
USD	362	295
EUR	178	76
DKK	173	156
CHF	41	43
JPY	21	23
CAD	16	30
GBP	14	9
ZAR	-11	-24
TWD	-13	-16
CNY	-24	-20
Other	-23	-49
<b>Total</b>	<b>733</b>	<b>523</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 2023	31 Dec 2022
<b>Cash and bank balances and cash and cash equivalents classified as other receivables</b>		
A	1,718	2,661
<b>Total</b>	<b>1,718</b>	<b>2,661</b>
<b>Bonds and other interest-bearing securities<sup>1)</sup></b>		
AAA - Swedish Government	-	-
AAA - Other	3,203	931
AA	164	492
A	-	159
BBB	-	-
BB or lower	-	-
No rating available	530	1,115
<b>Total bonds and other interest-bearing securities</b>	<b>3,897</b>	<b>2,696</b>
<b>Derivat<sup>2)</sup></b>		
AA	3	-
A	1	2
BB	-	-
<b>Total derivatives</b>	<b>4</b>	<b>2</b>
<b>Total</b>	<b>5,619</b>	<b>5,359</b>

<sup>1)</sup> Market value including interest for directly-owned holdings, which also include analysed fixed-income funds.

<sup>2)</sup> Net after taking collateral into account. Only exposures from receivables that entail counterparty risk are included.

**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 2023	31 Dec 2022
Regional insurance companies	93%	88%
AA	2%	4%
A	5%	7%
BBB or lower	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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### 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**

SEK M	2023						2022					
	<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 securities issued by Group companies and loans Group companies	0	1	91	2	-	94	-	0	25	2	-	27
Bonds and other interest-bearing securities <sup>1)</sup>	47	2,087	1,309	115	-	3,558	4	991	967	173	-	2,135
Reinsurers' portion of technical provisions	409	1,064	2,985	1,329	2,939	8,725	382	1,006	3,145	1,370	3,125	9,027
Other receivables	89	-	-	-	-	89	58	-	-	-	-	58
Prepaid expenses and accrued income	35	-	-	-	-	35	22	-	-	-	-	22
<b>Total assets<sup>2)</sup></b>	<b>580</b>	<b>3,152</b>	<b>4,385</b>	<b>1,446</b>	<b>2,939</b>	<b>12,501</b>	<b>465</b>	<b>1,997</b>	<b>4,137</b>	<b>1,545</b>	<b>3,125</b>	<b>11,269</b>
<b>Liabilities</b>												
Technical provision <sup>3)</sup>	1,197	2,339	4,424	1,706	3,276	12,943	1,156	2,258	4,604	1,759	3,481	13,257
Other liabilities	819	-	-	-	-	819	1,068	-	-	-	-	1,068
Accrued expenses and deferred income	9	-	-	-	-	9	2	-	-	-	-	2
<b>Total liabilities</b>	<b>2,025</b>	<b>2,339</b>	<b>4,424</b>	<b>1,706</b>	<b>3,276</b>	<b>13,770</b>	<b>2,226</b>	<b>2,258</b>	<b>4,604</b>	<b>1,759</b>	<b>3,481</b>	<b>14,327</b>
Derivatives, in and outflows, net	-15	-	-	-	-	-15	26	-	-	-	-	26
<b>Total derivatives</b>	<b>-15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26</b>

<sup>1)</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>2)</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>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	31 Dec 2023	31 Dec 2022
Own funds	19,847	20,548
Capital requirement	9,385	9,215
Solvency ratio	211%	223%

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### Note 3 Premium income

	2023	2022
Direct insurance, Sweden	2,554	2,434
Direct insurance, other EEA	15	13
Assumed reinsurance	1,880	1,969
<b>Total</b>	<b>4,449</b>	<b>4,416</b>

### Note 4 Investment income transferred from financial operations

	2023	2022
Transferred investment income	107	9
<b>Interest rates, %</b>		
Provisions for insurance policies with long-term claims in run-off	2.33	0.60
Provisions for insurance policies with short-term claims in run-off	2.20	0.00

The estimated 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.

### Note 5 Claims payments

	2023	2022
Claims paid	-1,730	-1,596
Operating expenses for claims adjustment	-241	-225
Claims adjustment reinsurance	22	20
<b>Total</b>	<b>-1,949</b>	<b>-1,801</b>

### Note 6 Operating expenses

	2023	2022
<b>Procurement and administration</b>		
Acquisition costs <sup>1)</sup>	-367	-353
Change in deferred acquisition costs	-10	4
Reinsurers' portion of change deferred acquisition costs	0	0
Administration expenses	-197	-183
Commission and profit shares in ceded reinsurance	33	32
<b>Total</b>	<b>-541</b>	<b>-499</b>
<b>Other operating expenses</b>		
Operating expenses in asset management	-67	-58
Operating expenses for claims adjustment	-241	-225
Expenses for support and service operations	-4,750	-4,309
<b>Total</b>	<b>-5,058</b>	<b>-4,592</b>
<b>Total</b>	<b>-5,599</b>	<b>-5,091</b>
1) Of which, commission for direct insurance	-169	-155
<b>Total operating expenses by type of cost</b>		
	<b>2023</b>	<b>2022</b>
Staff costs	-1,733	-1,500
Costs for premises	-260	-207
Depreciation	-108	-69
IT costs	-2,505	-2,451
Other expenses	-993	-865
<b>Total</b>	<b>-5,599</b>	<b>-5,091</b>

### Note 7 Leases

#### Lease agreements in which the company is the lessee

Non-cancellable lease payments amount to:

	2023	2022
Up to 1 year	-198	-283
1-5 years	-597	-750
More than 5 years	-117	-200
<b>Total</b>	<b>-912</b>	<b>-1,232</b>

A rental charge of SEK -206 M (-161) was recognised in profit for 2023. The leases are valid for five and 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.

#### Leases in which the company is the lessor

Future non-cancellable lease payments pertaining to rent for premises:

	2023	2022
Up to 1 year	121	88
<b>Total</b>	<b>121</b>	<b>88</b>

In 2023, rental income of SEK 121 M (88) was recognised. The company leases premises to Group companies

### Note 8 Fees and remuneration of auditors

The following fees have been paid to auditors

	2023	2022
Deloitte AB, audit assignment	-7	-6
Deloitte AB, other services	-1	-1
<b>Total</b>	<b>-8</b>	<b>-7</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.

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## Note 9 Employees, staff costs and remuneration of senior executives

Average number of employees, Sweden	2023	2022
Men	622	537
Women	649	568
<b>Total number of employees</b>	<b>1,271</b>	<b>1,105</b>
Salaries and other remuneration, as well as social security expenses, other employees	2023	2022
Salaries and remuneration	1,018	852
of which, variable salary	-	-
Social security expenses	592	489
of which, pension costs	217	178
<b>Total</b>	<b>1,610</b>	<b>1,342</b>

Board of Directors and senior executives, 19 (21)	2023	2022
Salaries and remuneration	25	35
of which, fixed salary to President	86	15
of which, variable salary to President	-	-
of which, fixed salary to other senior executives	12	16
of which, variable salary to other senior executives	-	-
Social security expenses	16	22
of which, pension costs	7	9
<b>Total</b>	<b>41</b>	<b>57</b>

## Note 9, cont.

Total salaries, other remuneration and social security expenses	2023	2022
Salaries and remuneration	1,043	890
of which, variable salary	-	-
Social security expenses	608	513
of which, pension costs	223	187
<b>Total</b>	<b>1,651</b>	<b>1,402</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.

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## Note 9 Employees, staff costs and remuneration of senior executives, cont.

### Remuneration and other benefits for senior executives

	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, % Defined-contribution
<b>2023</b>					
Mathias Collén, President and CEO	6.0	0.2	2.1	8.3	35
Björn Dalemo, Executive Vice President from June	2.3	-	0.8	3.1	35
Maria Engholm, Chairman of the Board	1.0	-	-	1.0	-
Eva Julin Dombrowe, Deputy Chairman of the Board	0.3	-	-	0.3	-
Erik Grimlund, former Deputy Chairman of the Board	0.2	-	-	0.2	-
Örian Söderberg, Board member	0.3	-	-	0.3	-
Ricard Robbstål, Board member	0.2	-	-	0.2	-
Christian Bille, Board member	0.3	-	-	0.3	-
Lennart Käll, Board member	0.5	-	-	0.5	-
Karin Mattsson, Board member	0.5	-	-	0.5	-
Beatrice Kämpe Nikolausson, Board member	0.4	-	-	0.4	-
Maria Wallin Wällberg, Board member	0.4	-	-	0.4	-
Bengt-Erik Jansson, former Board member	0.2	-	-	0.2	-
Susanne Bäck, former Board member	0.2	-	-	0.2	-
<b>Other senior executives</b>					
Parent Company (6 individuals)	11.6	0.1	3.9	15.6	37
Subsidiaries (2 individuals)	11.6	0.3	4.1	16.0	35
<b>Total 2023</b>	<b>36.1</b>	<b>0.6</b>	<b>10.8</b>	<b>47.5</b>	
<b>Total remuneration from Parent Company</b>	<b>24.5</b>	<b>0.2</b>	<b>6.8</b>	<b>31.5</b>	
<b>Total remuneration from subsidiaries</b>	<b>11.6</b>	<b>0.3</b>	<b>4.1</b>	<b>16.0</b>	

	Basic salary	Other remuneration	Pension costs	Total	Pension costs as a percentage of pensionable salary, % Defined-contribution
<b>2022</b>					
Mathias Collén, President and CEO	0.3	-	-	0.3	35
Malin Rylander Leijon, former President	4.2	-	1.5	5.7	35
Fredrik Bergström, former President	10.1	-	1.4	11.5	35
Maria Engholm, Chairman of the Board	0.9	-	-	0.9	-
Caesar Áfors, former Chairman of the Board	0.4	-	-	0.4	-
Erik Grimlund, Deputy Chairman of the Board	0.3	-	-	0.3	-
Bengt-Erik Jansson, Board member	0.4	-	-	0.4	-
Christian Bille, Board member	0.4	-	-	0.4	-
Susanne Bäck, Board member	0.4	-	-	0.4	-
Lennart Käll, Board member	0.4	-	-	0.4	-
Karin Mattsson, Board member	0.4	-	-	0.4	-
Beatrice Kämpe Nikolausson, Board member	0.4	-	-	0.4	-
Maria Wallin Wällberg, Board member	0.4	-	-	0.4	-
<b>Other senior executives</b>					
Parent Company (6 individuals)	15.7	0.0	6.0	21.8	40
Subsidiaries (2 individuals)	7.8	0.1	2.8	10.7	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>	

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 the Executive Vice 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 pension premium is to amount to 35% of monthly salary.

### Severance pay

A mutual period of notice of six months applies to the President. If the company terminates employment, 12-months severance pay is paid during the period of notice. A mutual period of notice of six months applies to the Executive Vice President. If the company terminates employment, 12-months severance pay is paid during the period of notice. A mutual period of notice of six months applies to the other senior executives. If the company terminates employment, 12-months severance pay 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, Deputy Chairman of the Board 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), Forena 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 2023	31 Dec 2022
Board members	25	12
President and Executive Vice President	16	10
Other senior executives	14	11
<b>Total</b>	<b>55</b>	<b>33</b>

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 2023	31 Dec 2022
Board members	50	50
Other senior executives	29	57

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## Note 10 Investment income, net

	2023	2022
<b>Dividends</b>		
Dividends received on shares and participations	3	5
Dividends received on shares and participations, Group companies	1	1
Dividends and Group contributions received from Group and associated companies	926	1,921
<b>Total dividends</b>	<b>930</b>	<b>1,927</b>
<b>Interest income</b>		
Bonds and other interest-bearing securities <sup>1)</sup>	107	27
Interest-bearing securities issued by Group companies	1	0
Derivatives	7	1
Financial assets that are not measured at fair value through profit or loss <sup>2)</sup>	17	5
Other interest income	51	11
<b>Total interest income</b>	<b>182</b>	<b>44</b>
<b>Realised profit, net</b>		
Shares and participations	50	72
Bonds and other interest-bearing securities	8	3
Interest-bearing securities issued by Group companies	-0	-2
Derivatives	12	-14
<b>Total realised profit, net</b>	<b>70</b>	<b>59</b>
<b>Unrealised profit, net</b>		
Shares and participations	116	-215
Shares and participations in Group companies	-117	-
Bonds and other interest-bearing securities	46	-112
Interest-bearing securities issued by Group companies	2	-2
Derivatives	1	-1
<b>Total unrealised profit, net</b>	<b>47</b>	<b>-330</b>
<b>Exchange-rate gains/losses, net</b>	<b>18</b>	<b>-41</b>
<b>Interest expense</b>		
Derivatives	-9	-5
Financial liabilities that are not measured at fair value through profit or loss	-9	-2
Other interest expense	-0	-
<b>Total interest expense</b>	<b>-18</b>	<b>-7</b>
<b>Asset management expenses</b>	<b>-67</b>	<b>-58</b>
<b>Other financial expenses</b>	<b>-2</b>	<b>-4</b>
<b>Translation, annuity reserve</b>	<b>-8</b>	<b>49</b>
<b>Total investment income, net</b>	<b>1,153</b>	<b>1,639</b>
<b>Investment income by measurement category</b>		
Financial assets measured at FVPL	345	-195
Financial assets measured at FVPL, Group companies	-113	-3
Financial assets measured at amortised cost	17	5
Financial liabilities measured at amortised cost	-9	-2
<b>Items not specified by category</b>		
Other items	-60	-98
Other items, Group companies	973	1,932
<b>Total investment income, net</b>	<b>1,153</b>	<b>1,639</b>

<sup>1)</sup> Of which negative interest rate on interest-bearing securities of SEK 0.1 M (1.7).

<sup>2)</sup> Of which negative interest on cash and bank balances of SEK 0.1 M (0.9).

## Note 11 Other income and expenses

	2023	2022
Income from service operations <sup>1)</sup>	4,147	3,684
Expenses for service operations	-4,749	-4,309

<b>1) Income from contracts with customers</b>	<b>2023</b>	<b>2022</b>
Income from companies in the Länsförsäkringar AB Group	1,485	1,260
Income from Länsförsäkringar Liv	163	158
Income from the regional insurance companies	2,409	2,165
Income from external customers	90	103
<b>Total income from contracts with customers</b>	<b>4,147</b>	<b>3,684</b>

Other income was, in its entirety, classified as income from contracts with customers.

## Note 12 Taxes

	2023	2022
Current tax	-40	-12
<b>Total current tax</b>	<b>-40</b>	<b>-12</b>
<b>Deferred tax</b>		
Deferred tax expense pertaining to temporary differences	1	0
<b>Total deferred tax</b>	<b>1</b>	<b>0</b>
<b>Total recognised tax income/expense</b>	<b>-39</b>	<b>-12</b>
	<b>2023</b>	<b>2022</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	661	1,183
Tax at applicable tax rate	-136	-244
Tax on non-deductible costs	-58	-17
Tax on non-taxable income	155	249
Tax attributable to earlier years	-1	-0
Reversal of deferred tax liabilities	1	0
<b>Total tax on net profit for the year</b>	<b>-39</b>	<b>-12</b>
Current tax rate, %	20.6	20.6
Effective tax rate, %	6.0	1.0
<b>Tax items recognised in other comprehensive income</b>		
Tax on financial assets measured at FVOCI	1	1
<b>Total Tax attributable to other comprehensive income</b>	<b>1</b>	<b>1</b>

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## Note 12 Taxes, cont.

Recognised deferred tax assets and tax liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
	2023	2022	2023	2022	2023	2022
<b>31 December</b>						
Pension provisions						
<b>Deferred tax assets (-) / tax liabilities (+)</b>	-18	-11	7	-	-18	-11
<b>Net deferred tax assets (-) / tax liabilities (+)</b>	-18	-11	7	-	-18	-11

The company has no temporary differences with tax effects in Group and associated companies.

### Change in deferred tax in temporary differences

	Amount on 1 January	Recognised in equity	Recognised in profit or loss	Amount on 31 December
<b>2023</b>				
Pension provisions				
<b>Deferred tax assets (-) / tax liabilities (+)</b>	-11	-	-8	-18
	-	-	7	7
<b>2022</b>				
Pension provisions				
Opening balance	-10	-	-1	-11
Pension provisions in connection with merger				
<b>Deferred tax assets (-) / tax liabilities (+)</b>	-10	-	-1	-11

## Note 13 Goodwill

	2023	2022
Opening and closing acquisition	144	144
Opening and closing amortisation	-144	-144
<b>Carrying amount at year-end</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 2022	847	228	323	1,398
Acquisitions	48	-	-	48
Divestments/disposals	-	-23	-	-23
<b>Closing cost, 31 December 2022</b>	<b>895</b>	<b>205</b>	<b>323</b>	<b>1,423</b>
Opening cost, 1 January 2023	895	205	323	1,423
Acquisitions	243	-	-	243
Divestments/disposals	-	-	-	-
<b>Closing cost, 31 December 2023</b>	<b>1,138</b>	<b>205</b>	<b>323</b>	<b>1,666</b>
<b>Amortisation</b>				
Opening accumulated amortisation, 1 January 2022	-167	-126	-323	-616
Amortisation	-12	-4	-	-16
Divestments/disposals	-	3	-	3
<b>Closing accumulated amortisation, 31 December 2022</b>	<b>-179</b>	<b>-126</b>	<b>-323</b>	<b>-629</b>
Opening accumulated amortisation, 1 January 2023	-179	-126	-323	-629
Amortisation	-3	-40	-	-43
Divestments/disposals	-	-	-	-
<b>Closing accumulated amortisation, 31 December 2023</b>	<b>-182</b>	<b>-166</b>	<b>-323</b>	<b>-672</b>
<b>Impairment</b>				
Opening accumulated impairment, 1 January 2022	-370	-65	-	-435
Impairment	-35	-	-	-35
<b>Closing accumulated impairment, 31 December 2022</b>	<b>-406</b>	<b>-65</b>	<b>-</b>	<b>-470</b>
Opening accumulated impairment, 1 January 2023	-406	-65	-	-470
Impairment	-	-	-	-
<b>Closing accumulated impairment, 31 December 2023</b>	<b>-406</b>	<b>-65</b>	<b>-</b>	<b>-470</b>
<b>Carrying amount, 31 December</b>				
2022	310	13	-	323
<b>2023</b>	<b>550</b>	<b>-26</b>	<b>-</b>	<b>524</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.

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## Note 15 Shares and participations in Group companies, cont.

