

Länsförsäkringar Hypotek

January–June 2010

INTERIM REPORT

The period in brief

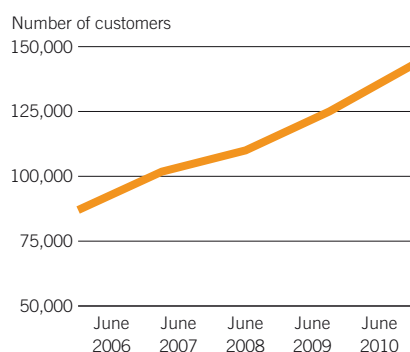
- Loans to the public rose 21% to SEK 74 billion (61).
- Operating profit decreased 29% to SEK 61 M (86).
- Net interest income declined 6% to SEK 161 M (171).
- Net interest income for the second quarter rose 14% to SEK 93 M (82).
- Net loan losses amounted to recoveries of SEK 3 M (5), net, since recoveries exceeded net loan losses.
- The Tier 1 ratio according to Basel II was 18.0% (18.2) and the capital adequacy ratio was 20.5% (23.1).
- Covered bonds in the nominal amount of SEK 30 billion (25) were issued during the period, which extended the duration of the borrowing portfolio.
- The number of customers rose 14 percent to 143,000 (125,000).

Figures in parentheses pertain to the same period in 2009.

Anders Borgcrantz, President of Länsförsäkringar Hypotek:

Net interest income in the second quarter of 2010 was the strongest since the fourth quarter of 2008. Margins and yields on shareholders' equity improved on the preceding quarter. Länsförsäkringar is growing in the retail mortgage market and the market position was strengthened as a result of a competitive offering and customer trust. Credit quality was excellent with a low percentage of impaired loans and recoveries that exceeded net loan losses. The liquidity and refinancing situation was strong. Länsförsäkringar is well poised ahead of the forthcoming regulatory changes for banks and mortgage institutions.

CUSTOMER TREND



Key figures

	Q 2 2010	Q 2 2009	Jan-June 2010	Jan-June 2009	Full-year 2009
Return on shareholders' equity, %	2.9	5.8	3.0	5.2	4.1
Return on total capital, %	0.12	0.27	0.13	0.25	0.19
Investment margin, %	0.37	0.46	0.34	0.49	0.38
Cost/income ratio before net loan losses	0.36	0.26	0.36	0.28	0.33
Cost/income ratio after net loan losses	0.34	0.23	0.33	0.24	0.30
Tier 1 ratio according to Basel II, %	18.0	18.2	18.0	18.2	20.3
Capital adequacy ratio according to Basel II, %	20.5	23.1	20.5	23.1	24.2
Percentage of impaired loans, net, %	0	0	0	0	0
Provision ratio in relation to loans, %	0.05	0.05	0.05	0.05	0.05
Net loan losses, %	-0.01	-0.01	-0.01	-0.01	-0.01

Quarterly development

SEK M	Q 2 2010	Q 1 2010	Q 4 2009	Q 3 2009	Q 2 2009
Net interest income	93.1	68.3	55.5	58.9	81.9
Net commission	-42.1	-27.1	-27.4	-33.6	-38.3
Net profit/loss from financial transactions	-4.9	3.2	19.3	16.4	19.3
Other operating income	0	0	0.1	0	0
Total operating income	46.1	44.4	47.5	41.7	62.9
Staff costs	-2.8	-3.2	-3.2	-2.1	-2.9
Other administration expenses	-14.0	-12.7	-15.4	-13.7	-13.3
Total operating expenses	-16.8	-15.9	-18.6	-15.8	-16.2
Profit before net loan losses	29.3	28.5	28.9	25.9	46.7
Net loan losses	1.0	1.8	0.6	-0.3	1.9
Operating profit	30.3	30.3	29.5	25.6	48.6

Market commentary

The Swedish economy continued to strengthen during the second quarter, while uncertainty prevailed in many parts of Europe where government-debt crises and fiscal austerity measures impeded economic development. Activity in the bank and mortgage bond market remained considerable despite the prevailing international uncertainty.

Swedish retail mortgage lending continued to grow, albeit at a slower pace from January-June 2010 compared with last year and Länsförsäkringar strengthened the position in the retail mortgage market. Prices for single-family homes rose 2% compared with the preceding quarter and the metropolitan regions of Stockholm and Gothenburg continued to experience a strong trend. Länsförsäkringar Hypotek's loan portfolio, which is exclusively available in Sweden, had a robust geographic distribution.

January-June 2010 compared with January-June 2009

Growth and customer trend

Loans to the public rose 21 percent, or SEK 13 billion, to SEK 74 billion (61) and the number of customers increased 14 percent, or 18,000, to 143,000 (125,000) on June 30, 2010.

Earnings and profitability

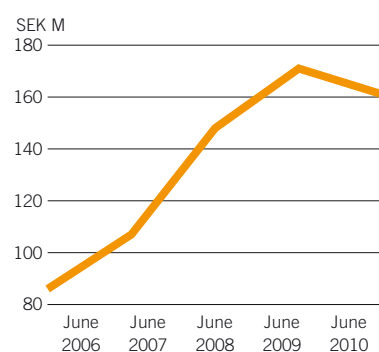
Profit before net loan losses declined 28% to SEK 58 M (81) and operating profit 29% to SEK 61 M (86). The decreases were attributable to low market interest rates and lower net profit from financial transactions. In addition, the duration of the borrowing portfolio was extended. The return on average shareholders' equity was 3.0% (5.2).

Income

Operating income declined 19%, or SEK 22 M to SEK 90 M (112). Net interest income declined 6%, or SEK 10 M, to SEK 161 M (171). The comparable period in the preceding year was impacted favourably by declining market interest rates in the beginning of the year, which resulted in a strong net interest income. Net interest income for the period was favourably impacted by higher business volumes and improved borrowing costs. Net interest in-

come was charged with a provision totalling SEK 7 M (0) for stability fund fees. The investment margin was 0.34% (0.49). Net commission improved to an expense SEK 69 M (expense: 100) because significantly lower market interest rates in the year-earlier period had an impact. The net results of financial transactions declined to a loss of SEK 2 M (profit: 41). The interest rate scenario in the year-earlier period led customers to prematurely redeem loans with longer periods of fixed interest.

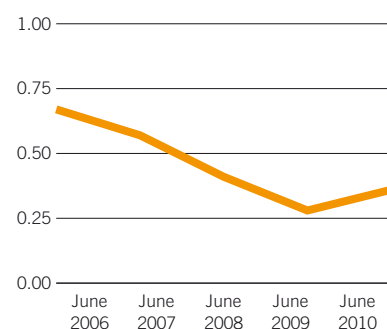
NET INTEREST INCOME



Expenses

Operating expenses remained largely unchanged and amounted to SEK 33 M (32). The cost/income ratio was 0.36 (0.28) before net loan losses and 0.33 (0.24) after net loan losses.

COST/INCOME RATIO



Net loan losses

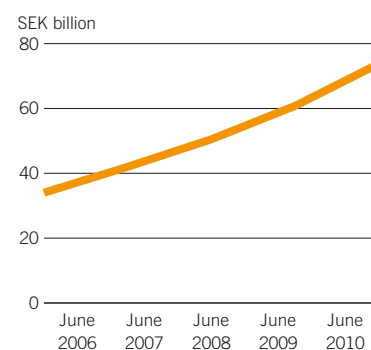
Recoveries exceeded net loan losses, amounting to SEK 3 M (5), net, corresponding to a net loan loss level of

0.01% (0.01). The reserve amounted to SEK 40 M (40), or 0.05% (0.05) of loans, and impaired loans totalled SEK 3 M (2), corresponding to a share of impaired loans of 0% (0). For more information regarding net loan losses, provisions and impaired loans, refer to Notes 8 and 10.

Loans

Loans to the public rose by 21%, or SEK 13 billion, to SEK 74 billion (61) and compared with year-end the increase was 9%, or SEK 6 billion. Loans remain characterized by highly favourable credit quality. The market share for retail mortgage lending to households rose to 4.0% (3.6) on June 30, 2010, and the percentage of market growth was almost 7% in the period January-June 2010.