Company name	Corporate Registration Number	Registered office	Number of shares and participations	Participating interest	Equity, 31 Dec 2023	Of which profit 2023	Carrying amount, 31 Dec 2023 <sup>1)</sup>	Cost	Fair value <sup>1)</sup>
Försäkringsaktiebolaget Agria (publ)	516401-8003	Stockholm	40,000	100	1,603	224	1,044	1,044	1,971
Lf Sak Fastighets AB	556683-6416	Stockholm	1,000	100	343	0	1,788	68	1,788
Länsförsäkringar Bank AB (publ)	516401-9878	Stockholm	9,548,708	100	21,588	1,722	9,230	9,230	21,709
Länsförsäkringar Fondliv Försäkrings AB (publ)	516401-8219	Stockholm	10,000	100	3,577	535	5,555	5,555	13,309
Grupplivförsäkringsaktiebolag (publ)	516401-6692	Stockholm	28,000	100	123	66	239	239	227
<b>Total, 31 Dec 2023</b>					<b>27,234</b>	<b>2,547</b>	<b>17,855</b>	<b>16,136</b>	<b>39,004</b>
<b>Total, 31 Dec 2022</b>					<b>16,454</b>	<b>1,361</b>	<b>17,972</b>	<b>16,136</b>	<b>38,072</b>

<sup>1)</sup> 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 2023	31 Dec 2022
Opening balance	16,236	16,176
Group contributions Fondliv	-	60
<b>Closing balance</b>	<b>16,236</b>	<b>16,236</b>

Accumulated impairment	31 Dec 2023	31 Dec 2022
Opening balance	-100	-100
<b>Closing balance</b>	<b>-100</b>	<b>-100</b>
<b>Carrying amount</b>	<b>16,136</b>	<b>16,136</b>

## Note 16 Interest-bearing securities issued by Group companies and loans to Group companies

	31 Dec 2023	31 Dec 2022
Listed bonds,		
Länsförsäkringar Hypotek AB (publ)	87	23
<b>Total fair value</b>	<b>87</b>	<b>23</b>
Amortised cost	87	26

## Note 17 Shares and participations in associated companies, cont.

Company name	Corporate Registration Number	Registered office	Number of shares and participations	Participating interest	Equity 31 Dec 2023 <sup>1)</sup>	Of which profit 2023 <sup>2)</sup>	Carrying amount 31 Dec 2023 <sup>1)</sup>	Carrying amount 31 Dec 2022 <sup>3)</sup>	Cost
Baby Journey AB <sup>1)</sup>	559214-9966	Stockholm	907	16.7	32.8	2.2	51.8	50.0	50.0
CAB Group AB	556131-2223	Örebro	1,582	28.8	157.8	4.9	45.4	43.6	10.7
Länsförsäkringar Trygghetstjänster AB <sup>4)</sup>	559316-2034	Stockholm	-	-	-	-	-	19.1	-
European Alliance Partners Company AG <sup>1)</sup>	CH-0203026423-1	Zurich	9,248	12.5	102.4	4.5	12.8	13.5	6.0
Omocom AB	559097-2377	Stockholm	2,270,147	36.4	21.9	-28.4	81.6	-	80.0
<b>Total</b>						<b>-16.8</b>	<b>191.6</b>	<b>126.2</b>	<b>146.7</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 interests 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> Länsförsäkringar Trygghetstjänster AB was divested in 2023.

All shares and participations are unlisted.

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## Note 17 Shares and participations in associated companies, cont.

	31 Dec 2023	31 Dec 2022
<b>Cost</b>		
Opening balance	95	45
Added and deducted assets	52	50
<b>Closing balance</b>	<b>147</b>	<b>95</b>
<b>Cost</b>	<b>147</b>	<b>95</b>
<b>Carrying amount</b>	<b>192</b>	<b>126</b>

## Note 18 Shares and participations

	31 Dec 2023	31 Dec 2022
Listed shares and participations	934	754
Unlisted shares and participations	150	156
<b>Total shares and participations</b>	<b>1,084</b>	<b>910</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
Fair value	1,084	910
Cost	778	706

## Note 20 Derivatives

	Fair values		Nominal amount	
	31 Dec 2023	31 Dec 2023	31 Dec 2022	31 Dec 2022
<b>Derivatives with positive values or valued at zero</b>				
Interest-rate derivatives	-	-	0	1
Currency derivatives	14	256	29	199
	<b>14</b>	<b>256</b>	<b>29</b>	<b>200</b>
<b>Derivatives with negative values</b>				
Interest-rate derivatives	0	269	1	617
Currency derivatives	29	670	2	6
	<b>29</b>	<b>939</b>	<b>3</b>	<b>623</b>

## Note 19 Bonds and other interest-bearing securities

	31 Dec 2023	31 Dec 2022
<b>Issuer</b>		
Swedish mortgage institutions	1,523	852
Other Swedish issuers	1,433	805
Foreign states	77	23
Other foreign issuers	864	1,016
<b>Total fair value</b>	<b>3,897</b>	<b>2,696</b>
Amortised cost	3,895	2,729
<b>Market status</b>		
Listed securities	3,367	2,123
Unlisted securities	530	573
<b>Total</b>	<b>3,897</b>	<b>2,696</b>
<b>Carrying amounts compared with nominal amounts</b>		
<b>Total surplus</b>	<b>13</b>	<b>-</b>
<b>Total deficit</b>	<b>-99</b>	<b>-105</b>

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## 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 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 2023	Gross amount	Offset in balance sheet	Related amounts not offset in the balance sheet			Net amount
			Net amounts in balance sheet	Netting framework agreement	Collateral Received (-) / Pledged(+)	
<b>Assets</b>						
Derivatives	14		14	-10	20	24
<b>Liabilities</b>						
Derivatives	-29		-29	10	-4	-23
<b>Total</b>	<b>-15</b>	<b>-</b>	<b>-15</b>	<b>-</b>	<b>16</b>	<b>1</b>

### Financial assets and liabilities that are offset or subject to netting agreements

31 Dec 2022	Gross amount	Offset in balance sheet	Related amounts not offset in the balance sheet			Net amount
			Net amounts in balance sheet	Netting framework agreement	Collateral Received (-) / Pledged(+)	
<b>Assets</b>						
Derivatives	29	-	29	-2	-	28
<b>Liabilities</b>						
Derivatives	-3	-	-3	2	-26	-27
<b>Total</b>	<b>26</b>	<b>-</b>	<b>26</b>	<b>-</b>	<b>-26</b>	<b>1</b>

## Note 22 Receivables, direct insurance

	31 Dec 2023	31 Dec 2022
Receivables, policyholders	528	439
Receivables, insurance brokers	62	73
Receivables, insurance companies	-	6
<b>Total</b>	<b>590</b>	<b>518</b>

## Note 23 Other receivables

	31 Dec 2023	31 Dec 2022
Receivables, Group companies	289	858
Other receivables	252	185
<b>Total</b>	<b>541</b>	<b>1,043</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 2023 amounted to SEK 0 M (0).

## Note 24 Prepaid expenses and accrued income

	2023	2022
Other accrued income	48	30
Prepaid expenses	393	324
<b>Total</b>	<b>441</b>	<b>355</b>

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## Note 25 Property and equipment

Leasehold improvements	2023	2022
<b>Cost</b>		
Opening cost, 1 January	230	122
Acquisitions	124	175
Divestments/disposals	-	-65
<b>Closing cost, 31 December</b>	<b>354</b>	<b>230</b>
<b>Depreciation</b>		
Opening accumulated depreciation		
1 January	-10	-51
Depreciation	-30	-11
Divestments/disposals	-	51
<b>Closing accumulated depreciation 31 December</b>	<b>-40</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>314</b>	<b>221</b>
<b>Equipment</b>		
<b>Cost</b>		
Opening cost, 1 January	59	20
Acquisitions	32	46
Divestments/disposals	-4	-7
<b>Closing cost, 31 December</b>	<b>87</b>	<b>59</b>
<b>Depreciation</b>		
Opening accumulated depreciation		
1 January	-10	-9
Depreciation	-13	-7
Divestments/disposals	3	6
<b>Closing accumulated depreciation 31 December</b>	<b>-20</b>	<b>-10</b>
<b>Impairment</b>		
Opening accumulated impairment		
1 January	-	-
<b>Closing accumulated impairment, 31 December</b>	<b>-</b>	<b>-</b>
Carrying amount, 31 December	<b>67</b>	<b>49</b>
	<b>2023</b>	<b>2022</b>
<b>Total carrying amount, 31 December</b>	<b>381</b>	<b>270</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).

## Note 26 Deferred acquisition costs

	31 Dec 2023	31 Dec 2022
Opening deferred acquisition costs	76	72
Depreciation for the year	-171	-175
Capitalisation for the year	161	179
<b>Total</b>	<b>66</b>	<b>76</b>
Opening Reinsurers' portion of deferred acquisition costs	5	5
Depreciation for the year	-14	-13
Capitalisation for the year	14	13
<b>Total</b>	<b>5</b>	<b>5</b>
<b>Total</b>	<b>61</b>	<b>71</b>

All acquisition costs have a 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

Shares at a quotient value of SEK 19.19	Votes per share	31 Dec 2023
		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>

Shares at a quotient value of SEK 19.19	Votes per share	31 Dec 2022
		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.

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## Note 27 Equity, cont.

Shareholdings in Länsförsäkringar AB

Number of shares

Company	A	B	C	Share of equity, %
Länsförsäkringar Skåne	141,849	882,046	-	9.8%
Länsförsäkringar Stockholm	129,212	802,382	-	8.9%
Länsförsäkringar Östgöta	114,155	663,463	-	7.5%
Dalarnas Försäkringsbolag	104,708	609,639	-	6.9%
Länsförsäkringar Göteborg och Bohuslän	87,010	605,143	821	6.6%
Länsförsäkringar Älvsborg	100,176	581,374	-	6.5%
Länsförsäkringar Bergslagen	86,351	495,089	-	5.6%
Länsförsäkringar Jönköping	82,812	474,021	-	5.3%
Länsförsäkringar Uppsala	73,298	424,791	-	4.8%
Länsförsäkringar Västerbotten	57,195	330,919	-	3.7%
Länsförsäkringar Halland	56,785	329,857	-	3.7%
Länsförsäkringar Södermanland	58,117	323,139	-	3.7%
Länsförsäkringar Göinge-Kristianstad	49,982	322,347	-	3.6%
Länsförsäkringar Kalmar län	56,717	295,878	-	3.4%
Länsförsäkringar Gävleborg	60,058	281,083	-	3.3%
Länsförsäkringar Skaraborg	64,058	253,172	-	3.0%
Länsförsäkringar Västernorrland	50,186	257,122	-	2.9%
Länsförsäkringar Jämtland	35,795	226,453	-	2.5%
Länsförsäkring Kronoberg	36,701	203,130	-	2.3%
Länsförsäkringar Värmland	31,160	202,208	-	2.2%
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>

## Note 28 Unearned premiums and unexpired risks

	31 Dec 2023			31 Dec 2022		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
<i>Unearned premiums</i>						
Opening balance	1,160	442	718	1,100	435	664
Provisions for the period	89	58	31	35	4	31
Exchange-rate changes	2	-	2	26	3	23
<b>Closing balance</b>	<b>1,251</b>	<b>500</b>	<b>751</b>	<b>1,160</b>	<b>442</b>	<b>718</b>
<i>Unexpired risks</i>						
Opening balance	65	55	10	56	56	-
Provisions for the period	5	7	-2	9	-1	10
<b>Closing balance</b>	<b>70</b>	<b>62</b>	<b>8</b>	<b>65</b>	<b>55</b>	<b>10</b>
<b>Total unearned premiums and unexpired risks</b>	<b>1,321</b>	<b>562</b>	<b>759</b>	<b>1,225</b>	<b>497</b>	<b>727</b>

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## Note 29 Claims outstanding

	31 Dec 2023			31 Dec 2022		
	Gross	Reinsurers' portion	Net	Gross	Reinsurers' portion	Net
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	-	242	235	-	235
<b>Total opening 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>
Provisions for the period	-425	-365	-60	-1,530	-1,606	75
Exchange-rate changes	-14	-2	-12	119	10	110
Effect of interest rate revaluations for annuities	28	-	28	-25	-	-25
<b>Total change for the year</b>	<b>-411</b>	<b>-367</b>	<b>-44</b>	<b>-1,435</b>	<b>-1,596</b>	<b>160</b>
Claims incurred and reported	5,054	3,487	1,567	5,243	3,650	1,593
Claims incurred and not reported	4,709	3,345	1,364	4,992	3,590	1,402
Annuities	1,605	1,331	274	1,555	1,289	266
Claims adjustment costs	253	-	253	242	-	242
<b>Total closing balance</b>	<b>11,621</b>	<b>8,163</b>	<b>3,458</b>	<b>12,032</b>	<b>8,530</b>	<b>3,503</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.

## Note 30 Pensions and similar commitments

	31 Dec 2023	31 Dec 2022
Provisions for pensions	63	10
Other provisions	9	35
<b>Total provisions for pensions</b>	<b>72</b>	<b>45</b>

Pension provisions of SEK 63 M (10) 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 2024 are expected to total SEK 65 M.

	2023	2022
<b>Expenses for defined-contribution plans</b>	<b>179</b>	<b>170</b>

## Note 31 Other provisions

	31 Dec 2023	31 Dec 2022
Provision for interest subsidies for personal loans to former employees who have retired	12	14
Other provisions	12	12
<b>Total</b>	<b>24</b>	<b>26</b>

## Note 32 Liabilities, direct insurance

	31 Dec 2023	31 Dec 2022
Liabilities to policyholders	579	538
Liabilities to insurance brokers	8	5
Liabilities to insurance companies	4	5
<b>Total</b>	<b>591</b>	<b>547</b>

## Note 33 Other liabilities

	31 Dec 2023	31 Dec 2022
Liabilities, Group companies	817	1,126
Liabilities, Länsförsäkringar Liv Försäkrings AB	8	2
Other liabilities	377	267
<b>Total</b>	<b>1,202</b>	<b>1,395</b>

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### Note 34 Other accrued expenses and deferred income

	31 Dec 2023	31 Dec 2022
Accrued holiday and overtime remuneration	107	95
Social security expenses	39	34
Special employer's contribution	48	44
Provisions for staff costs	16	9
Premiums, received but not due	131	157
Other accrued expenses	286	266
Other deferred income	56	66
<b>Total</b>	<b>683</b>	<b>671</b>

### Note 35 Classification of financial assets and liabilities

31 Dec 2023	Financial assets measured at FVPL		Financial assets measured at FVOCI		Total carrying amount	Fair value
	Measured at FVPL	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments		
<b>ASSETS</b>						
Interest-bearing securities issued by Group companies and loans to Group companies	87	-	-	-	87	87
Shares and participations	934	-	-	150	1,084	1,084
Shares in Länsförsäkringar Liv Försäkrings AB <sup>1)</sup>	-	-	-	8	8	8
Shares and participations in Group companies	1,788	-	-	-	1,788	1,788
Shares and participations in associated companies	192	-	-	-	192	192
Bonds and other interest-bearing securities	3,897	-	-	-	3,897	3,897
Derivatives	14	-	-	-	14	14
Other receivables	-	336	-	-	336	336
Cash and bank balances	-	2,460	-	-	2,460	2,460
Prepaid expenses and accrued income	-	48	-	-	48	48
<b>Total</b>	<b>6,910</b>	<b>2,844</b>	<b>-</b>	<b>159</b>	<b>9,913</b>	<b>9,913</b>

	Financial liabilities measured at FVPL	Financial liabilities measured at amortised cost	Total carrying amount	Fair value
<b>LIABILITIES</b>				
Derivatives	29	-	29	29
Other liabilities	-	1,152	1,152	1,152
Accrued expenses and deferred income	-	286	286	286
<b>Total</b>	<b>29</b>	<b>1,438</b>	<b>1,467</b>	<b>1,467</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.

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### Note 35 Classification of financial assets and liabilities, cont.

31 Dec 2022	Financial assets measured at FVPL		Financial assets measured at FVOCI		Total carrying amount	Fair value
	Measured at FVPL	Financial assets measured at amortised cost	Debt instruments measured at FVOCI	Equity instruments		
<b>ASSETS</b>						
Interest-bearing securities issued by Group companies and loans to Group companies	23	-	-	-	23	23
Shares and participations	753	-	-	156	910	910
Shares in Länsförsäkringar Liv Försäkrings AB <sup>1)</sup>	-	-	-	8	8	8
Shares and participations in Group companies	1,905	-	-	-	1,905	1,905
Shares and participations in associated companies	192	-	-	-	192	192
Bonds and other interest-bearing securities	2,696	-	-	-	2,696	2,696
Derivatives	29	-	-	-	29	29
Other receivables	-	238	-	-	238	238
Cash and bank balances	-	3,647	-	-	3,647	3,647
Prepaid expenses and accrued income	-	30	-	-	30	30
<b>Total</b>	<b>5,600</b>	<b>3,915</b>	<b>-</b>	<b>165</b>	<b>9,679</b>	<b>9,679</b>
	Financial liabilities measured at FVPL	Financial liabilities measured at amortised cost			Total carrying amount	Fair value
<b>LIABILITIES</b>						
Derivatives	3	-			3	3
Other liabilities	-	1,292			1,292	1,292
Accrued expenses and deferred income	-	266			266	266
<b>Total</b>	<b>3</b>	<b>1,558</b>			<b>1,561</b>	<b>1,561</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.

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## Note 35 Classification of financial assets and liabilities, cont.

31 Dec 2023

31 Dec 2022

ASSETS	31 Dec 2023			Total carrying amount	31 Dec 2022			Total carrying amount
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Interest-bearing securities issued by Group companies and loans to Group companies	87	-	-	87	23	-	-	23
Shares and participations	934	-	150	1,084	754	-	156	910
Shares and participations in Group companies	-	-	1,788	1,788	-	-	1,905	1,905
Shares and participations in associated companies	-	-	192	192	-	-	126	126
Shares in Länsförsäkringar Liv AB	-	-	8	8	-	-	8	8
Bonds and other interest-bearing securities	3,367	-	530	3,897	2,123	-	573	2,696
Derivatives	-	14	-	14	-	29	-	29
<b>LIABILITIES</b>								
Derivatives	0	29	-	29	1	2	-	3

There were no significant transfers between Level 1 and Level 2 in 2023. There were no transfers from Level 3 in 2023. Most of the holdings in Level 3 comprise directly owned equities, associated companies and Group companies 80% (15%). The remainder of Level 3 comprises Private Debt funds 20% (79). 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	Shares and participations in Group companies	Shares and participations in associated companies	Total
Opening balance, 1 January 2022	8	100	560	68	45	781
Adjusted opening balance	-	-	-	1,688	28	1,716
Acquisitions	-	62	33	-	50	145
Divestments	-	-	-38	-	-	-38
Recognised in profit or loss	-	-6	18	149	3	164
<b>Closing balance, 31 December 2022</b>	<b>8</b>	<b>156</b>	<b>573</b>	<b>1,905</b>	<b>126</b>	<b>2,768</b>
Opening balance, 1 January 2023	8	156	573	1,905	126	2,768
Acquisitions	-	-	5	-	80	85
Divestments	-	-	-34	-	-28	-62
Recognised in profit or loss	-	-6	-14	-116	15	-121
<b>Closing balance, 31 December 2023</b>	<b>8</b>	<b>150</b>	<b>530</b>	<b>1,788</b>	<b>192</b>	<b>2,670</b>

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**Note 36 Anticipated recovery and settlement periods, amounts expected to be recovered**

	31 Dec 2023			31 Dec 2022		
	Not more than 1 year	More than 1 year	Total	Not more than 1 year	More than 1 year	Total
<b>Assets</b>						
Other intangible assets <sup>1)</sup>	43	481	524	51	272	323
Shares and participations in Group companies	-	17,855	17,855	-	17,972	17,972
Shares and participations in associated companies	-	192	192	-	126	126
Shares in Länsförsäkringar Liv Försäkrings AB	-	8	8	-	8	8
Interest-bearing securities issued by Group companies and loans to Group companies	-	87	87	0	23	23
Shares and participations	-	1,084	1,084	-	910	910
Bonds and other interest-bearing securities	2,051	1,846	3,897	966	1,730	2,696
Derivatives	14	-	14	29	-	29
Deposits with companies that have ceded reinsurance	136	-	136	144	-	144
Reinsurers' portion of technical provisions	1,473	7,253	8,725	1,388	7,639	9,027
Receivables pertaining to direct insurance	590	-	590	518	-	518
Receivables, reinsurance	380	-	380	738	-	738
Other receivables	541	-	541	1,043	-	1,043
Property and equipment <sup>1)</sup>	43	338	381	17	252	270
Cash and bank balances	2,460	-	2,460	3,647	-	3,647
Deferred tax assets	-	18	18	-	11	11
Other assets	86	-	86	112	-	112
Prepaid expenses and accrued income	507	-	507	431	-	431
<b>Total assets</b>	<b>8,325</b>	<b>29,161</b>	<b>37,486</b>	<b>9,085</b>	<b>28,943</b>	<b>38,028</b>
<b>Liabilities</b>						
Technical provisions	3,536	9,407	12,943	3,414	9,843	13,257
Other provisions	-	96	96	-	71	71
Deposits from reinsurers	9	-	9	4	-	4
Deferred tax liabilities	-	7	7	-	-	-
Liabilities, direct insurance	591	-	591	547	-	547
Liabilities, reinsurance	399	-	399	523	-	523
Derivatives recognised as liabilities	29	-	29	3	-	3
Other liabilities	1,202	-	1,202	1,395	-	1,395
Accrued expenses and deferred income	689	-	689	676	-	676
<b>Total liabilities</b>	<b>6,456</b>	<b>9,510</b>	<b>15,965</b>	<b>6,562</b>	<b>9,914</b>	<b>16,476</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 2023	31 Dec 2022
<b>Pledged assets</b>		
<b>Registered assets on behalf of policyholders<sup>1)</sup></b>		
Shares and participations in Group companies	38,258	4,219
Shares and participations in associated companies	192	
Shares and participations	1,084	910
Interest-bearing securities issued by Group companies and loans to Group companies	87	23
Bonds and other interest-bearing securities	3,897	2,796
Derivatives	-	-1
Receivables, direct insurance	345	353
Cash and bank balances	1,024	1,242
<b>Total registered assets</b>	<b>44,887</b>	<b>9,543</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 3,499 M on 31 December 2023. The amounts in the table are for assets measured at fair value according to the Insurance Business Act.