LOANS



Cover pool

Essentially all of Länsförsäkringar Hypotek's loans qualify to be included in the company's covered-bond operations, known as the cover pool, in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223). The average loan-to-value ratio, LTV 1) was 60% (59) and the average commitment per borrower SEK 813,000 (763,000). The actual OC 2) amounted to 15% (17). The quality of the loan portfolio remains high. The geographic distribution in Sweden is favourable and collateral comprises private homes, including single-family homes, tenant-owned apartments and, to a small extent, leisure homes.

Cover pool	June 30, 2010	June 30, 2009
Volume, SEK billion	71	59
Collateral	Private homes	Private homes
Weighted average LTV ¹⁾ , %	60	59
Seasoning, months	51	49
Number of properties	87,895	77,506
Average commitment, SEK 000s	813	763
Average loan, SEK 000s	373	354
Interest-rate type, up to 12 months, %	70	58
Interest-rate type, more than 12 months, %	30	42
OC ²⁾ , minimum level, %	9	9
OC ²⁾ , actual level, %	15.2	17.4
Separate deposit account ³⁾ , SEK billion	7.8	11.6
Percentage of separate deposit account in cover pool, %	8.1	16.5
Substitute collateral, SEK billion	17	0

¹⁾ According to the "Maximum LTV (loan-to-value) per property" calculation method

²⁾ OC indicates the relationship between the assets and liabilities in relation to the liabilities. High OC indicates that the operations have a large surplus of assets and a favourable margin in the event of, for example, a drop in the value of assets.

³⁾ The separate deposit account comprises cash and cash equivalents pertaining to the covered-bond operations that are deposited with the Parent Company.

During a stress test of the cover pool based on a 20% drop in the market value of the loan portfolio, the average LTV increased to 67% compared with an actual weighted average LTV of 60% on June 30, 2010.

Borrowing

Debt securities in issue rose 39%, or SEK 20 billion, to SEK 72 billion (52) and compared with year-end the increase was 32% or SEK 17 billion. In June, a new five-year benchmark loan was issued and in the period January-June, covered bonds were issued in the amount of SEK 29.7 billion (24.8). Repurchased securities totalled a nominal SEK 5.4 billion (12.8) and matured securities amounted to a nominal SEK 6.9 billion (3.1) during the period.

Liquidity

Liquidity remains favourable. On June 30, 2010, a total of SEK 7.8 billion (11.6) was deposited in the separate deposit account. Substitute collateral, which amounted to SEK 17 billion (0), exclusively comprises Swedish covered bonds with the highest rating. The level of substitute collateral matches the refinancing need for the remainder of the year in respect of bond maturities, as well as a significant percentage of expected growth.

Programme	Limit, Nominal	Issued in Jan-June 2010, Nom, SEK billion	Issued in Jan-June 2009 Nom, SEK billion	Remaining, June 30, 2010 Nom, SEK billion	Remaining, June 30, 2009 Nom, SEK billion	Remaining term, June 30, 2010 Years	Remaining term, June 30, 2009 Years
Benchmark	Unlimited	13.8	17.6	44.1	33.3	2.9	3.3
Medium Term Covered Note	SEK 30 billion	5.3	7.2	15.0	12.1	1.1	1.2
Euro Medium Term Covered Note	EUR 4 billion	10.6	-	12.0	4.9	4.5	1.5
Total		29.7	24.8	71.1	50.3		

Borrowing by maturity

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Nominal, billion	3.7	18.2	13.1	6.8	13.2	10.6	-	-	0.3	-	0.1	71.0

Rating

Länsförsäkringar's covered bonds were assigned the highest credit rating, AAA, by Standard & Poor's and the highest credit rating, Aaa, by Moody's. Länsförsäkringar Hypotek is one of four players in the Swedish market for covered bonds with the highest rating from both rating agencies. Due to a previously announced new rating method from Standard & Poor's, Länsförsäkringar Hypotek's covered-bond programme and those of essentially all international and Swedish issuers of covered bonds were added to a watch list and given negative forecasts.

The Parent Company's, Länsförsäkringar Bank, credit rating remains unchanged with a stable outlook. Länsförsäkringar Bank has a credit rating of A (stable) from Standard & Poor's and A2 (stable) from Moody's. The bank's short-term rating from Standard & Poor's is A-1. Moody's short-term rating is P-1 and Länsförsäkringar Bank's Financial Strength Rating is C.