	31 Dec 2023	31 Dec 2022
<b>Other pledged assets</b>		
Pledged bank funds	8	18
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
<b>Commitments</b>		
Amounts outstanding to invest in investment assets	86	84

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 49 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 49 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

	2023	Income	Expenses	Re- ceivables	Liabilities
Group companies		2,419	137	1,827	826
Associated companies		5	27	3	3
Länsförsäkringar Liv		162	79	12	13
Regional insurance companies		2,965	157	7,619	5,556
Other related parties		31	211	21	1

	2022	Income	Expenses	Re- ceivables	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

Bank balances from Länsförsäkringar Bank AB amount to:

	2023	2022
Cash and cash equivalents with Länsförsäkringar Bank AB	1,402	1,728

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## Note 39 Supplementary disclosures on income-statement items by insurance class

2023	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	4,355	1,334	53	403	197	115	361	3	12	2,478	1,876
Claims payments, gross	-3,490	-1,008	-589	-536	-142	-44	-180	-2	-2	-2,504	-986
Operating expenses, gross	-574	-299	-11	-38	-45	-14	-69	-2	-5	-484	-91
Profit/loss from ceded reinsurance	-108	1	520	109	1	-28	-17	-	-3	583	-691
<b>Profit/loss</b>	<b>182</b>	<b>28</b>	<b>-28</b>	<b>-61</b>	<b>10</b>	<b>29</b>	<b>95</b>	<b>-1</b>	<b>2</b>	<b>73</b>	<b>109</b>
Premium income, gross	4,449	1,357	51	444	203	125	367	3	18	2,569	1,880

## Note 40 Off-balance sheet financial arrangements

Länsförsäkringar AB has external suppliers of IT operations at a cost of SEK 904 M (859). 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

No significant events took place between the end of the fiscal year and the submission of the Annual Report.

## Note 42 Appropriation of profit

According to the balance sheet for Länsförsäkringar AB, non-restricted equity totalling SEK 19,554,889,689 is at the disposal of the Annual General Meeting.

### The Parent Company's non-restricted equity comprises (SEK)

Fair value reserve	-475,389,103
Retained earnings	19,408,636,469
Net profit for the year	621,642,323

**Non-restricted equity, 31 December 2023** **19,554,889,689**

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	18,856,442,695

**Total** **19,554,889,689**

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

Proposed appropriation of profit and statement by the Board  
According to the statement of financial position for Länsförsäkringar AB, non-restricted equity totalling SEK 19,554,889,689 is at the disposal of the Annual General Meeting.

The dividend from Länsförsäkringar AB's equity has been proposed after considering the rules on the 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 325% (223). The corresponding solvency ratio for the insurance group amounts to 136% (141) 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 1,621 M (148) 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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# 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.

Stockholm, the date set out in electronic signing

Maria Engholm  
*Chairman*

Eva Julin Dombrowe  
*Deputy chairman*

Christian Bille  
*Board member*

Lennart Käll  
*Board member*

Beatrice Kämpe Nikolausson  
*Board member*

Karin Mattsson  
*Board member*

Ricard Robbstål  
*Board member*

Örjan Söderberg  
*Board member*

Maria Wallin Wällberg  
*Board member*

Susanne Lindberg  
*Employee Representative*

Anna Sandqvist  
*Employee Representative*

Mirek Swartz  
*Employee Representative*

Mathias Collén  
*President and CEO*

The Annual Report and the consolidated financial statements above were approved for publishing by the Board of Directors on 14 March 2024. 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 17 May 2024.

Our audit report was submitted on the date set out in electronic signing  
Deloitte AB

Patrick Honeth  
*Authorised Public Accountant  
Auditor in charge*

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# Auditor's Report

To the general meeting of the shareholders of Länsförsäkringar AB (publ) corporate identity number 502010-9681

## 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 2023-01-01 – 2023-12-31 except for the corporate governance report on pages 58-65. The annual accounts and consolidated accounts of the company are included on pages 44-171 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 2023 and its financial performance 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 2023 and their financial performance for the year then ended in accordance with 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 appli-

cable, 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.

### 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	Valuation of financial instruments at fair value
<p>The Groups (parent company) provision for claims outstanding (gross of reinsurance) amounts to 12 721 MSEK (11 621) as of 31 December 2023 in the consolidated accounts.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We have involved actuary specialists in our audit procedures and our audit procedures have included but were not limited to:</p> <ul style="list-style-type: none"> <li>Evaluated whether actuarial valuation methods and models for calculating provision for claims outstanding comply with generally accepted standards and practices.</li> <li>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.</li> <li>On a sample basis, examined input data used in the calculations of the provision for claims outstanding.</li> <li>Performed independent calculations based on actuarial methods for a substantial part of the provision for claims outstanding.</li> <li>Evaluated management's significant estimations and judgments.</li> <li>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.</li> </ul>	<p>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 83 356 (4 995) MSEK in assets and to 4 162 (29) MSEK in liabilities as of 31 December 2023.</p> <p>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.</p> <p>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.</p> <p>In note 52 (35) it is disclosed that the recorded value of financial instruments categorized as level 3 amount to 4 603 (736) MSEK, whereof 3 339 (150) MSEK consists of investments in shares and participations and 1 264 (530) MSEK of bonds and other interest-bearing securities.</p> <p>In note 1 (1) and note 52 (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.</p> <p>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.</p> <p>Our procedures have included, but not been limited to:</p> <ul style="list-style-type: none"> <li>We have tested selected control activities associated with valuation of financial instruments at fair value.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>In addition, we have assessed that the choice of valuation method has been made in accordance with established standards and industry practice.</li> <li>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.</li> </ul>
<p><b>Provisions for expected credit losses</b></p> <p>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.</p> <p>Key areas of judgment include:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Identification of exposures with a significant deterioration in credit quality.</li> <li>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.</li> </ul> <p>As of December 31, 2023, lending to the public for the Group amounted to 395 590 MSEK, with provisions for expected loan losses of 473 MSEK, after taking into account the off set against accrued remuneration to the regional insurance companies according to the distribution model.</p> <p>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.</p> <p>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 2 and detailed information in note 18 and 32 in the annual report.</p>	<p><b>Our audit procedures</b></p> <p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>

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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 1-43 och 176-229. 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 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 (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

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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 Insurance Operations 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 58-65 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 2023-04-28 and has been the company's auditor since 2022-05-06.

Stockholm March 14th 2024

Deloitte AB

*Signature on Swedish original*

Patrick Honeth  
Auktoriserad revisor

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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 2021. 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 matters are an integrated part of the business model.

The Sustainability Report is presented on pages 19–43 and 177–220 and the scope of the statutory Sustainability Report is provided on page 219. The Sustainability Report was externally audited. Refer to page 221 for the auditor's report.

Länsförsäkringar AB's Board of Directors adopts the Sustainability Report every year as part of the Annual Report and includes 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 2023. The previous sustainability report was published on 17 March 2023. Changes were made to previously reported

disclosures for Scope 3 outcomes in 2022 since an error in the emissions factors and underlying data were detected and corrected, see page 192. No other substantial changes have been made.

## Materiality assessment

A materiality assessment 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. The assessment of climate risks and opportunities was updated in 2022.

As part of the assessment, various stakeholder groups were engaged to enhance understanding of key stakeholders' expectations of Länsförsäkringar AB's sustainability activities. The stakeholders' expectations regarding sustainability matters were taken into account when the internal working group prioritised sustainability matters. The results were then validated by corporate management and the Board. 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. Länsförsäkringar AB is subject to the new EU sustainability reporting requirements and in 2024<sup>1)</sup> will prepare its sustainability report in accordance with the Corporate Reporting Sustainability Directive (CSRD) and European Sustainability Reporting Standards (ESRS) instead of applying the GRI Standards. In 2023, a new materiality assessment was carried out based on the double materiality perspective. It was approved by Länsförsäkringar AB's Board in the first quarter of 2024 and the results will be reported in connection with the first CSRD reporting. No new material risks and opportunities were identified that should have been reported under the GRI Standards. In 2023, the Group mapped gaps in existing procedures, processes and metrics and identified measures. Work to address this will continue in 2024.

Ongoing business intelligence and dialogues are conducted with various stakeholders to identify and act on their expectations of sustainability activities. More information about stakeholder dialogues can be found on page 183.

## Climate risk remains the top priority sustainability area

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 investments. 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 214–218.

 Questions about Länsförsäkringar AB's Sustainability Report can be directed to the Acting Head of Sustainability, Lisa Palmgren, via e-mail: [lisa.palmgren@lansforsakringar.se](mailto:lisa.palmgren@lansforsakringar.se).

Sustainability matter <sup>2)</sup>	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

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<sup>1)</sup> Following the referral of the proposal to the Council on Legislation for consideration on 15 February 2024, the first CSRD report could be postponed until the 2025 fiscal year.

<sup>2)</sup> Sustainability matters according to materiality assessment conducted in 2018.



# 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.

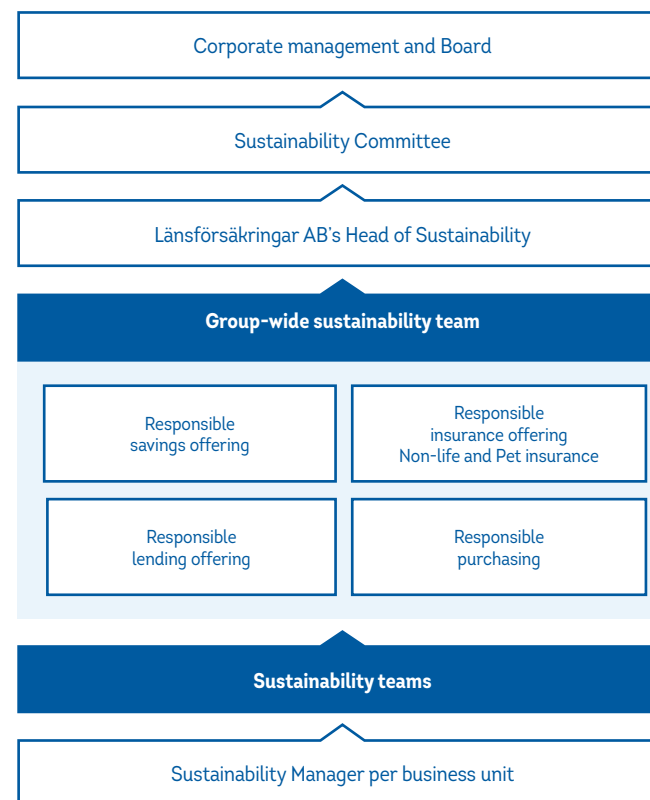
## GOVERNANCE OF SUSTAINABILITY ACTIVITIES

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, and People and Culture. The Committee met three times in 2023 to discuss, decide on and follow up priority sustainability matters, sustainability-related business objectives and the climate-smart vision. Corporate management was also involved in the ongoing sustainability project to prepare for the CSRD.

The Head of Sustainability of Länsförsäkringar AB is responsible for the function, governance and standard-setting of sustainability matters 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. A reorganisation took

place in 2023, which also affected Länsförsäkringar AB's sustainability organisation. The aim was to create sufficient time for the strategic sustainability efforts and the advances that need to be made moving forward. The responsibility for the statutory sustainability reporting was transferred to Economy and Finance. Initiatives to strengthen strategic sustainability activities will continue in 2024.

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 linked to material sustainability matters are monitored and reported to the Sustainability Committee according to an annually revised agenda. Sustainability is reported to the Board at least once annually. The Board discusses climate issues as part of its capital planning and risk assessment process. In addition, specific sustainability matters are continuously escalated to the Board and management.



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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 inter-relate 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 carries out climate scenario analyses and prepares other information in accordance with the TCFD's recommendations. A separate climate report is no longer prepared from 2023 and is instead integrated in the annual report.

**EXAMPLES OF IDENTIFIED CLIMATE OPPORTUNITIES**

Part of the climate risk activities in 2023 were carried out in workshops on the double materiality assessment in accordance with the CSRD, and the climate opportunities that have been identified remain unchanged, see the examples 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.



**CIRCULAR ECONOMY**

Opportunity for applying a broad mindset and investing and financing climate-smart business models, mainly circular business models. An example is the investment in Omocom in 2023.  
Create the conditions to enable the Länsförsäkringar Alliance to continue to develop business models around the circular economy.



**CLIMATE SERVICES FOR CUSTOMERS**

The possibility of offering claims-prevention services and advice to help reduce claims caused by climate change.  
Opportunity to support customers both in their transition and in preserving biodiversity.

**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 that are described in more detail in the corporate governance report on page 58.

Sustainability is continuously monitored in the organisation through business plans, processes and guidelines. A deviation reporting system is in place. Sustainability-related risks are included in Risk management's risk activities and Internal Audit regularly carries out sustainability audits as directed by the Board. One audit was conducted in 2023.

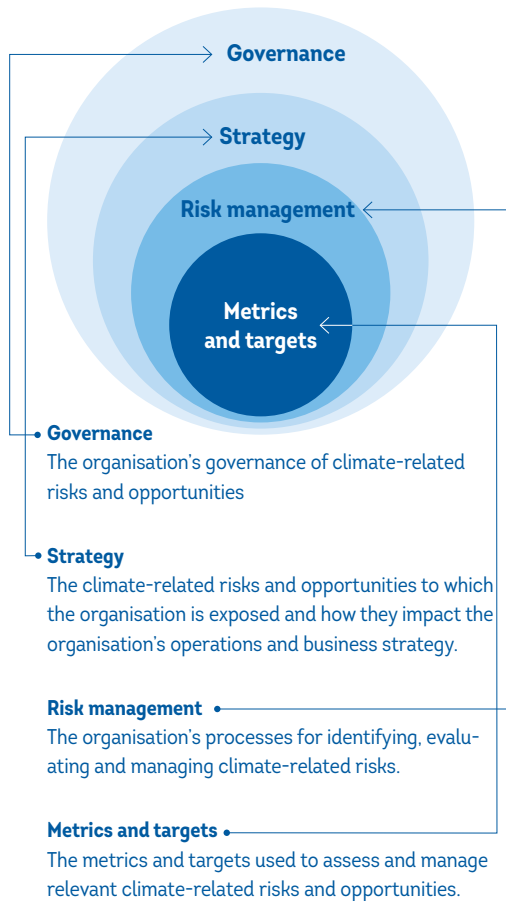
As sustainability has become an integral part of the operation and is an even clearer part of strategic activities, follow-up and internal control of sustainability efforts must be developed and, in some respects, strengthened by training employees and reviewing existing working methods. This process has commenced and will continue over the next few years, particularly given the new and expanded requirements resulting from the introduction of the CSRD.

The President and CEO of Länsförsäkringar and business unit managers propose targets for sustainability activities within the framework of 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 Länsförsäkringar AB's 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.

**Sustainability targets in business plans**

Sustainability targets are set based on the eight sustainability matters, page 177, 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 three-year business plans. Targets



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and activities are also established for the area of responsible offering for the relevant units.

### 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 matters 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 is updated at least once a year.

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 on [lf.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, exclusion 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.
- *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 on due diligence regarding respect for human rights, and combating corruption and bribery* aims to guide the operation in evaluating these areas.
- *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 other business partners* stipulates requirements regarding human rights, labour and business ethics. The policy refers to the Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

→ Read more on [lf.se](#)

- *Code of Conduct for Suppliers* stipulates requirements regarding human rights, labour, environment and business ethics. The policy refers to the Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

→ Read more on [lf.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 on [lf.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, and every year all employees must complete e-courses on topics including sustainability, the Code of Conduct and security. In 2023, the former Group-wide e-course Länskompassen, which covered sustainability, the employee Code of Conduct and safety, was split into three separate courses. The sustainability and safety training was conducted in the fourth quarter of 2023 and the Code of Conduct training for employees will be available in the first quarter of 2024. 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 37.

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GOVERNANCE DOCUMENTS		SUSTAINABILITY TOPICS		
Policy	Policy owner	Environmental and climate	Human rights and working conditions	Business ethics
Remuneration Policy	Head of People & Culture		X	
Insurance Policy	Board of Non-life Insurance business unit	X	X	X
Sustainability Policy	Head of Strategy and Communication	X	X	X
Purchasing and Procurement Policy	Head of Purchasing	X	X	X
Equality and diversity plan	Head of People & Culture		X	
Credit Policy and credit instructions	Credit Manager	X	X	X
Personnel Policy	Head of People & Culture		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 Legal Affairs			X
Guidelines on due diligence regarding respect for human rights, and combating corruption and bribery	Head of Strategy and Communication		X	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 People & Culture	X		
Risk policy	Head of Risk Management	X	X	X
Tax Policy	CFO			X
Code of Conduct for other business partners	Head of Strategy and Communication		X	X
Code of Conduct for Suppliers	Head of Strategy and Communication	X	X	X
Code of Conduct for Employees	Head of People & Culture	X	X	X



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# Development and continued climate work in 2023

## 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 dam-

aging 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 matters.

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. This report is fully integrated with the Annual Report from 2023 and

a separate climate report will no longer be published, see the TCFD index on page 220. The table below provides an overview of climate-related activities in 2023 and the next steps.

## GOVERNANCE

## STRATEGY

## RISK MANAGEMENT

## METRICS AND TARGETS

### What Länsförsäkringar AB has done in 2023

- Integrated climate risk reporting into the Annual Report.
- Set an internal CO<sub>2</sub> price to be used in decision-making.
- The Group's Policy on responsible investments was clarified to cover the issue of the climate based on a double materiality perspective – both how the Group impacts climate change and how climate risks impact the Group.
- The expanded focus on long-term strategic sustainability efforts affected the structure of the sustainability organisation.

- Climate risk workshops based on the CSRD's materiality assessment, studying both the climate and nature-related risks, including biodiversity.
- In 2023, Länsförsäkringar joined the newly formed investor engagement initiative Nature Action 100, which focuses on biodiversity, and signed up to the next phase of the Climate Action 100 initiative.
- A new dark-green fund was launched.
- The percentage of sustainable investments in the investment portfolios increased compared with last year.
- Principles came into force in the insurance offering during the year stipulating that no underwriting is to take place for companies whose primary operations are coal extraction or production.

- Länsförsäkringar AB has access to climate data from various suppliers who continuously develop their databases. More structured Scope 3 follow-ups commenced during the year, although challenges remain as regards the quality of data and coverage for all assets.
- The first measurements of Principal Adverse Impacts (PAI) and their indicators for the investment portfolios in accordance with the EU Sustainable Finance Disclosure Regulation (SFDR) were carried out.

- Climate scenario analyses were developed in all three key areas, macroeconomic analyses are more granular, analyses of natural catastrophe costs study more aspects of flooding risk and analyses of the bank's portfolios now include the agricultural and forestry portfolios.
- The climate targets for the investment portfolio were developed to be more holistic. The following target areas are covered: Net reduction in carbon footprint, effective sustainable investments and science-based climate targets for the portfolio companies.
- New calculation model and solution for calculating climate impact in motor insurance claims and building claims.
- Improved access to data on the effects of our sustainable investments, for example, CO<sub>2</sub> emissions savings and renewable energy production.

### Next step

- Additional work is planned for strengthening the connection between identified material risks as well as the management and reporting of such risks, in line with and supported by the new regulations in this field.
- The process of establishing targets and preparing action plans was intensified in 2024.

- Continuing materiality assessments by focusing on all sustainability risks, including GAP analyses and action plans.
- Increase the sustainability effects of the Group's sustainable investments, for example, CO<sub>2</sub> reductions per SEK M invested.
- Further underwriting limits for the investment offering will be evaluated in 2024.

- Enhance the methodology for analysing risks and opportunities related to transition companies.
- Expand measurement of climate footprint, risks and opportunities that are not currently covered.
- Engagement with portfolio companies with the highest percentage of CO<sub>2</sub> emissions in the investment portfolios.
- Evaluate and refine the existing sustainability analysis model for lending, and survey the number of customers that have a sustainability strategy so that long-term trends can also be seen.

- Assess different methods for climate risk modelling.
- Further develop the method for measuring the effects of sustainable investments.
- Increase the number of areas in which we measure the climate impact of the insurance business.
- Develop the insurance offering with a focus on a circular economy in non-life insurance business.

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# Stakeholder dialogue

Länsförsäkringar affects millions of people through its operations. 3.9 million customers in the Länsförsäkringar Alliance, 2,300 suppliers and 3,100 employees in Länsförsäkringar AB all have expectations of Länsförsäkringar AB. Stakeholder dialogues are a chance for Länsförsäkringar AB to discuss, identify and act on stakeholder expectations, which has affected the activities performed during 2023.

Priority stakeholders	Communication channels	Issues	Activities in 2023
<b>Owners and Board</b>	Reporting, training, Board meetings, various forums, consulting bodies and general meetings of shareholders.	Mission of operations, product development, policies, guidelines, risks, compliance and long-term objectives.	Ongoing dialogue on sustainability matters, status and business plans. Completed sustainability courses with focus on CSRD for Länsförsäkringar AB's Board of Directors and the Boards of the regional insurance companies.
<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. Expanded the advisory meetings to include sustainability matters. Expanded the green mortgage offering. Claims-prevention tips. Trained customers in claims prevention. Prepared a green insurance policy. Health-promotion tips and services for people and animals. Customer meetings. 23,000 customers in eight 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 gender equality.	Skills development in the form of individual learning, training, seminars, lectures and internal mobility. Employee surveys. Monthly manager-employee reviews. Pulse surveys. Launch of teaching calendar. Diversity seminars.
<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. Review of processes, ways of working and procedures related to the evaluation and follow-ups of existing suppliers.
<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. Provide a public sustainability database of 63 variables that is updated annually in the themes of finances and earning a living, equality, environment and climate, security and health. 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 matters.

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# 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

matters, 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.



## 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 private finances and pensions.



## 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 private 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 engine repairs. Methods for measuring their climate footprint have been prepared. Own part of an insurance distributor specialising in circular economy.



### 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:

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 policy-makers 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 banking and 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.

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# Partnerships

## INSURANCE PARTNERSHIPS

### 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 partnership 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 61 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-led initiatives to influence other companies and stakeholders in sustainability matters.

### 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 740 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.

### FAIRR – Farm Animal Investment Risk and Return

A collaborative investor network founded in 2015 to raise awareness of the environmental, social and governance risks and opportunities in the global food sector. Länsförsäkringar has been involved in the initiative since 2018.

### 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

A collaborative project comprising 17 of Sweden's largest institutional investors. The project aims to highlight the importance of working with sustainability matters in a structured manner. Länsförsäkringar is an active member.

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### 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.

### 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).

### Nature Action 100

A global investor engagement initiative formed in 2023 focused on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. Länsförsäkringar actively participates in the initiative.

### 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.

### Cradlenet

Wasa Kredit is a partner of Cradlenet, a cross-industry network for companies that want to transition from a linear to a circular business model.

### 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.

### TCFD – Task Force on Climate-related Financial Disclosures

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.

### Junior Achievement Sweden

Wasa Kredit is a partner of Junior Achievement Sweden, which provides educational programmes in entrepreneurship for young people for a positive development of society.

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# Research projects

## LÄNSFÖRSÄKRINGAR'S RESEARCH FUND

### Ongoing research projects and tests

Start

<b>Tomorrow's society: Digitisation, urbanisation and the sharing economy</b>	
Data-driven decision-making support for claims prevention by using explainable machine learning from structured to unstructured data, <i>KTH</i>	2023
Predict damage caused by damp in existing and new buildings using machine learning, <i>Lund University/RISE</i>	2023
Symptom networks to predict long-term pain and poor mental health using the compulsory military service cohort and national register, <i>Karolinska Institutet</i>	2023
Predicting maintenance needs and individualised maintenance plans for single-family homes, <i>RISE</i>	2023
Trust, security and neighbourhood: 2024 (Trust Barometer 4), <i>Uppsala University</i>	2023
A polarised society? How national and local urbanisation are shaping Sweden, <i>Linköping University</i>	2021
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>	2021
Promises and consequences in security technology, <i>Stockholm University</i>	2023
Produce statistics from Police reports with AI, <i>Uppsala University</i>	2022
<b>Climate change</b>	
Improved climate changes to residential areas, <i>Linköping University</i>	2020
Financial effects of climate policy, <i>University of Gothenburg</i>	2020

### Ongoing research projects and tests

Start

<b>Secure homes</b>	
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
The geography of fear – Where and when do we experience fear and how can it be understood? <i>Malmö University</i>	2023
The role of the private sector and the civil society in crime prevention work – opportunities and challenges, <i>Malmö University</i>	2023
Measuring for knowing: A study to increase reliable security measurements, <i>RISE</i>	2023
Do place managers matter for safety? <i>KTH</i>	2023
<b>Road safety</b>	
Commuting actively – and safely! How do children get to school? <i>VTI</i>	2020
<b>Mutual business models</b>	
Machine learning methods for pricing non-life insurance, <i>Stockholm University</i>	2021

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# Research projects

## AGRIA'S RESEARCH FUND

### Selection of ongoing research projects

	Start
<b>The role of animals for humans and society</b>	
Riding in practice – how to instruct riders. <i>Anna Byström, Swedish University of Agricultural Sciences</i>	2020
In-depth understanding and visualisation of socio-economic effects of the horse industry: Expanded model for horse industry in Sweden and Norway. <i>Tobias Heldt, Dalarna University</i>	2020
Support from social service dogs for pupils with problematic absence from school. <i>Lena Lidfors, Swedish University of Agricultural Sciences</i>	2021
Young riders' right to participation – a contingent right. <i>Karin Redelius – Swedish School of Sport and Health Sciences GIH</i>	2020
Equine-related sports and leisure activities among persons with intellectual disabilities. <i>Marie Gustausson, Linköping University</i>	2020
Cat – human – communication: Vocal, visual and tactile signals. <i>Susanne Schötz, Lund University</i>	2022
Riding Schools as Future Learning Centers for an Environmentally Just Equine Sector and Broader Society <i>Susanna Hedenborg, Malmö University</i>	2023
Can dogs affect the risk of cardiovascular disease? <i>Catrin Henriksson, Uppsala University</i>	2023
Effects of physical activity among dogs and owners: a "One Health perspective" <i>Josefin Söder, Swedish University of Agricultural Sciences</i>	2023
Man's best friend – emotional, physiological and behavioural synchronisation <i>Miiamaaria Kujala, University of Jyväskylä</i>	2023

### Selection of ongoing research projects

	Start
<b>Veterinary Medicine, Animal Science and Technology</b>	
Physical burdens in dog agility performances. <i>Anna Boström, Faculty of Veterinary Medicine, University of Helsinki</i>	2019
Identification of genetic risk factors for hip dysplasia in dogs. <i>Maja Arendt, University of Copenhagen</i>	2020
Ahead of a change in law – weaning pigs without zinc oxide requires new strategies. <i>Per Wallgren, National Veterinary Institute</i>	2020
Are we feeding trotting horses in a way that causes muscle damage? <i>Malin Connysson, Wången AB</i>	2021
Bile acid in faeces of cats with IBD or gastrointestinal cancer. <i>Janne Graarup Lyngby, University of Copenhagen</i>	2019
Herniated discs in dachshund and Coton de Tuléar. <i>Camilla Sichlau Bruun, University of Copenhagen</i>	2022
Lower mortality in dairy cattle increases animal welfare and sustainability <i>Karin Aluåsen, Swedish University of Agricultural Sciences</i>	2023
Cancer epidemiology in the Swedish dog population <i>Karolina Engdahl, Swedish University of Agricultural Sciences</i>	2023
Legumes and diseases in focus in the crop growth cycle <i>Lars Persson, Agri Science Sweden AB</i>	2023
Postural work exposure and ergonomics of riding school employees measured with a novel method using smart workwear <i>Cecilia Lindahl, RISE</i>	2023

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# Statistics and key figures

## EMPLOYEE STATISTICS LÄNSFÖRSÄKRINGAR AB GROUP INCLUDING LÄNSFÖRSÄKRINGAR LIV

### Employee response to employee survey<sup>1)</sup>

%	2023	2022	2021
Say that they have not experienced victimisation, bullying, sexual harassment or other discrimination at work in the past 12 months <sup>2)</sup>	97	95	-
Believe that they receive regular feedback from their manager	84	83	86
Believe that they are given the skills training they need in their work <sup>3)</sup>	81	75	81
Believe that they have a reasonable stress level in their work	70	68	73
Believe that they can recover adequately between work shifts	72	71	78

<sup>1)</sup> The response rate for the employee survey was 92% in 2023, 90% in 2022 and 91% in 2021.

<sup>2)</sup> New question for 2022.

<sup>3)</sup> The response for 2022 was worded as follows: "Believe they have the conditions they need to do a good job."

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	2023	2022	2021
Total number of employees	2,993	2,743	2,463
of whom, men	1,338	1,195	1,052
of whom, women	1,655	1,548	1,411
Permanent employees	2,854	2,573	2,297
of whom, men	1,288	1,150	991
of whom, women	1,566	1,423	1,306
Temporary employees	39	41	93
of whom, men	16	14	32
of whom, women	23	27	61
Casual workers	100	129	73
of whom, men	34	31	29
of whom, women	66	98	44
Permanent employees recruited during the year	459	526	265
Permanent employees who left during the year	207	273	194
Permanent employees who have left and now work at another company in the Länsförsäkringar Alliance	8	18	14

#### GRI 405-1 Employee age range

Number	2023	2022	2021
aged 29 or younger	256	241	218
aged 30-50	1,579	1,409	1,234
aged 50 or older	1,019	923	845
Average age, women	44	45	45
Average age, men	44	44	44

### OTHER COUNTRIES

#### GRI 2-7 Employees

Number	2023	2022	2023	2022
Total number of employees	297	263	3,290	3,006
of whom, men	49	58	1,387	1,253
of whom, women	248	205	1,903	1,753
Permanent employees	287	255	3,141	2,828
of whom, men	49	58	1,337	1,208
of whom, women	238	197	1,804	1,620
Temporary employees	5	4	44	45
of whom, men	0	0	16	14
of whom, women	5	4	28	31
Casual workers	5	4	105	133
of whom, men	0	0	34	31
of whom, women	5	4	71	102
Permanent employees recruited during the year	85	63	544	589
Permanent employees who left during the year	35	56	242	329

#### GRI 405-1 Employee age range

Number	2023	2022
aged 29 or younger	53	42
aged 30-50	178	169
aged 50 or older	56	44
Average age, women	39	40
Average age, men	43	33

### TOTAL

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## SWEDEN

## GRI 401-1 New employees recruited during the year, permanent employees

Number	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
aged 29 or younger	48	36	54	54	37	27
aged 30–50	152	125	155	173	72	85
aged 50 or older	38	60	30	60	20	24
<b>Total</b>	<b>238</b>	<b>221</b>	<b>239</b>	<b>287</b>	<b>129</b>	<b>136</b>

## GRI 401-1 Employee turnover

%	2023	2022
Permanent employees	9.01	13.1

## GRI 405-1 Manager age range

Number	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
aged 29 or younger	1	1	2	1	1	3
aged 30–50	93	84	84	87	74	76
aged 50 or older	64	75	65	62	54	65
<b>Total</b>	<b>158</b>	<b>160</b>	<b>151</b>	<b>150</b>	<b>129</b>	<b>144</b>
<b>Total</b>	<b>318</b>		<b>301</b>		<b>273</b>	

## Average age of managers

Year	2023	2022
Women	47	48
Men	48	47

## Sickness absence

%	2023	2022
Total sickness absence <sup>1)</sup>	2.4	2.4
Long-term healthy	77	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

Number	2023		2022	
	Women	Men	Women	Men
aged 29 or younger	28	11	11	4
aged 30–50	32	5	34	10
aged 50 or older	8	1	4	0
<b>Total</b>	<b>68</b>	<b>17</b>	<b>49</b>	<b>14</b>

## GRI 401-1 Employee turnover

%	2023	2022
Permanent employees	13.8	20.4

## GRI 405-1 Manager age range

Number	2023		2022	
	Women	Men	Women	Men
aged 29 or younger	2	1	0	1
aged 30–50	26	11	22	12
aged 50 or older	13	6	10	6
<b>Total</b>	<b>41</b>	<b>18</b>	<b>32</b>	<b>19</b>
<b>Total</b>	<b>59</b>		<b>51</b>	

## Average age of managers

Year	2023	2022
Women	45	45
Men	46	47

## Sickness absence

%	2023	2022
Total sickness absence	5.3	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

%	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Employees	57	43	58	42	58	42
Corporate management	40	60	56	44	44	56
Heads of department	50	50	56	44	53	47
Group managers and team leaders	51	49	51	49	46	54

## GRI 405-1 Gender distribution among management and Board

Number	2023		2022		2021	
	Women	Men	Women	Men	Women	Men
Corporate management including President	4	6	5	4	4	5
Management teams	24	30	27	28	23	31
Board members <sup>3)</sup>	39	49	40	48	31	49

<sup>3)</sup> Refers to all Board members of the Länsförsäkringar AB Group.

## GRI 2-8 Workers who are not employees

	2023	2022
Number of consultants <sup>4)</sup>	1,307	1,154
Average number of consultants during the year	1,265	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.

The consultants employed by Länsförsäkringar AB in 2023 mainly worked in IT-related projects, development and operations, claims adjustment in the insurance business and control and reporting in Economy and Finance.

## GRI 2-21 Annual total compensation ratio

	2023	2022
<b>Annual remuneration ratio</b> (monthly salary for the highest paid individual/median salary for other permanent employees)	8.44	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)	0 <sup>5)</sup>	1.01

<sup>5)</sup> The President and CEO took office in December 2022 and did not receive a raise in 2023, the average raise for other permanent employees was 4%.

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## ENVIRONMENTAL IMPACT OF THE OPERATIONS

## Energy use

MWh	2023	2022	2021
Electricity consumption – operating electricity	2,658	2,797	2,619
Electricity consumption – property electricity	1,493	1,156	1,006
District heating	1,599	1,510	1,461
District cooling	63	20	14
Cooling medium, refills	–	–	–
<b>Total</b>	<b>5,812</b>	<b>5,483</b>	<b>5,100</b>

Sorted waste for materials recycling, kg	2023	2022 <sup>1)</sup>	2021
Paper and board	2,876	15,483	11,108
Waste paper	3,750	10,340	7,020
Corrugated cardboard	8,510	9,020	3,780
Glass containers	3,030	2,070	560
Plastic	2,078	1,649	370
Electric equipment	1,175	2,237	1,100
Iron and metal scrap	465	495	430
Fluorescent tubes and waste containing mercury	90	162	170
CFC equipment	225	50	100
Shrink/stretch film	–	40	60
Batteries	23	47	20
Oils, solvents and gases	–	477	–
Paint, printing ink, adhesives	–	439	–
Metal packaging	139	118	–
Waste that can be sorted	1,400	560	–
<b>Total</b>	<b>23,761</b>	<b>43,187</b>	<b>24,718</b>

<sup>1)</sup> 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	2023	2022	2021
Flights	423,080	324,351	57,796
Company car journeys	80,590	76,361	32,669
Private car journeys	22,728	16,574	8,251
Rail journeys	196,271	55,083	34,498
Taxi	13,596	9,916	4,580
<b>Total</b>	<b>736,265</b>	<b>482,285</b>	<b>141,794</b>

## GRI 305-1, 305-2, 305-3 Carbon emissions

Tonnes	2023	2022 <sup>2(3)</sup>	2021
<b>Scope 1</b>			
Company car journeys (leased vehicles)	130.2	95.8	50.0
Stationary combustion	0.2	0.3	–
Cooling medium	–	–	–
<b>Total Scope 1</b>	<b>130.4</b>	<b>96.1</b>	<b>50.0</b>
<b>Scope 2<sup>4)</sup></b>			
Renewable electricity	0	0	0
District heating	86.9	63.2	71.2
District cooling	0	<0.1	<0.1
<b>Total Scope 2</b>	<b>86.9</b>	<b>63.2</b>	<b>71.2</b>
<b>Scope 3<sup>5)</sup></b>			
1. Purchased goods and services, remodelling	623.1	1,612.9	2097.4
1. Purchased goods and services, excl. remodelling	171.9	150.5	98.3
2. Capital goods <sup>6)</sup>	909.4	871.6	627.8
3. Fuel and energy-related activities (not included in Scope 1 or 2)	81.1	84.6	52.6
5. Waste generated in operations, remodelling	39.7	54.3	–
5. Waste generated in operations, excl. remodelling	2.4	1.2	0.6
6. Business travel	1,151.0	680.1	140.4
7. Employee commuting and WFH	615.4	595.4	–
<b>Total Scope 3</b>	<b>3,594.0</b>	<b>4,050.3</b>	<b>3,017.1</b>
<b>Total carbon emissions in the operations</b>	<b>3,811.3</b>	<b>4,209.5</b>	<b>3,138.1</b>
<b>Total carbon emissions per employee</b>	<b>1.3</b>	<b>1.6</b>	<b>1.4</b>

<sup>2)</sup> Scope 3 emissions reported in 2022 were corrected for purchased goods and services, remodelling, capital goods and waste generated in operations, remodelling due to errors in one of the databases used for emissions factors, which the supplier corrected, and underlying data for 2022. The reported emissions are lower than previously reported, a decrease of 19%.