Capital adequacy

Länsförsäkringar Hypotek applies the Internal Ratings-based Approach (IRB Approach). The aim is to achieve enhanced transparency and valuation of risks to determine appropriate capital. The advanced risk-classification method provides the greatest opportunities to strategically and operationally manage credit risks and is used for all retail exposures. The Standardised Approach is currently applied to other exposures to calculate the capital requirement for credit risk. Changes in the capital requirement will emerge gradually through transition rules. According to the transition rules, the capital requirement was reduced to 80% of the Basel I rules through 2011, pursuant to the Swedish Financial Supervisory Authority's general

guidelines for the continued application of transition rules for capital base requirements.

Tier 1 capital amounted to SEK 3,243 M (2,379) and Tier 1 ratio according to Basel II totalled 18.0% (18.2) on June 30, 2010. The capital adequacy ratio amounted to SEK 3,695 M (3,007) and the capital adequacy ratio was 20.5% (23.1) in accordance with the Basel II rules. For more information on the calculation of capital adequacy, refer to Note 13.

Interest-rate risk

On June 30, 2010, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 32 M (neg: 4).

Risks and uncertainties

Länsförsäkringar Hypotek is exposed to a number of risks, primarily credit risks and financial risks. The operations are characterised by a low risk profile. Net loan losses remain low and the refinancing of business activities was highly satisfactory during the period January-June 2010. A detailed description of risks is available in the 2009 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

Second quarter of 2010 compared with second quarter of 2009

Profit before net loan losses declined to SEK 29 M (47) and operating profit to SEK 30 M (49). The change was primarily due to lower net profit from financial transactions. The comparable period in the preceding year was impacted favourably by declining market interest rates, which led customers to prematurely redeem loans with longer periods of fixed interest. Net interest income increased SEK 11 M

to SEK 93 M (82), which was attributable to business volumes and improved borrowing costs. Return on shareholders' equity amounted to 2.9% (5.8). Operating income declined a total of SEK 17 M to SEK 46 M (63), which was primarily due to lower net profit from financial transactions. The investment margin was 0.37% (0.46). The net result of financial transactions declined to an expense of SEK 5 M (income: 19), primarily due to fewer existing customers switching from fixed interest loans to loans with floating interest rates. A provision totalling SEK 4 M (0) was posted for stability fund fees. Expenses remained unchanged at SEK 17 M (16) and the cost/income ratio amounted to 0.36 (0.26) before net loan losses and 0.34 (0.23) after net loan losses. Net loan losses amounted to recoveries of SEK 1 M (2), net, since recoveries exceeded net loan losses.

Key events during the period

No significant events took place during the year.

Events after the end of the period

The change in the Swedish Covered Bonds (Issuance) Act that pertains to, among other, permitting receivers in bankruptcy to raise loans in order to maintain liquidity matching became effective on July 1, 2010.

In July, the Swedish Financial Supervisory Authority decided that new mortgage loans for which the residence is used as collateral should not exceed 85% of the market value of the residence. The regulations are planned to take effect on October 1, 2010.

In late July, the member nations of the Basel Committee reached an agreement on a revised proposal for capital and liquidity regulations for banks.

Income statement

SEK M	Note	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest income	3	917.0	912.2		1,737.2	2,001.8		3,641.8
Interest expenses	4	-823.9	-830.3		-1,575.8	-1,830.8		-3,356.4
Net interest income		93.1	81.9	13.7%	161.4	171.0	-5.6%	285.4
Commission income	5	0.4	0.5		0.9	1.0		2.0
Commission expense	6	-42.5	-38.8		-70.1	-100.8		-162.8
Net profit from financial transactions	7	-4.9	19.3		-1.7	41.1		76.8
Other operating income		0	0		0	0		0.1
Total operating income		46.1	62.9	-26.7%	90.5	112.3	-19.4%	201.5
Staff costs		-2.8	-2.9	-3.4%	-6.0	-5.3	13.2%	-10.7
Other administration expenses		-14.0	-13.3	5.3%	-26.7	-26.4	1.1%	-55.4
Total operating expenses		-16.8	-16.2	3.7%	-32.7	-31.7	3.2%	-66.1
Profit before loan losses		29.3	46.7	-37.3%	57.8	80.6	-28.3%	135.4
Loan losses, net	8	1.0	1.9		2.8	5.0		5.4
Operating profit		30.3	48.6	-37.7%	60.6	85.6	-29.2%	140.8
Tax		-7.9	-12.8		-15.9	-22.5		-40.9
Profit for the period		22.4	35.8	-37.4%	44.7	63.1	-29.2%	99.9