<sup>3)</sup> More Scope 3 categories were included in 2022 compared with 2021, such as commuting and more purchased goods and services. The remodelling contributed to more purchased goods and services, purchases of IT equipment and greater waste management.

<sup>4)</sup> Market-based method, meaning that supplier-specific emissions factors are used.

<sup>5)</sup> Länsförsäkringar does not report on the following GHG categories in Scope 3: 4. Upstream transportation and, 8. Upstream leased assets, 9. Downstream transportation and distribution, 10. Processing of sold products, 11. Use of sold products, 12. End-of-life treatment of sold products, 13. Downstream leased assets, 14. Franchises or 15. Investments. The delimitation of Scope 3 reporting is based on an assessment of the conditions for reliably measuring climate impact.

<sup>6)</sup> Capital goods refers to purchased laptops, computer screens, keyboards and mobile phones, servers and other IT equipment.

## Metrics under GRI

GRI Standard	Description	Volume	Unit
305-1	Direct (Scope 1) GHG emissions	130.4	tCO <sub>2</sub> e
	Direct biogenic CO <sub>2</sub> emissions	0.1	tCO <sub>2</sub>
305-2	Location-based indirect (Scope 2) GHG emissions (electricity consumption)	247.2	tCO <sub>2</sub> e
	Market-based energy related indirect (Scope 2) GHG emissions (electricity, heating, cooling)	86.9	tCO <sub>2</sub> e
	Indirect biogenic (Scope 2) GHG emissions	454.0	tCO <sub>2</sub>
305-3	Other indirect (Scope 3) GHG emissions	3,594.0	tCO <sub>2</sub> e
	Indirect biogenic (Scope 3) GHG emissions	255.0	tCO <sub>2</sub>

## Reporting principles for Green House Gas emissions

Data to calculate Scope 1, 2 and 3 GHG emissions is collected for own internal operations and reported in accordance with the Greenhouse Gas Protocol. GHG emissions are calculated and reported as carbon dioxide equivalents (CO<sub>2</sub>e) and include the following gases and chemicals: Carbon dioxide (CO<sub>2</sub>), methane CH<sub>4</sub>, nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC) and perfluorocarbons (PFC).

## Scope 1:

Emissions from lease company cars are calculated based on km driven and stationary for incineration based on consumption of diesel using emissions factor from Naturvårdsverket 2023 and Energimyndigheten 2023.

## Scope 2:

Energy (electricity, heating and cooling) in offices is obtained from the property owner and emissions factors from Stockholm Exergi och EI 2023 are applied.

## Scope 3:

Emissions for purchased goods and services are based on number purchased and weight and spend-based data from remodelling and used emissions factors come from sources incl. RISE 2022, AgriFootprint 3.1, ADEME 2023, Ecoinvent 3.10 and CEDA 6.

Emissions for capital goods are calculated partly using number purchased and also some spend-based data. Emissions factors used mainly come from HP, Apple, Dell, BEIS 2023 and CEDA 6.

Emissions from fuel and energy-related operations are life cycle emissions and are calculated according to each energy type.

Emissions from waste are based on waste fraction and weight and emissions factors are from BEIS 2023, ADEME 2023 and the World Bank 2023.

Emissions from business travel are based on data from the travel agency and HR. Emissions factors applied from Naturvårdsverket, Energimyndigheten and RDC 2023.

Emissions from commuting refers to employees travelling between home and work. Emissions are calculated based on a questionnaire to employees with a response rate of 24% (23). Emission factors from Naturvårdsverket 2023, Trafikverket 2023, Mobitool 3.0, EI 2023, RDC 2023 among others are applied per mode of transport and emissions per employee are extrapolated to cover all employees.

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# Responsible savings offering

## Activities and key figures related to responsible savings offering

Focus area	Key figures	2023	2022	2021	
<b>Investments in responsible companies</b>	Total number of companies in the global reference index (emerging and developed markets) that are excluded (share of the index's market value in parentheses) <sup>1)</sup>	177 (7%)	161 (8%)	169 (6%)	
<b>Promoting sustainable investments</b>	Sustainability-focused investments <sup>2)</sup> in the investment portfolios, % of total managed assets	23.8	21.4	16.1	
<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>3)</sup>	5.6	7.8	8.2	
	Carbon footprint in the investment portfolios, measured according to Insurance Sweden's recommendation, tonnes CO <sub>2</sub> e/SEK M <sup>4)</sup>	4.6	6.1	7	
	Share of listed equity holdings with verified science-based targets (SBTs) in investment portfolios <sup>5)</sup>	47	–	–	
	% of total capital in the investment portfolios with a measured carbon footprint	45	43	38	
	% of total capital in the fund company's funds with a measured carbon footprint <sup>6)</sup>	100	80	80	
<b>Active corporate governance and engagement</b>	Number of general meetings at which votes were cast <sup>7)</sup>	105	101	120	
	Participation in nomination committees	18	20	27	
	Percentage of women on the boards of the companies where Länsförsäkringar AB is a member of the nomination committee	37	36	39	
	Number of companies/issuers covered by reactive sustainability dialogues <sup>8)</sup>	60	89	62	
	Number of companies covered by initiatives with Länsförsäkringar AB's participation	361	–	–	
	Number of companies/issuers covered by preventative sustainability dialogues <sup>9)</sup>	19	204	251	
	<b>Share of reactive and preventative sustainability dialogues, %</b>				
	Environmental matters	28	66	70	
Social matters	44	23	16		
Business ethics matters	28	11	14		

<sup>1)</sup> Refers to companies who meet the sustainability exclusion criteria that applied at the end of each year.

<sup>2)</sup> Sustainability-focused investments in the investment portfolios comprise sustainability-focused bonds and investments in listed and unlisted forestry companies.

<sup>3)</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-intensive 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 194.

<sup>4)</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 (Scope 1 and 2)" metric.

<sup>5)</sup> The metric is reported for the first time in 2023, no previous data is available.

<sup>6)</sup> See graph page 194.

<sup>7)</sup> Refers to annual and extraordinary general meetings.

<sup>8)</sup> Refers to dialogues with companies/issuers in which a sustainability incident has occurred. The number refers to dialogues, regardless of the form of communication, conducted by a consultant on behalf of Länsförsäkringar AB and/or where representatives from Länsförsäkringar AB were directly engaged in the dialogue.

<sup>9)</sup> Refers to dialogues at which representatives from Länsförsäkringar AB were directly engaged in the dialogue. From 2023, all companies covered by initiatives with Länsförsäkringar AB's participation are reported as a separate metric.

## EXCLUSION CRITERIA ON 31 DECEMBER 2023

- 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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## TRANSITION CRITERIA

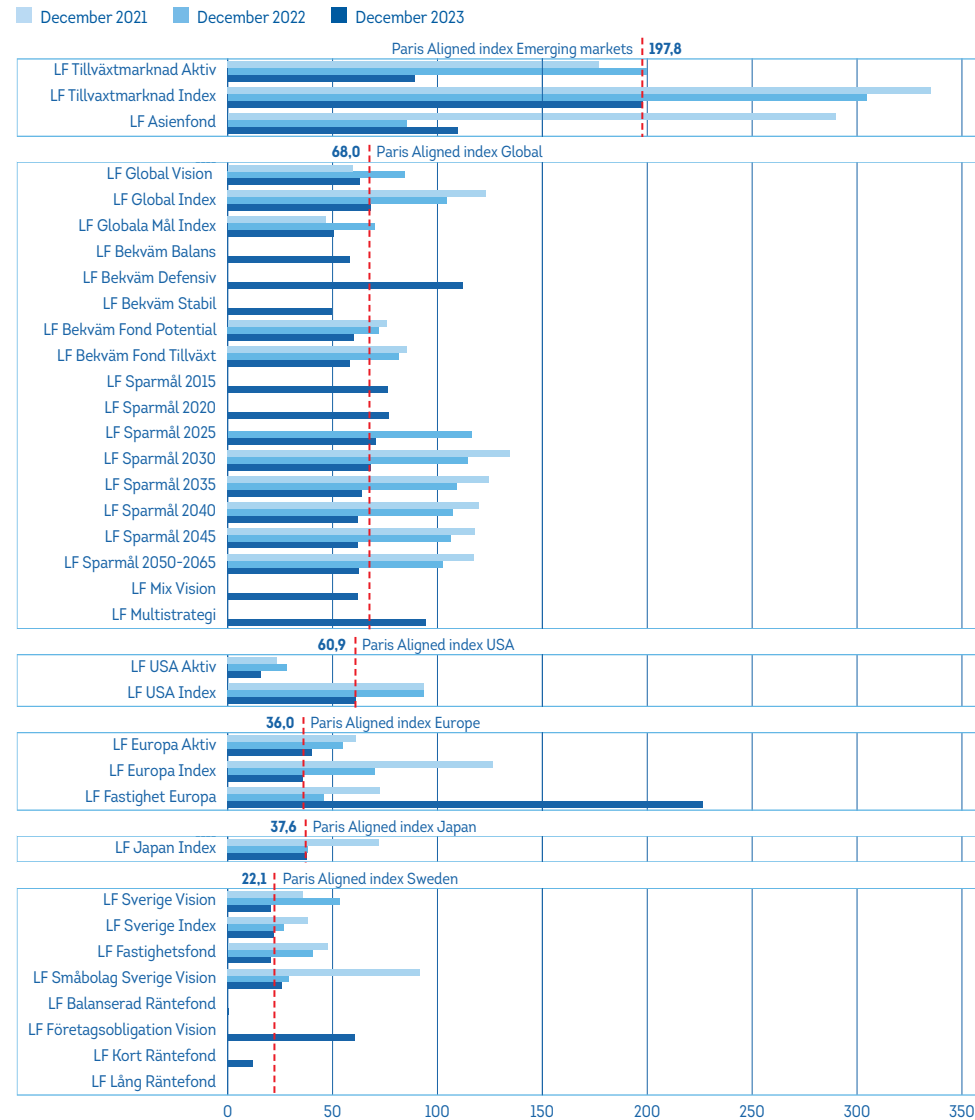
Transition criteria are applied to selected power and energy companies. The purpose of the transition criteria is to identify and support companies

who have made climate commitments and are in the process of transitioning. An up-to-date list of transition companies is available on [lf.se](https://lf.se)

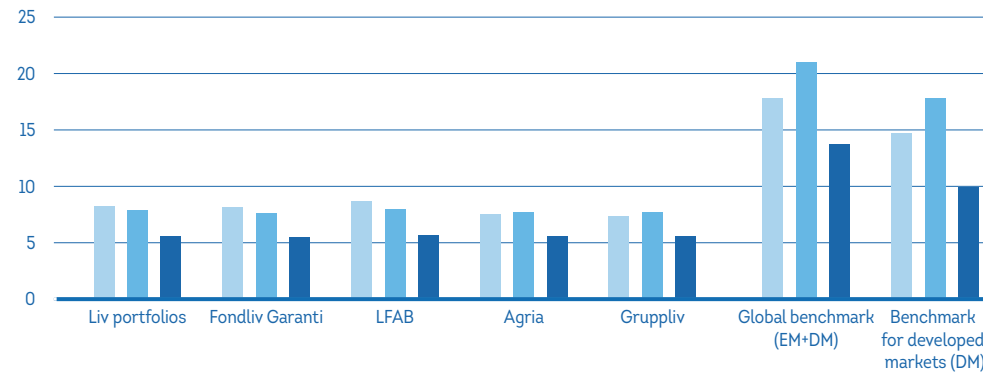


# Responsible savings offering

**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/USD M). All funds have >75% coverage.

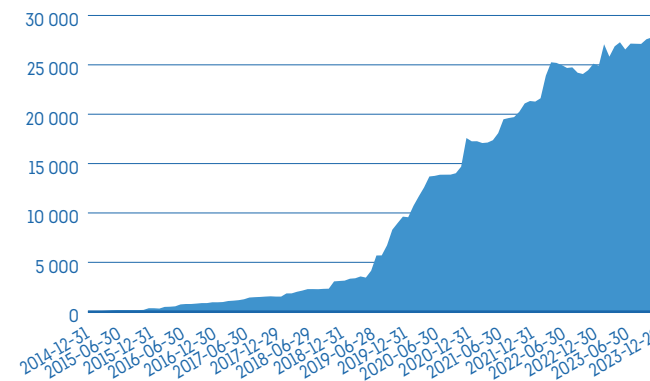


**Carbon footprint for listed equities in the investment portfolios, compared with global reference index**  
 tonnes CO<sub>2</sub>e/SEK M income



## 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 22% of managed assets at the end of 2023. The market value of the assets amounted to SEK 27 billion.

<sup>1)</sup> Carbon intensity data is reported for all of the fund company's funds. Clarity AI is engaged as the supplier of disclosures on the funds' carbon intensity. Länsförsäkringar's own index funds are managed based on Paris Aligned Indexes. 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. The carbon intensity of other funds is also compared with the carbon intensity of a Paris Aligned Index for the market in which the fund invests. During the year, 28 of 38 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.

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# Taxonomy disclosures

The Taxonomy Regulation (the “Taxonomy rules”) is part of the EU’s action plan to achieve the target of a climate neutral Europe by 2050. The Taxonomy rules express six environmental objectives and contain classification criteria to assess whether an economic activity substantially contributes to these objectives and can thus be considered environmentally sustainable. The regulations also require companies to submit specific Taxonomy-related disclosures and over the past two years the financial undertakings subject to the rules have provided simplified reporting under the phased entry into force. This year, for the first time, the rules apply fully for financial undertakings.

The reporting requirements entail that companies must provide information about the extent to which the company’s economic activities are eligible under the Taxonomy’s technical screening criteria and the extent to which the activities qualify as environmentally sustainable (“Taxonomy-aligned”). To meet the criteria, the activity must substantially contribute to at least one of the EU’s six environmental objectives while doing no significant harm to any of the other five environmental objectives. The company must also meet certain minimum requirements on social

sustainability, known as minimum safeguards, related to, for example, human rights, competition law, bribery and corruption. For financial undertakings, the reporting requirements also include information on the proportion of their investments that finance Taxonomy-aligned activities.

The technical screening criteria for environmental objectives 1 and 2 are already in place, but the criteria for the four remaining environmental objectives have been delayed. According to the transitional measures, these are to be included in the reporting from this year, which means that

undertakings are to report on whether they qualify under the criteria. The delayed technical screening criteria do not apply to the activities of financial undertakings and therefore will not have an impact on the Taxonomy disclosures that financial undertakings provide about their own activities. The Taxonomy disclosures on investments made by financial undertakings will also not be affected this year, but only next year. This is because these disclosures are based on Taxonomy disclosures from counterparties and report-

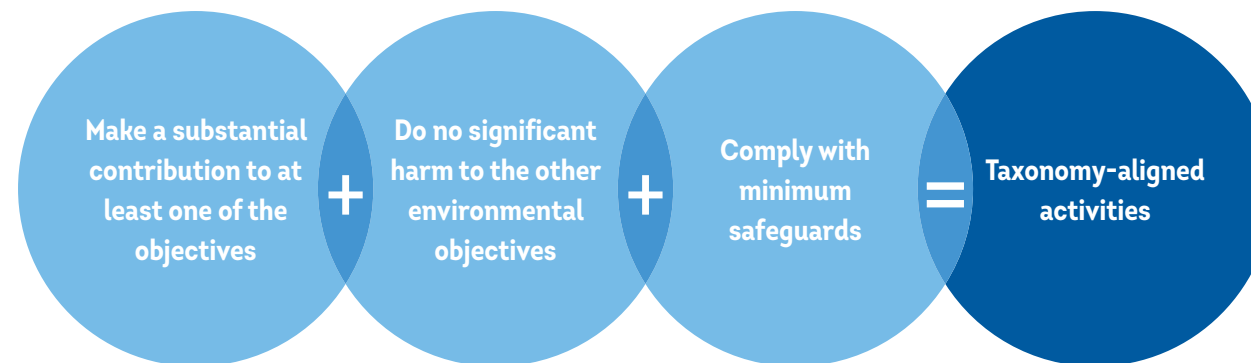
ing from the counterparties was not available at the time of preparation of this Annual Report.

## **Make a substantial contribution to the environmental objectives and do no significant harm to the other environmental objectives**

In order for an activity to be Taxonomy-aligned, it must qualify under the Taxonomy rules, meaning that the regulations must have technical screening criteria for the specific activity. An activity that meets the criteria for contributing substantially to at least one of the environmental objec-

## THE TAXONOMY’S 6 ENVIRONMENTAL OBJECTIVES

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems



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tives may not be considered Taxonomy-aligned if it does significant harm to the other environmental objectives. Significant harm to the other environmental objective is specified in the technical screening criteria of the Taxonomy Regulation. For the Länsförsäkringar AB Group, there are criteria for assessing Taxonomy alignment in the non-life insurance operations and in the criteria for buildings and property and vehicles in the banking operations' financing of household mortgages and vehicle loans.

### Sustainability part of Länsförsäkringar AB's business strategy

Länsförsäkringar AB's eight priority sustainability matters are divided into responsible offering, responsible business conduct, and environmental and social responsibility. In order to improve security for our customers, it is vitally important that we reduce the risk of incurring a claim. Every claim that can be avoided means a gain not only for the environment, but also for the individual and society as a whole. For this reason, claims prevention is a priority for Länsförsäkringar AB. It is important when a claim does occur to have knowledge about the impact on the climate and limit the impact on the environment, for example, by setting requirements for sustainable repairs. One of Länsförsäkringar AB's key targets for the year ahead is to continue to develop its claims-prevention activities that reduce the risk of claims being incurred. Länsförsäkringar AB will

also continue to develop know-how in measuring and understanding the impact on the environment when claims are incurred, and integrate circular economy principles into the insurance offering. This work is described in more detail in the section Responsible insurance offering on page 30.

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 responsible 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 conduct, such as the UN Global Compact, and works on material sustainability matters for the industry. The aim is also to contribute to the UN Sustainable Development Goals and to be climate-positive by 2045.

The investments for which the Länsförsäkringar AB Group bears the risk have targets for a minimum proportion of sustainable investments in accordance with the definition in the Sustainable Finance Disclosure Regulation (SFDR). The SFDR's definition of sustainable investments is broader than the Taxonomy rules' definition of environmentally sustainable economic activities. In terms of the investments for which policyhold-

ers bear the risk (unit-linked insurance assets), the Länsförsäkringar AB Group has targets for the minimum number of sustainability-focused funds in the fund range and the share of managers who have made climate commitments in line with the Paris Agreement.

The sustainability-focused funds either have sustainability as their objective or are funds that promote environmental or social characteristics according to the criteria of the Sustainable Finance Disclosure Regulation (SFDR) and have a primary strategy of selecting responsible companies, have defined sustainability objectives and can demonstrate clear sustainability impacts.

The Taxonomy Regulation is taken into account by making Taxonomy alignment one of several assessment factors in classifying sustainable investments and in the fund selection process. Regular communication takes place with customers about how Länsförsäkringar AB works with responsible investments through Länsförsäkringar AB's website and in customer information, such as advance-sale information and annual statements. Read more about this work in the section Responsible investments on page 23.

### Weighted average of key performance indicators for Taxonomy alignment

The Länsförsäkringar AB Group is a financial conglomerate and the disclosures according to the Taxonomy rules include both insurance-specific and bank-specific key performance indicators. To

provide the reader with a better understanding of the proportion of the Group's non-life, investment and banking activities that are Taxonomy-eligible and Taxonomy-aligned, the key performance indicators are weighted in a weighted average key performance indicator in the table below. Key performance indicators are weighted based on the proportion of the Group's gross revenue derived from the respective operations. Disclosures on the insurance operations are based on three key performance indicators: proportion of Taxonomy-aligned gross premium in relation to total gross premiums and two performance indicators for investments based on how the counterparties report on turnover and capital expenditures. These three key performance indicators have also been weighted based on the share of revenue that derives from the non-life insurance operations and the investment operations to a combined weighted key performance indicator for the insurance operations. In addition to the key performance indicators shown in the table below, 1% of the Bank Group's assets under management are Taxonomy-aligned activities.

Weighted average of KPIs on Taxonomy-aligned activities	Proportion of total group revenue (A)	KPI turnover based (B)	KPI CapEx based (C)	KPI turnover based weighted (A*B)	KPI CapEx based weighted (A*C)
Länsförsäkringar Bank group	34%	3.6%	3.2%	1.2%	1.1%
Länsförsäkringar AB group excl Bank group	66%	1.2%	1.7%	0.8%	1.2%
<b>Weighted KPI</b>	100%			2.0%	2.2%

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### Minimum safeguards

The Taxonomy Regulation's requirements on minimum safeguards mean that the Länsförsäkringar AB Group complies with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights, including the principles and rights of the eight fundamental conventions set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Länsförsäkringar AB Group believes that the Group meets the requirements for minimum safeguards in the four identified core areas.

### Human rights and bribery/corruption

The Länsförsäkringar AB Group has governance documents and Codes of Conduct for employees, suppliers and other business partners that regulate how the Group's employees and its business partners and suppliers (and their subcontractors) are to act in relation to human rights and combating bribery and corruption. In addition to previous processes for investment screening, lending

and supplier sustainability audits, a Group-wide method was established in 2023 to identify, assess and, where necessary, take action on human rights and combating bribery and corruption. The methodology takes a risk-based approach and encompasses our own operations, our suppliers and other business partners as well as our customers. The risk assessment determines which counterparties are audited and the methodology outlines possible activities to stop, prevent and minimise the impact on right holders, whistleblowing, and external and internal monitoring of identified remedial action. A mapping of additional suppliers and other business partners was carried out in 2023 and the risk assessment is expected to be completed in the first quarter of 2024. The process of integrating risk assessment into the business operations and activities such as reporting, remediation and whistleblowing will continue in 2024.

### Taxation

The Länsförsäkringar AB Group's tax policy states that the key features of the Group's approach and conduct as regards tax issues are to be regula-

tory compliance, responsibility and transparency. Taxes are to be managed in accordance with the purpose of the legislation and in accordance with the applicable laws and rules. Tax is to be paid at the right time and correct tax reporting is to be submitted.

### Fair competition

Fair competition is specified in the Group's Code of Conduct, including supporting guidelines.

### Insurance companies shall disclose information on non-life insurance, reinsurance and investments

In non-life insurance and reinsurance activities, "underwriting of climate-related perils" is an economic activity stipulated in the Taxonomy rules linked to environmental objective 2, which is to make a *substantial contribution to climate change adaptation*. Insurance companies are to assess and provide disclosures in tables on the proportion of certain stipulated non-life insurance that is linked to coverage for the climate-related perils, and the proportion of these that meet the

detailed technical screening criteria stated in the rules to be classified as Taxonomy-aligned.

Non-life insurance and reinsurance activities that meet these criteria are also subject to the requirement to do no significant harm to the first environmental objective of *climate change mitigation*. This means that insuring activities that include extraction, storage, transport or manufacture of fossil fuels or insurance of vehicles, property or other assets dedicated to such purposes is not considered to be Taxonomy-eligible.

Insurance undertakings must also disclose the proportion of investments related to economic activities that are Taxonomy-eligible and Taxonomy-aligned. The information has been collected from the counterparties' annual reports.

The Taxonomy rules also require undertakings to disclose the proportion of their exposure to the nuclear and gas sectors. Since Länsförsäkringar AB's exposure to these sectors is small, this disclosure will not include all the regulatory reporting templates, but only the first template followed by qualitative disclosure of the Group's exposures.

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### Taxonomy-eligible and Taxonomy-aligned non-life insurance operations

Direct insurance and reinsurance are *eligible* under the Taxonomy rules if the non-life insurance operations belong to a certain insurance class and consist of underwriting of climate-related perils (climate risks). Länsförsäkringar AB assesses that insurance and reinsurance products are related to climate risks either if this is explicitly named in the insurance terms and conditions or if it can be confirmed that past claims were caused by climate risk. Länsförsäkringar AB's products are not considered to be eligible under the Taxonomy rules to any significant extent. For products in Länsförsäkringar AB that are found in insurance classes that are eligible under the rules, the premiums are primarily intended to cover risks that are not climate risks and thus the proportion of premium income related to climate risk is low.

In order for the products deemed to be Taxonomy-eligible to also be considered Taxono-

my-aligned, the requirement for a substantial contribution to environmental objective 2 *climate change adaptation* must be fulfilled. These requirements stipulate that activities and measures, such as claims prevention and risk mitigation incentives, must be specifically related to climate risks in order to qualify as contributing substantially to the environmental objective. The degree of alignment for Länsförsäkringar AB is low as regards compliance with these criteria, which is mainly (as is the case for the products' low relation to climate risk as described above) due to the fact that climate risks have not in the past been a leading cause of claims for the non-life insurance products provided by Länsförsäkringar AB. For other criteria, the degree of alignment is high. Claims prevention is a priority and Länsförsäkringar AB works actively together with the regional insurance companies to prepare claims-prevention measures and help customers to minimise the risk

of claims, and to a certain extent also measures, related to climate risk.

Länsförsäkringar AB reinsures part of the regional insurance companies' business that assumes international reinsurance with a relation to climate risk, which means that reinsurance is considered to be Taxonomy-eligible. Regarding Taxonomy alignment, Länsförsäkringar AB has assessed that no portion of the reinsurance business is Taxonomy-aligned. For reinsurance assumed from the regional insurance companies, the assessment is based on the analysis of the underlying operations. Since the majority of the regional insurance companies are not yet eligible under the Taxonomy, no data for such assessment is available for large parts of the business that therefore cannot be reported as if they are considered to contribute substantially to climate change adaptation. For assumed international reinsurance, several of the criteria are considered difficult to interpret in relation to the role that

Länsförsäkringar AB has for these reinsurance contracts and Taxonomy alignment cannot therefore be justified

The table below presents the proportions of Länsförsäkringar AB's non-life insurance and reinsurance activities that are Taxonomy-eligible and Taxonomy-aligned. Item A.1 includes Taxonomy-eligible insurance premiums for which Länsförsäkringar AB is considered to comply with all technical screening criteria pertaining to contributing substantially to climate change adaptation and the assessment is 0 for this year's reporting. Item A.2 includes Taxonomy-eligible insurance premiums for which Länsförsäkringar AB is not considered to comply with all technical screening criteria. Item B includes insurance premiums that are not Taxonomy-eligible. If it was not possible to confirm that a product was related to climate risk, the insurance premiums were reported under B.

### Templates for KPIs of insurance and reinsurance undertakings

Economic activities (1)	Substantial contribution to climate change adaptation		DNSH (Do No Significant Harm)					Minimum safeguards
	Absolute premiums	Proportions of premiums	Climate change mitigation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	
	Currency	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	
SEK M								
<b>A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)</b>	0	0%	Yes	N/A	N/A	N/A	N/A	Yes
A.1.1 Of which reinsured	0	0%	Yes	N/A	N/A	N/A	N/A	Yes
A.1.2 Of which stemming from reinsurance activity	0	0%	Yes	N/A	N/A	N/A	N/A	Yes
A.1.2.1 Of which reinsured (retrocession)	0	0%	Yes	N/A	N/A	N/A	N/A	Yes
<b>A.2 Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable (not Taxonomy-aligned activities)</b>	619	6%						
<b>B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities</b>	10,002	94%						
<b>Total (A.1 + A.2 + B)</b>	<b>10,622</b>	<b>100%</b>						

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### Taxonomy-eligible and Taxonomy-aligned investments

Under the Taxonomy rules, the Länsförsäkringar AB Group is to report the proportion of its investments that are directed at financing, or are associated with, Taxonomy-aligned economic activities. The Group must also provide disclosures on the investments in order to clearly state how Taxonomy-aligned activities have been calculated and to increase understanding of the proportion of Taxonomy alignment. Disclosures are to be presented in table form, refer to the table below.

The investments included in the calculation of "total assets covered by the KPI" are a subset of the assets in the balance sheet. The coverage ratio shows the proportion of the balance sheet's assets that are included in the calculation. The coverage ratio for the Länsförsäkringar AB Group is 76.9%. The assets included in the calculation are: Investment assets, Other financial investment assets, and Investment assets, life-assurance policyholder bears the investment risk. These items exclude investment assets issued by central governments, central banks and supranational issuers.

In order for an activity to be Taxonomy-aligned, it must qualify under the Taxonomy rules, meaning that the regulations must have technical

screening criteria for the specific activity. Based on what the counterparty has reported, Länsförsäkringar AB is to report the proportion of its investments that are Taxonomy-eligible, the proportion that are Taxonomy-eligible economic activities but not Taxonomy-aligned, and the proportion that are Taxonomy-eligible and Taxonomy-aligned.

74.2% of the Länsförsäkringar AB Group's turnover based investments and 84.6% CapEx based investments are Taxonomy-non-eligible. These investments comprise derivatives, exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU (meaning that they are not liable to report under the Taxonomy rules) and exposures to certain other counterparties and assets. Taxonomy-non-eligible investments may not be included in the Taxonomy-aligned proportion. 21.7 percentage points of the Taxonomy-eligible investments are turnover based and 32.4 percentage points CapEx based that is not Taxonomy-aligned.

Investment assets for which the Länsförsäkringar AB Group bears the risk contributed 0.6 of a percentage point turnover based and 0.9 of a percentage point CapEx based on the Taxonomy alignment of the investments. The remaining pro-

portion of the investments, for which the policyholders bear the risk, consists of the policyholders' savings in the Länsförsäkringar AB Group's unit-linked insurance products. The Länsförsäkringar AB Group provides a range of funds, but policyholders choose which of the funds in the range to invest their savings in.

The proportions and amounts in the tables are to be calculated based on the carrying amounts and the Taxonomy disclosures that the counterparties have provided in official published disclosures, often annual reports. This means that Taxonomy disclosures are based on counterparty disclosures from previous year. For this year's reporting, the delay means that data on Taxonomy alignment for environmental objectives 1 and 2 is only available for non-financial undertakings and no information is available for environmental objectives 3-6. The Länsförsäkringar AB Group compiles counterparties' Taxonomy disclosures using Clarity AI. If Taxonomy disclosures are unavailable, Länsförsäkringar AB states that the exposure is not Taxonomy-eligible.

The Länsförsäkringar AB Group obtains data from Bloomberg and Standard & Poor in order to sort the counterparties between financial and non-financial undertakings, whether they are established within or outside the EU, and whether

they are subject to Articles 19a and 29a of Directive 2013/34/EU. However, it has been challenging to do this for the unit-linked insurance assets, which consist of a large number of external funds. Until the Länsförsäkringar AB Group develops a more efficient way of collecting sorting data for the unit-linked insurance assets in the same way as in other investments, the Länsförsäkringar AB Group will use Clarity AI. For this year's reporting, this means that unit-linked insurance assets may be sorted differently from the Group's other investments. The Länsförsäkringar AB Group believes that the difference has no material impact on the proportion of Taxonomy-aligned investments. Wherever sorting data is not available, the exposure is sorted in the category of Other counterparties and assets.

Länsförsäkringar AB Group's investments that are Taxonomy-aligned consists of 1.6% turnover based and 2.2% CapEx based. This is the first time that the Länsförsäkringar AB Group reports the proportion of Taxonomy alignment of its investments, which is why no historical data is provided.

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**The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total investments**

The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities <b>relative to the value of total assets covered by the KPI</b> , with following weights for investments in undertakings per below:		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:	
Turnover-based: %	1.6%	Turnover-based: [SEK M]	4,643
Capital expenditures-based: %	2.2%	Capital expenditures-based: [SEK M]	6,560
<hr/>			
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio: %	76.9%	Coverage: [SEK M]	297,967

**Additional, complementary disclosures: breakdown of denominator of the KPI**

The percentage of derivatives relative to total assets covered by the KPI.		The value in monetary amounts of derivatives.	
%	0.8%	[SEK M]	2,321
<hr/>			
The proportion of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:		Value of <b>exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU</b> :	
For non-financial undertakings:	3.4%	For non-financial undertakings: [SEK M]	10,138
For financial undertakings:	3.5%	For financial undertakings: [SEK M]	10,270
<hr/>			
The proportion of <b>exposures to financial and non-financial undertakings</b> from non-EU countries <b>not subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:		Value of <b>exposures to financial and non-financial undertakings</b> from non-EU countries <b>not subject to Articles 19a and 29a of Directive 2013/34/EU</b> :	
For non-financial undertakings:	5.7%	For non-financial undertakings: [SEK M]	16,993
For financial undertakings:	15.4%	For financial undertakings: [SEK M]	45,937
<hr/>			
The proportion of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:		Value of <b>exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> :	
For non-financial undertakings:	21.8%	For non-financial undertakings: [SEK M]	64,909
For financial undertakings:	10.9%	For financial undertakings: [SEK M]	32,615
<hr/>			
The proportion of <b>exposures to other counterparties</b> over total assets covered by the KPI:		Value of <b>exposures to other counterparties</b> :	
%	38.5%	[SEK M]	114,786

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### Additional, complementary disclosures: breakdown of denominator of the KPI (cont.)

The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	
Turnover-based: %	0.6%	Turnover-based: [SEK M]	1,782
Capital expenditures-based: %	0.9%	Capital expenditures-based: [SEK M]	2,533
The value of all the investments that are funding <b>economic activities that are not</b> Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding <b>economic activities that are not</b> Taxonomy-eligible:	
Turnover-based: %	74.2%	Turnover-based: %	221,119
Capital expenditures-based: %	84.6%	Capital expenditures-based: %	252,108
The value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned</b> relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, <b>but not Taxonomy-aligned</b> :	
Turnover-based: %	21.7%	Turnover-based: %	64,740
Capital expenditures-based: %	32.4%	Capital expenditures-based: %	96,489

### Additional, complementary disclosures:

#### Breakdown of numerator of the KPI

The proportion of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> over total assets covered by the KPI:som omfattas av resultatindikatorn:		Value of <b>Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU</b> :	
For non-financial undertakings: Turnover-based: %	1.4%	For non-financial undertakings: Turnover-based: [SEK M]	4,145
For non-financial undertakings: Capital expenditures-based: %	1.9%	For non-financial undertakings: Capital expenditures-based: [SEK M]	5,669
For financial undertakings: Turnover-based: %	0.2%	For financial undertakings: Turnover-based: [SEK M]	498
For financial undertakings: Capital expenditures-based: %	0.3%	For financial undertakings: Capital expenditures-based: [SEK M]	892
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts <b>where the investment risk is borne by the policy holders</b> , that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based: %	0.6%	Turnover-based: [SEK M]	1,782
Capital expenditures-based: %	0.9%	Capital expenditures-based: [SEK M]	2,533
The proportion of <b>Taxonomy-aligned exposures to other counterparties</b> in over total assets covered by the KPI:		Value of <b>Taxonomy-aligned exposures to other counterparties</b> over total assets covered by the KPI:	
Turnover-based: %	0.0%	Turnover-based: [SEK M]	61
Capital expenditures-based: %	0.0%	Capital expenditures-based: [SEK M]	109

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## Breakdown of the numerator of the KPI per environmental objective

Taxonomy-aligned activities – provided 'do-not-significant-harm' and social safeguards positive assessment:

(1) Climate change mitigation				
Turnover: %	0.5%	Transitional activity: A % (Turnover)		0.1%
		Enabling activity: B % (Turnover)		0.4%
CapEx: %	0.7%	Transitional activity: A % (CapEx)		0.2%
		Enabling activity: B % (CapEx)		0.5%
(2) Climate change adaptation				
Turnover: %	0%	Enabling activity: B % (Turnover)		0%
CapEx: %	0%	Enabling activity: B % (CapEx)		0%
(3) The sustainable use and protection of water and marine resources	n/a	Enabling activity: B % (Turnover, CapEx)		n/a
(4) The transition to a circular economy	n/a	Enabling activity: B % (Turnover, CapEx)		n/a
(5) Pollution prevention and control	n/a	Enabling activity: B % (Turnover, CapEx)		n/a
(6) The protection and restoration of biodiversity and ecosystems	n/a	Enabling activity: B % (Turnover, CapEx)		n/a

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### Taxonomy-eligible and Taxonomy-aligned banking operations

The bank-specific tables have been prepared in accordance with the templates of the Taxonomy rules, with the exception of disclosures on the green asset ratio on the flow of loans for which the availability of data has been challenging, which is why the table is not included in this year's reporting. Most of the tables are presented in two versions, turnover based and CapEx based, since

this is how non-financial counterparties present their Taxonomy reporting on which the bank's reporting is based. Banks are to report on the proportion of their lending and investments (excluding investments in central governments, central banks and supranational issuers) that is Taxonomy-eligible and the proportion that is Taxonomy-aligned. The reporting is to be based on what counterparties have published in their Taxonomy reporting.

63% of the Länsförsäkringar Bank Group's assets are covered in the calculation of Taxonomy-aligned assets. The Bank Group's Taxonomy-aligned activities amounted to SEK 15,755 M and primarily comprise household mortgages in energy-efficient homes. The Bank's reporting of corporate lending and investments is based on how the counterparty has reported Taxonomy-eligibility and alignment. The reporting requirements do not apply to small and medium-sized coopera-

tions or cooperations outside the EU. Since the majority of the Bank Group's non-household customers are agricultural and small business customers, only a limited part of the Bank Group's activities beyond household mortgages and car loans are Taxonomy-eligible.

### Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

SEK M		Total environmentally sustainable assets	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)
Main KPI	Green asset ratio (GAR) stock	15,755	4%	3%	63%	19%	6%
SEK M		Total environmentally sustainable assets	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	Assets under management	313	1%	1%			

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### Assets for the calculation of the green asset ratio

The following two tables show the proportion of the banking operations' assets that are Taxonomy-eligible and Taxonomy-aligned. Underlying data for Taxonomy eligibility and Taxonomy alignment in relation to the environmental objectives of *climate change mitigation and climate change adaptation* for financial and non-financial counterparties subject to the reporting requirements has been provided by Clarity AI based on the counterparties' sustainability reports as of 2022. For those counterparties that have not published any information on green

assets based on CapEx, the corresponding information based on turnover has been used.

Taxonomy alignment for household loans with collateral in residential properties was calculated according to the technical screening criterion 7.7 of the Taxonomy rules for properties built before 31 December 2020. Under the Taxonomy rules, the property must have a valid energy declaration with energy class A or be among the top 15% of properties in Sweden from an energy performance perspective according to an internal model. This internal model is based on energy performance from an approved energy declaration registered with the Swedish National Board of Housing, Building and Planning, normalised to

building regulations BBR29 using a weighting factor based on statistics from the Swedish Energy Agency. The threshold for the top 15% most energy-efficient single-family homes was developed by Chalmers Industriteknik. Properties considered to have a physical risk according to the internal model are excluded from Taxonomy alignment since mitigating measures for physical risk cannot be proven.

Household loans for renovation purposes under technical screening criterion 7.2 are considered to be Taxonomy-eligible but not Taxonomy-aligned since it was not possible to assess whether they do significant harm to the other five environmental objectives due to the lack of under-

lying data. It is likely that data availability will improve over time as market practices evolve, which means that it will be possible to assess whether the criteria for doing no significant harm to the other five environmental objectives are met.

Motor vehicle loans include hire purchase and finance leases related to motor vehicles. Under technical screening criterion 6.5 of the Taxonomy rules, loans for certain types of vehicles are eligible. Car loans are also not considered to be Taxonomy-aligned due to the lack of underlying data to assess the criteria for whether they do significant harm to the other environmental objectives. Market practice for data availability is also expected to evolve over time in this respect.

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## Assets for the calculation of GAR based on turnover

SEK M	Climate Change Mitigation						Climate Change Adaptation				1)	TOTAL								
	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling					
<b>GAR – Covered assets in both numerator and denominator</b>																				
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	399,518	322,068	15,755	-	-	-	-	-	-	-	-	-	-	-	322,068	15,755	-	-	-	-
<b>Financial undertakings</b>	42,939	19,957	279	-	-	-	-	-	-	-	-	-	-	-	19,976	279	-	-	-	-
<b>Credit institutions</b>	41,447	19,830	279	-	-	-	-	-	-	-	-	-	-	-	19,849	279	-	-	-	-
Loans and advances	587	226	-	-	-	-	-	-	-	-	-	-	-	-	226	-	-	-	-	-
Debt securities, including UoP	40,860	19,604	279	-	-	-	-	-	-	-	-	-	-	-	19,604	279	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other financial corporations</b>	1,492	127	-	-	-	-	-	-	-	-	-	-	-	-	127	-	-	-	-	-
of which investment firms	1,373	55	-	-	-	-	-	-	-	-	-	-	-	-	55	-	-	-	-	-
Loans and advances	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	1,370	55	-	-	-	-	-	-	-	-	-	-	-	-	55	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which management companies</b>	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Loans and advances	1	1	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which insurance undertakings</b>	117	72	-	-	-	-	-	-	-	-	-	-	-	-	72	-	-	-	-	-
Loans and advances	117	72	-	-	-	-	-	-	-	-	-	-	-	-	72	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-financial undertakings</b>	25	16	0	-	-	-	-	-	-	-	-	-	-	-	16	0	-	-	-	-
Loans and advances	25	16	0	-	-	-	-	-	-	-	-	-	-	-	16	0	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Households</b>	356,550	302,095	15,476	-	-	-	-	-	-	-	-	-	-	-	302,095	15,476	-	-	-	-
of which loans collateralised by residential immovable property	276,524	276,524	15,476	-	-	-	-	-	-	-	-	-	-	-	276,524	15,476	-	-	-	-
of which building renovation loans	23,195	23,195	-	-	-	-	-	-	-	-	-	-	-	-	23,195	-	-	-	-	-
of which motor vehicle loans	2,376	2,376	-	-	-	-	-	-	-	-	-	-	-	-	2,376	-	-	-	-	-
<b>Local governments financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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## Assets for the calculation of GAR based on turnover

	Total [gross] carrying amount	Climate Change Mitigation					Climate Change Adaptation					1)	TOTAL						
		Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (taxonomy-eligible)	Of which environmentally sustainable (taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which environmentally sustainable (taxonomy-aligned)		Of which Use of Proceeds	Of which transitional	Of which enabling				
<b>SEK M</b>																			
<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	43,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial and Non-financial undertakings</b>	37,043																		
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	36,649																		
Loans and advances	29,159																		
of which loans collateralised by commercial immovable property																			
of which building renovation loans																			
Debt securities	7,378																		
Equity instruments	112																		
Non-EU country counterparties not subject to NFRD disclosure obligations	394																		
Loans and advances																			
Debt securities	394																		
Equity instruments																			
<b>Derivatives</b>	3,411																		
<b>On demand interbank loans</b>	297																		
<b>Cash and cash-related assets</b>	-																		
<b>Other categories of assets (e.g. Goodwill, commodities etc.)</b>	2,330																		
<b>Total GAR assets</b>	442,594	322,068	15,755	-	-	-	-	-	-	-	-	-	-	322,068	-	-	-	-	-
<b>Assets not covered for GAR calculation</b>	28,688																		
<b>Central governments and Supranational issuers</b>	18,903																		
<b>Central banks exposure</b>	9,785																		
<b>Trading book</b>																			
<b>Total assets</b>	471,282	322,068	15,755	-	-	-	-	-	-	-	-	-	-	322,068	15,755	-	-	-	-
<b>Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations</b>																			
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	49,329	1,760	313	-	76	347	110	0	-	109			1,870	314	-	76	456		
Of which debt securities	14,491	516	51	-	19	74	49	0	-	49			565	51	-	19	123		
Of which equity instruments	34,838	1,244	262	-	57	272	61	0	-	61			1,305	262	-	57	333		

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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## Assets for the calculation of GAR based on CapEx

SEK M	Climate Change Mitigation						Climate Change Adaptation				1)	TOTAL							
	Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling				
<b>GAR – Covered assets in both numerator and denominator</b>																			
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	399,513	322,069	15,755	-	-	-	-	-	-	-	-	-	-	-	322,069	15,755	-	-	-
<b>Financial undertakings</b>	42,939	19,958	279	-	-	-	-	-	-	-	-	-	-	19,958	279	-	-	-	
<b>Credit institutions</b>	41,447	19,830	279	-	-	-	-	-	-	-	-	-	-	19,830	279	-	-	-	
Loans and advances	587	226	-	-	-	-	-	-	-	-	-	-	-	226	-	-	-	-	
Debt securities, including UoP	40,860	19,604	279	-	-	-	-	-	-	-	-	-	-	19,604	279	-	-	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Other financial corporations</b>	1,492	128	-	-	-	-	-	-	-	-	-	-	-	128	-	-	-	-	
of which investment firms	1,373	55	-	-	-	-	-	-	-	-	-	-	-	55	-	-	-	-	
Loans and advances	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debt securities, including UoP	1,370	55	-	-	-	-	-	-	-	-	-	-	-	55	-	-	-	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>of which management companies</b>	1	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	
Loans and advances	1	1	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>of which insurance undertakings</b>	117	72	-	-	-	-	-	-	-	-	-	-	-	72	-	-	-	-	
Loans and advances	117	72	-	-	-	-	-	-	-	-	-	-	-	72	-	-	-	-	
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Non-financial undertakings</b>	25	16	0	-	-	-	-	-	-	-	-	-	-	16	0	-	-	-	
Loans and advances	25	16	0	-	-	-	-	-	-	-	-	-	-	16	-	-	-	-	
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Households</b>	356,550	302,095	15,476	-	-	-	-	-	-	-	-	-	-	302,095	15,476	-	-	-	
of which loans collateralised by residential immovable property	276,524	276,524	15,476	-	-	-	-	-	-	-	-	-	-	276,524	15,476	-	-	-	
of which building renovation loans	23,195	23,195	-	-	-	-	-	-	-	-	-	-	-	23,195	-	-	-	-	
of which motor vehicle loans	2,376	2,376	-	-	-	-	-	-	-	-	-	-	-	2,376	-	-	-	-	
<b>Local governments financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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## Assets for the calculation of GAR based on CapEx

	Total [gross] carrying amount	Climate Change Mitigation			Climate Change Adaptation			TOTAL											
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling								
<b>SEK M</b>																			
<b>Assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	43,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Financial and Non-financial undertakings</b>	37,043																		
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	36,649																		
Loans and advances	29,184																		
of which loans collateralised by commercial immovable property																			
of which building renovation loans																			
Debt securities	7,378																		
Equity instruments	112																		
Non-EU country counterparties not subject to NFRD disclosure obligations	394																		
Loans and advances																			
Debt securities	394																		
Equity instruments																			
<b>Derivatives</b>	3,411																		
<b>On demand interbank loans</b>	297																		
<b>Cash and cash-related assets</b>	-																		
<b>Other categories of assets (e.g. Goodwill, commodities etc.)</b>	2,330																		
<b>Total GAR assets</b>	442,594	322,069	15,755	-	-	-	-	-	-	-	-	-	-	322,069	15,755	-	-	-	-
<b>Assets not covered for GAR calculation</b>	28,688																		
<b>Central governments and Supranational issuers</b>	18,903																		
<b>Central banks exposure</b>	9,785																		
<b>Trading book</b>																			
<b>Total assets</b>	471,282	322,069	15,755	-	-	-	-	-	-	-	-	-	-	322,069	15,755	-	-	-	-
<b>Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations</b>																			
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets under management	49,329	1,569	394	-	153	281	21	0	-	-	-	-	1,590	394	-	153	281	21	0
Of which debt securities	14,491	85	85	-	27	78	0	0	-	-	1	-	85	85	-	27	79	0	0
Of which equity instruments	34,838	1,484	308	-	126	203	21	0	-	-	2	-	1,505	309	-	126	205	0	0

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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### Green asset ratio – sector information

The table below shows the green asset ratio for non-financial counterparties that are subject to the disclosure requirements of the Taxonomy rules, broken down by the counterparty's main economic activity (NACE). All counterparties have reported that the ratios that are Taxonomy-eligible relate to environmental objective 1 climate change mitigation.

### Green asset ratio – sector information based on turnover

Breakdown by sector – NACE 4 digits level (code and label)	Climate change mitigation				1)	TOTAL			
	Non financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD			Non financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount MSEK	Of which environmentally sustainable	Gross carrying amount MSEK	Of which environmentally sustainable		Gross carrying amount MSEK	Of which environmentally sustainable	Gross carrying amount MSEK	Of which environmentally sustainable
C28.2.4 – Manufacture of power-driven hand tools	0	0			0	0			
C29.1.0 – Manufacture of motor vehicles	0	0			0	0			
C30.1.2 – Building of pleasure and sporting boats	0	-			0	-			
C30.3.0 – Manufacture of air and spacecraft and related machinery	1	0			1	0			
G47.1.9 – Other retail sale in non-specialised stores	0	-			0	-			
J58.2.1 – Publishing of computer games	0	-			0	-			
J58.2.9 – Other software publishing	2	-			2	-			
J63.1.1 – Data processing, hosting and related activities	1	-			1	-			
L68.2.0 – Renting and operating of own or leased real estate	10	0			10	0			
M70.1.0 – Activities of head offices	8	0			8	0			
M70.2.1 – Business and other management consultancy activities	2	-			2	-			

### Green asset ratio – sector information based on CapEx

Breakdown by sector – NACE 4 digits level (code and label)	Climate change mitigation				1)	TOTAL			
	Non financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD			Non financial corporates (subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount MSEK	Of which environmentally sustainable	Gross carrying amount MSEK	Of which environmentally sustainable		Gross carrying amount MSEK	Of which environmentally sustainable	Gross carrying amount MSEK	Of which environmentally sustainable
C28.2.4 – Manufacture of power-driven hand tools	0	0			0	0			
C29.1.0 – Manufacture of motor vehicles	0	0			0	0			
C30.1.2 – Building of pleasure and sporting boats	0	-			0	-			
C30.3.0 – Manufacture of air and spacecraft and related machinery	1	0			1	0			
G47.1.9 – Other retail sale in non-specialised stores	0	-			0	-			
J58.2.1 – Publishing of computer games	0	-			0	-			
J58.2.9 – Other software publishing	2	-			2	-			
J63.1.1 – Data processing, hosting and related activities	1	-			1	-			
L68.2.0 – Renting and operating of own or leased real estate	10	0			10	0			
M70.1.0 – Activities of head offices	8	0			8	0			
M70.2.1 – Business and other management consultancy activities	2	-			2	-			

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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## GAR stock

The tables below show the percentage distribution of the two tables above for calculating the green asset ratio.

### KPI GAR stock based on turnover

% (compared to total covered assets in the denominator)	Climate Change Mitigation			Climate change adaptation			TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered	Proportion of total assets covered
<b>GAR - Covered assets in both numerator and denominator</b>												
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	73%	4%	-	-	-	-	-	-	-	-	-	68%
<b>Financial undertakings</b>	5%	0%	-	-	-	-	-	-	-	-	-	4%
Credit institutions	4%	0%	-	-	-	-	-	-	-	-	-	4%
Loans and advances	0%	-	-	-	-	-	-	-	-	-	-	0%
Debt securities, including UoP	4%	0%	-	-	-	-	-	-	-	-	-	4%
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other financial corporations</b>	0%	-	-	-	-	-	-	-	-	-	-	0%
of which investment firms	0%	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0%	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which management companies</b>	0%	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	0%	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which insurance undertakings</b>	0%	-	-	-	-	-	-	-	-	-	-	-
Loans and advances	0%	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-financial undertakings</b>	0%	0%	-	-	-	-	-	-	-	-	-	0%
Loans and advances	0%	0%	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Households</b>	68%	3%	-	-	-	-	-	-	-	-	-	64%
of which loans collateralised by residential immovable property	62%	3%	-	-	-	-	-	-	-	-	-	59%
of which building renovation loans	5%	-	-	-	-	-	-	-	-	-	-	4%
of which motor vehicle loans	1%	-	-	-	-	-	-	-	-	-	-	1%
<b>Local governments financing</b>	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-
<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total GAR assets</b>	73%	4%										68%

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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## GAR KPI stock based on CapEx

	Climate Change Mitigation					Climate change Adaptation					1)	TOTAL					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-my-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-my-aligned)	Of which use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-my-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered	Proportion of total assets covered
<b>% (compared to total covered assets in the denominator)</b>																	
<b>GAR – Covered assets in both numerator and denominator</b>																	
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	73%	4%	-	-	-	-	-	-	-	73%	4%	-	-	-	-	-	68%
<b>Financial undertakings</b>	5%	0%	-	-	-	-	-	-	-	5%	0%	-	-	-	-	-	4%
Credit institutions	4%	0%	-	-	-	-	-	-	-	4%	0%	-	-	-	-	-	4%
Loans and advances	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Debt securities, including UoP	4%	0%	-	-	-	-	-	-	-	4%	0%	-	-	-	-	-	4%
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other financial corporations</b>	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
of which investment firms	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities, including UoP	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which management companies</b>	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Loans and advances	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>of which insurance undertakings</b>	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Loans and advances	0%	-	-	-	-	-	-	-	-	0%	-	-	-	-	-	-	0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-financial undertakings</b>	0%	0%	-	-	-	-	-	-	-	0%	0%	-	-	-	-	-	0%
Loans and advances	0%	0%	-	-	-	-	-	-	-	0%	0%	-	-	-	-	-	0%
Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Households</b>	68%	3%	-	-	-	-	-	-	-	68%	3%	-	-	-	-	-	64%
of which loans collateralised by residential immovable property	62%	3%	-	-	-	-	-	-	-	62%	3%	-	-	-	-	-	59%
of which building renovation loans	5%	-	-	-	-	-	-	-	-	5%	-	-	-	-	-	-	5%
of which motor vehicle loans	1%	-	-	-	-	-	-	-	-	1%	-	-	-	-	-	-	1%
<b>Local governments financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local government financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Collateral obtained by taking possession: residential and commercial immovable properties</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total GAR assets</b>	73%	4%								73%	4%						68%

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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### Off-balance sheet exposures

The tables below show the off-balance sheet green asset ratio according to Table 1 for turnover in relation to all assets on the balance sheet. None of the counterparties to the financial guarantees are subject to the Taxonomy rules.

#### KPI off-balance sheet exposures based on turnover

	Climate Change Mitigation					Climate Change Adaptation				1)	TOTAL				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
% (compared to total eligible off-balance sheet assets)															
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	4%	1%	-	0%	1%	0%	0%	-	0%		4%	1%	-	0%	1%

#### KPI off-balance sheet exposures based on CapEx

	Climate Change Mitigation					Climate Change Adaptation				1)	TOTAL				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
% (compared to total eligible off-balance sheet assets)															
1 Financial guarantees (FinGuar KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2 Assets under management (AuM KPI)	3%	1%	-	0%	1%	0%	0%	-	0%		3%	1%	-	0%	1%

<sup>1)</sup> Since the counterparties have not reported Taxonomy disclosures for environmental objectives 3-6 in the preparation of the table, there is no counterparty data to report, and the rows relating to environmental objective 3-6 have therefore been hidden in this year's table.

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### Exposure to nuclear and fossil gas related activities in the operations

Under the Taxonomy rules, companies are to provide specific disclosures on exposure to nuclear energy and fossil gas related activities in the operations. The Länsförsäkringar AB Group has limited exposure to nuclear energy and fossil gas related activities. Accordingly, Länsförsäkringar AB has chosen not to include all templates found

in the Taxonomy rules. Instead, a qualitative account of the Group's exposure to these sectors is provided.

Länsförsäkringar AB has exposure to nuclear-related activities in its non-life insurance business. The business amounts to SEK 64 M and represents 0.6% of the total gross premium. Länsförsäkringar AB assesses that this exposure is not Taxonomy-aligned, which means that Läns-

försäkringar AB does not provide the insurance customer or the insurer with advice and risk-based rewards. Of the 0.6% of the gross premium, the vast majority is associated with the third row of the table below.

The Länsförsäkringar AB Group's investments include exposure to the sectors of nuclear energy and fossil gas related activities through SEK 6.1 M of turnover based and SEK 1.4 M of CapEx based

Taxonomy-eligible investment assets, of which SEK 0.2 M is turnover based and SEK 0 M is CapEx based Taxonomy-eligible investment assets. The amounts are 0.09% of total turnover based and 0.02% of total CapEx based assets under the key performance indicator.

The banking operations do not have any exposure to nuclear energy and fossil gas related activities.

### Nuclear energy and fossil gas related activities

	Non-life insurance and reinsurance premiums	Insurance undertakings investments	Banking operations
<b>Nuclear energy related activities</b>			
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES	NO	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES	NO	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES	YES	NO
<b>Fossil gas related activities</b>			
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO	YES	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO	YES	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO	YES	NO

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# GRI Index

Länsförsäkringar AB's sustainability report has been prepared according to the GRI Standards 2021. The sustainability disclosures can be found by following the page references below.

GRI 1: Foundation					
GRI Standard		Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
GRI 2: General disclosures					
<b>The organisation and its reporting practices</b>					1-10
2-1	Organisational details	2-3, 11, 228			
2-2	Entities included in the organisation's sustainability reporting	177			
2-3	Reporting period, frequency and contact point	177			
2-4	Restatements of information	177, 192			
2-5	External assurance	221			
<b>Activities and workers</b>					
2-6	Activities, value chain and other business relationships	21-22, 39		1-17	1-10
2-7	Employees	34-36, 190-191	Based on a head-count in all countries with operations.	3, 5, 10	3-6
2-8	Workers who are not employees	191			
<b>Governance</b>					
2-9	Governance structure and composition	58-64, 177-181			
2-10	Nomination and selection of the highest governance body	58-64			
2-11	Chair of the highest governance body	222-223			
2-12	Role of the highest governance body in overseeing the management of impacts	58-64, 178-181			
2-13	Delegation of responsibility for managing impacts	58-64, 178-181			
2-14	Role of the highest governance body in sustainability reporting	177-178			
2-15	Conflicts of interest	58-64			

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GRI Standard		Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
2-16	Communication of critical concerns	61, 177-180, Note 2			
2-17	Collective knowledge of the highest governance body	61			
2-18	Evaluation of the performance of the highest governance body	61			
2-19	Remuneration Policy	34-36, 64, Note 11			
2-20	Process to determine remuneration	58-64, Note 11			
2-21	Annual total remuneration ratio	191			
<b>Strategy, policies and practices</b>				1-17	1-10
2-22	Statement on sustainable development strategy	6-7, 19-20			
2-23	Policy commitments	180-181			
2-24	Embedding policy commitments	179-181			
2-25	Processes to remediate negative impacts	37, 61	A complaint mechanism is in place and available to customers.		
2-26	Mechanisms for seeking advice and raising concerns	38, 180			
2-27	Compliance with laws and regulations	37-38		10	10
2-28	Membership associations	186-187			
<b>Stakeholder engagement</b>					
2-29	Approach to stakeholder engagement	17-18, 177, 183			
2-30	Collective bargaining agreements	36		8	3
<b>GRI 3: Material topics</b>					
3-1	Process to determine material topics	177	During 2023, Länsförsäkringar AB carried out a double materiality assessment and the results will be reported in connection with the first CSRD reporting. No new material risks and opportunities were identified that should have been reported under the GRI Standards.		
3-2	List of material topics	177			
3-3	Management of material topics	21-43, 178-182		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	177-182		
201-1	Direct economic value generated and distributed	18		
201-2	Financial implications and other risks and opportunities due to climate change	220		
203-2	Significant indirect economic impacts	17-18		
<b>Anti-corruption</b>				
3-3	Management of material topics	37-38, 177-182		
205-1	Operations assessed for risks related to corruption	38	The entire Group was assessed.	16 10
205-2	Communication and training about anti-corruption policies and procedures	37-38	No statistics available specified by the categories of the Board, corporate management and other employees. The Code of Conduct training for employees will be available in the first quarter of 2024.	16 10
<b>Environmental and social responsibility</b>				
3-3	Management of material topics	21-33, 39-41, 177-182		12-13 7-9
305-1	Direct (Scope 1) GHG emissions	192	Refers to carbon emissions.	13
305-2	Energy indirect (Scope 2) GHG emissions	192	Refers to carbon emissions.	13
305-3	Other indirect (Scope 3) GHG emissions	192-194	Refers to carbon emissions. Due to errors in certain data and emission factors outcome in Scope 3 2022 has been restated.	13
Own disclosure	Number of research projects and total amount invested in research (SEK)	33, 42, 188-189		3, 11-13, 16 8-10

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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	34-36, 39, 177-182	Statistics refer to employees in all countries with operations.	3, 5, 10 1-6
401-1	New employee hires and employee turnover	191	Refers to the 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	34-36, 38, 190		
405-1	Diversity of governance bodies and employees	190-191, 222-223	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 2023.	5, 10 6
Own disclosure	Percentage of 100 largest suppliers of the purchasing volume have signed the Code of Conduct	39		8, 10, 16 1-10

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Specific disclosures	Page reference	Omission	UN Sustainable Development Goals	UN Global Compact
<b>Responsible offering (sector disclosures)</b>				
3-3	Management of material topics	21-29, 177-182	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.	193	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	193		
Own disclosure	Participation in nomination committees	193	5, 10	
Own disclosure	Percentage of women on the boards of the companies where Länsförsäkringar AB is a member of the nomination committee	193	5, 10	
Own disclosure	Number of claims-prevention activities	30	3, 12	

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# ÅRL Index Sustainability Report

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 page references below.

	Disclosure	Page reference
<b>Overall</b>	Business model	10-13, 17-18
	Organisation and monitoring	177-182
	Key impacts, risks, and opportunities	8-9, 177, 179, 220
<b>Social and personnel-related issues</b>	Policy on social and personnel-related issues	177-182
	Social and personnel-related issues risks and risk management	34-36
	Social and personnel-related issues goals and outcomes	190-191
<b>Climate and environmental issues</b>	Climate and environment policy	177-182
	Climate and environmental risks and risk management	21-33, 40-41
	Climate and environmental goals and outcomes	21-33, 40-41, 192-194
<b>Respect for human rights</b>	Human rights policy	177-182
	Human rights risks and risk management	23-26, 34-36, 39
	Human rights goals and outcomes	23-26, 37-38, 193-194
<b>Anti-corruption</b>	Anti-corruption policy	177-182
	Anti-corruption risks and risk management	23-26, 37-38
	Anti-corruption goals and outcomes	37-38, 193-194

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# TCFD Index

## 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	177-182, Note 2 <sup>1)</sup>
	Management's role in assessing and managing climate-related risks and opportunities	177-182, Note 2
<b>Strategy</b>	Climate-related risks and opportunities	8, 19-33, 40-42, Note 2
	Impact of climate-related risks and opportunities	Note 2, 179
	Resilience to different climate-related scenarios	Note 2
<b>Risk management</b>	The organisation's processes for identifying and assessing climate-related risks	21-33, 40-41, Note 2
	The organisation's processes for managing climate-related risks	21-33, 40-41, Note 2
	How the processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	21-33, 40-41, 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	23, 192-194, Note 2
	Reporting of greenhouse gas (GHG) emissions: Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	23-24, 40-41, 192-194
	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	21-33, 40-41, Note 2

<sup>1)</sup> Note 2 is on page 87.

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# Auditor's Limited Assurance Report on Länsförsäkringar AB's Sustainability Report and statement regarding the Statutory Sustainability Report

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 2023. The Company has defined the scope of the Sustainability Report on page 177 and the Statutory Sustainability Report on page 219.

## 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 177 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 profes-

sional 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

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# Board of Directors



## MARIA ENGHOLM

Chairman of the Board since 2022. Born 1967. President/CEO HSB MålarDalarna. Elected 2015.

**Education:** M.Sc. in Business and Economics.

**Other Board appointments:** Chairman of LF Dalarnas and Dalarnas Försäkringsbolags Förvaltnings AB.

**Previous experience:** Board member of HSB Riksförbund, HSB Projektpartner AB, Länsförsäkringar Bank and Sparbanken Dalarna. Director of the Siljan Region Municipal Association.

**Secretary of the Board of Directors:** Helena Thordin. Born 1973. Head of Legal Affairs Länsförsäkringar AB. Employed in 2021.

**Education:** LL.M., University of Gothenburg.

**Board appointments:** Board member of Länsförsäkringar Gruppliv and the Insurance Industry's Pension Fund (FPK).



## EVA JULIN DOMBROWE

Deputy Chairman of the Board since 2023. Born 1958. Self-employed. Elected 2023.

**Education:** Chemical engineering.

**Other Board appointments:** Chairman of LF Värmland. Vice Chairman of Kristinehamns Energi AB. Member of the Liberals Party Board until November 2023.

**Previous experience:** Director Operations & HSE WFA Europe, site manager at Casco Adhesives AB Kristinehamn. Member of Casco Adhesives AB, Värmland Chamber of Commerce, Inova and Nyföretagarcentrum Kristinehamn. Värmland Regional Council.

**Previous experience:** Law clerk at Solna District Court, lawyer at Gernandt & Danielsson Advokatbyrå, various positions at Skandia Group such as Deputy Head of Legal Affairs, Acting CEO of Försäkringsaktiebolaget Skandia and six years as Head of Legal Affairs.

**Auditor:** Deloitte AB with auditor in charge Patrick Honeth.



## CHRISTIAN BILLE

Born 1962. President of LF Halland. Elected 2021.

**Education:** M.Sc. in Business and Economics, Lund University.

**Other Board appointments:** Board member of LF Halland, LFant AB, Halmstads Flygplats AB and Supersejff AB. Chairman of Halland Invest AB and Skadedjursbekämpning i Väst AB.

**Previous experience:** CEO of Sparbanken Syd, Operating Manager Swedbank. Board member of Länsförsäkringar Bank, Länsförsäkringar Hypotek, Wasa Kredit, Agria Djurförsäkring and Länsförsäkringar Fondliv.



## LENNART KÄLL

Born 1958. Board work and own business. Elected 2021.

**Education:** M.Sc. in Business and Economics, IT/programmer.

**Other Board appointments:** Chairman of LF Stockholm, Sveriges Radio AB and Oxlantic AB. Board member of the Swedish Ski Association and Färjestad BK.

**Previous experience:** President and CEO of Svenska Spel, President of Wasa Kredit, President and CEO of Ticket Travel Group, CEO of ICA Banken, CEO of SEB Finans. Deputy Chairman of Grönklittsgruppen, the Swedish Bankers' Association, Unibanka (SEB) Latvia. Various senior positions in life assurance, non-life insurance and claims at Trygg-Hansa. Board member of SJ AB, Grant Thornton Sweden AB, Länsförsäkringar Bank and others.



## 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 the Hjalmar Petri Group. Board member of Länsförsäkring Kronoberg, LF Affärservice Sydost AB, Länsförsäkringar Trygghetstjänster AB and Linnaeus University.

**Previous experience:** CEO of Munksjö Aspa Bruk AB, CEO of Alstom Power Sweden AB, Air Quality Control Systems. Senior positions at Södra Skogsägarna and Södra Cell AB. Board member of Länsförsäkringar Bank, Länsförsäkringar Gruppliv, Länsförsäkringar Fastighetsförmedling, Länsförsäkringar Fondliv, Länsförsäkringar Fondförvaltning, Kv. New York Ek. förening, Micki Leksaker and T-emballage.



## KARIN MATSSON

Born 1972. Board work and own business. Elected 2020.

**Education:** Human Resources Specialist (B.A. in Sociology).

**Other Board appointments:** Chairman of LF Jämtland since 2017. Chairman of Prince Carl Philip and Princess Sofia's foundation. Vice Chairman of Wallenstam AB. Chairman of the Swedish Ski Association. Board member of Skogsägarna Mellanskog, Astrid Lindgren's World and the Swedish Hockey League.

**Previous experience:** President of the Swedish Sports Confederation, Head of Skills Development of the Federation of Swedish Farmers.

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# Board of Directors



## RICARD ROBBSTÅL

Born 1970. President of Länsförsäkringar Göteborg och Bohuslän. Elected 2023.

**Education:** Behavioral Science and Psychology (125 credits), Corporate MBA Harvard Business School and Stanford Graduate School of Business, DIHM degree in Economics and Marketing.

### Other Board appointments:

Chairman of Länsförsäkringar Göteborg och Bohuslän Fastigheter AB. Member of Platzer Fastigheter Holding AB, Skadedjursbekämpning i Väst AB, Delsjö Golf AB, the Swedish Sea Rescue Society, LFant AB, LFGB Innovation AB, LF Göteborg Trygghetsstjänster AB, Supersej AB and Länsförsäkringar Göteborg och Bohuslän.

**Previous experience:** President of Stampen Local Media, CEO of Göteborgs-Posten, Head of Private Distribution Sweden at If and various leading and other positions in Skandia and Folksam.



## ÖRJAN SÖDERBERG

Born 1952. Self-employed. Elected 2023.

**Education:** LL.M.

### Other Board appointments:

Chairman of LF Gotland.

**Previous experience:** President of Länsförsäkringar Fondförvaltning AB, President of Länsförsäkringar Bank AB, Vice President of LF Stockholm, President of LF Jönköping, President of Länsförsäkringar Älvsborg.



## MARIA WALLIN WÅLLBERG

Born 1967. COO of Likvor AB (until December 2023). Elected 2018.

**Education:** M.Sc. in Business and Economics.

### Other Board appointments:

Chairman of LF Västerbotten, Fastighetsbolaget Fabriken AB, Länsförsäkringar Västerbotten Invest AB and Länstrygghet i Västerbotten AB.

**Previous experience:** CEO of Innovationsbron Umeå, Vice President of Innovationsbron AB, CEO of Connect Norr, Chairman of IKSU and Esculapen AB and member of SweTree Technologies AB.

## Employee representatives



## SUSANNE LINDBERG

Born 1967. Employee representative. Elected 2012.

**Education:** Upper-secondary school diploma in economics, IFU diploma in non-life and life insurance from Swedish Institute of Insurance Training (IFU), diploma in personal injury claims adjustment from Länsförsäkringar.

### Other Board appointments:

Chairman of Forena Länsförsäkringar. Deputy Chairman of Forena, Nordic Financial Unions, UNI Europa Finance and Finans & Försäkringsbranschens A-kassa. Board member of Insurance Industry's Pension Fund (FPK). Deputy member of Länsförsäkringar Fondliv and Länsförsäkringar Liv.

Deputy: Susanne Hirsch.



## ANNA SANDQVIST

Born 1963. Employee representative. Elected 2014.

**Education:** B.A.

### Other Board appointments:

Deputy Chairman of Akademikerföreningen Länsförsäkringar AB. Board member of Privata Sektionen, Akavia. Chairman of Fjällbyn tenant-owners' association.

**Previous experience:** AMF Pension, Wasa Försäkring.

Deputy: Hans Holm.



## MIREK SWARTZ

Born 1962. Employee representative. Elected 2022.

**Education:** Technical college engineer.

### Other Board appointments:

Chairman of Forena Länsförsäkringar AB. Board member of Länsförsäkringar Fondförvaltning.

**Previous experience:** Head of IT support LF Stockholm, Head of IT support Länsförsäkringar AB. Board member of Länsförsäkringar Bank and Wasa Kredit.

Deputy: Susanne Hirsch.

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# Corporate management



## MATHIAS COLLÉN

Born 1981. Employed in 2019.  
President and CEO of Länsförsäkringar AB.

**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, Insurance Sweden, the Insurance Industry's Pension Fund (FPK) and Eurapco.

**Previous experience:** President of Länsförsäkringar Fondliv, Head of Business at Länsförsäkringar Fondliv, Head of Commercial Business area at LF Stockholm and senior positions at Livförsäkringsbolaget Skandia.



## BJÖRN DALEMO

Born 1975. Employed in 2019.  
Head of the Non-life Insurance business unit and Executive Vice President of Länsförsäkringar AB.

**Education:** Economics/Statistics.

**Board appointments:** Chairman of Länsförsäkringar Gruppliv. Board member of the Swedish Motor Insurers and the Swedish Theft Prevention Association (SSF).

**Previous experience:** Senior positions in pricing, underwriting and product and portfolio management. Board member of Agria Djurförsäkring.



## SVEN EGGEFALK

Born 1969. Employed in 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 the 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 in 2016.  
CFO and Head of Economy and Finance.

**Education:** M.Sc. in Business and Economics, Örebro University.

**Board appointments:** Chairman of LF Sak Fastighets AB. 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.



## CECILIA ERIKSSON

Born 1983. Employed in 2023.  
Head of People & Culture<sup>1)</sup>.

**Education:** Human Resources and Behavioural Science, Örebro University.

**Previous experience:** Chief HR Officer at Three Sweden, Global HR Director, HR Business Partner and HR Specialist at Tobii AB, Management Consultant at PwC and various roles in the recruitment and staffing sector.

<sup>1)</sup> Until 19 November 2023, Carin Dunér was acting Head of People & Culture.



## AGNES FABRICIUS

Born 1972. Employed in 2017.  
President of Agria Djurförsäkring.

**Education:** Hippology, Swedish University of Agricultural Sciences, studies at Stockholm School of Economics.

**Board appointments:** Chairman of Agria Pet Insurance Ltd, Capstone Ltd and Agria Vet Guide AB.

**Previous experience:** Head of Retail Customer Business Area, Head of Bank and Claims Manager at LF Stockholm. Board member of Länsförsäkringar Fastighetsförmedling.

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# Corporate management



## MARIA LUNDBERG

Born 1968. Employed in 2024.  
CDO and Head of Digital and IT<sup>2)</sup>.

**Education:** M.Sc. in Industrial Engineering & Management, Luleå University of Technology.

**Previous experience:** Head of Technology Volvo Digital & IT, CIO ICA Group, CIO ICA Sweden, Development Manager Axfood IT.

<sup>2)</sup> Ulrica Holmgren was Head of IT until 28 May 2023 and was succeeded by Fredrik Lidman as Acting Head of Digital and IT until 8 January 2024.



## JOHN NYMAN

Born 1979. Employed in 2006.  
Head of Strategy and Communication<sup>3)</sup>.

**Education:** M.Sc. in Engineering Chalmers University of Technology, studies in economics and statistics, School of Business at University of Gothenburg.

**Board appointments:** Board member of Cab Group AB and Omocom AB.

**Previous experience:** Equity Strategist Asset Management Länsförsäkringar AB, Advisor Group Staff Länsförsäkringar AB, Head of Reinsurance and Corporate business at Länsförsäkringar AB. Board member Mäklarservice AB.

<sup>3)</sup> New function for which John Nyman became Head on 1 June 2023.



## SARA RINDEVALL

Born 1975. Employed in 2022.  
President of Länsförsäkringar Fondliv Försäkrings AB.

**Education:** MBA Stockholm School of Economics, B.A. Political Science, Stockholm University.

**Board appointments:** Board member of Länsförsäkringar Gruppliv. Deputy Board member at Fullmaktskollen i Sverige AB.

**Previous experience:** Head of Products and Customer offering at Länsförsäkringar Fondliv, Head of Product and Business Development Savings & Pension Handelsbanken, senior positions at Livförsäkringsbolaget Skandia and its subsidiaries.



## HELENA THORLIN.

Born 1973. Employed in 2021. Head of Legal Affairs.

**Education:** LL.M., University of Gothenburg.

**Board appointments:** Board member of Länsförsäkringar Gruppliv and the Insurance Industry's Pension Fund (FPK).

**Previous experience:** Law clerk at Solna District Court, lawyer at Gernandt & Danielsson Advokatbyrå, various positions at Skandia Group such as Deputy Head of Legal Affairs, Acting CEO of Försäkringsaktiebolaget Skandia and six years as Head of Legal Affairs.

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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 bank balances, 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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# Länsförsäkringar Liv Försäkrings AB's income statement and balance sheet

## Income statement

SEK M	2023	2022
Premium income after ceded reinsurance	772	970
Investment income, net	9,430	-9,622
Other technical revenue	108	97
Claims payments	-4,971	-4,757
Change in technical provisions	554	11,254
Operating expenses	-341	-330
Other technical expenses	-102	-80
<b>Technical result for insurance operations</b>	<b>5,450</b>	<b>-2,469</b>
<b>Profit/loss before appropriations and tax</b>	<b>5,450</b>	<b>-2,469</b>
Tax allocation reserve	-54	160
Tax	-273	-100
<b>Profit/loss for the period</b>	<b>5,122</b>	<b>-2,409</b>
Other comprehensive income	-	-
<b>Net profit for the period</b>	<b>5,122</b>	<b>-2,409</b>

## Balance sheet

SEK M	31 Dec 2023	31 Dec 2022
<b>Assets</b>		
Intangible assets	5	7
Investment assets	102,650	99,264
Receivables	752	25
Other assets	4,941	4,429
Prepaid expenses and accrued income	50	4
<b>Total assets</b>	<b>108,397</b>	<b>103,728</b>
<b>Equity, Provisions and Liabilities</b>		
Equity	39,190	35,674
Untaxed reserves	87	33
Technical provisions	65,662	66,219
Provisions for other risks and expenses	81	29
Liabilities	3,164	1,543
Accrued expenses and deferred income	213	230
<b>Total Equity, Provisions and Liabilities</b>	<b>108,397</b>	<b>103,728</b>

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### Second quarter

Interim report Länsförsäkringar Bank  
January–June 2024.....19 July

Interim report Länsförsäkringar Hypotek  
January–June 2024.....19 July

Interim review Länsförsäkringar Alliance  
January–June 2024.....29 August

### Third quarter

Interim report Länsförsäkringar Bank  
January–September 2024.....22 October



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