Statement of comprehensive income

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Profit for the period	22.4	35.8	-37.4%	44.7	63.1	-29.2%	99.9
Other comprehensive income							
Change in fair value of available-for-sale financial assets	44.5	-		37.4	-		14.3
Tax on available-for-sale financial assets	-11.7	-		-9.8	-		-3.8
Total other comprehensive income for the period, net after tax	32.8	-		27.6	-		10.5
Total comprehensive income for the period	55.2	35.8	54.2%	72.3	63.1	14.6%	110.4

Balance sheet

SEK M	Note	June 30, 2010	June 30, 2009	December 31, 2009
Assets				
Loans to credit institutions	9	8,628.4	18,657.6	9,389.0
Loans to the public	10	73,816.7	60,786.6	67,535.9
Bonds and other interest-bearing securities		16,728.3	-	2,056.7
Derivatives	11	1,140.5	1,961.7	1,416.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		595.7	858.5	706.6
Deferred tax assets		-	0	-
Other assets		181.2	1.5	0.1
Prepaid expenses and accrued income		579.6	352.2	644.9
Total assets		101,670.4	82,618.1	81,750.0
Liabilities, provisions and shareholders' equity				
Due to credit institutions	9	22,585.2	25,110.8	20,476.2
Debt securities in issue		71,961.7	51,671.7	54,679.5
Derivatives	11	1,123.7	1,073.1	842.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		1,041.7	737.9	754.0
Deferred tax liabilities		13.6	-	3.7
Other liabilities		23.7	29.2	127.6
Accrued expenses and deferred income		1,088.9	918.4	1,406.6
Provisions		0.2	0.2	0.2
Subordinated liabilities		501.0	662.6	575.0
Total liabilities and provisions		98,339.7	80,203.9	78,865.6
Shareholders' equity				
Share capital, 70,335 shares		70.3	70.3	70.3
Statutory reserve		14.1	14.1	14.1
Fair value reserve		38.1	-	10.5
Retained earnings		3,163.5	2,266.7	2,689.6
Profit for the period		44.7	63.1	99.9
Total shareholders' equity		3,330.7	2,414.2	2,884.4
Total liabilities, provisions and shareholders' equity		101,670.4	82,618.1	81,750.0
Memorandum items				
	12			
For own liabilities, pledged assets/collateral		81,873.6	73,184.2	75,188.5
Other pledged assets/collateral		NONE	NONE	NONE
Contingent liabilities		0.7	0.7	0.7
Other commitments		386.3	361.0	221.9
Other notes				
Accounting policies	1			
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Cash-flow statement, indirect method

SEK M	Jan-Jun 2010	Jan-Jun 2009
Cash and cash equivalents, January 1	160.5	0.3
Cash flow from operating activities	-203.3	3,845.9
Cash flow from investing activities	-	-
Cash flow from financing activities	300.0	-
Net cash flow for the period	96.7	3,845.9
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, June 30	257.2	3,846.2

Cash and cash equivalents at the end of the period are defined as loans and liabilities to credit institutions payable on demand.

Changes to the cash flow from operating activities are largely attributable to debt securities in issue, bonds and interest-bearing securities and loans to the public.

Changes to the cash flow from financing activities is attributable to shareholders' contribution received.

Statement of changes in shareholders' equity

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2009	70.3	14.1	-	2,173.9	92.8	2,351.1
Total comprehensive income for the period					63.1	63.1
Resolution by Annual General Meeting				92.8	-92.8	-
Closing balance, June 30, 2009	70.3	14.1	-	2,266.7	63.1	2,414.2
Opening balance, July 1, 2009	70.3	14.1	-	2,266.7	63.1	2,414.2
Total comprehensive income for the period			10.5		36.8	47.3
Group contribution paid				-155.6		-155.6
Tax on Group contribution paid				40.9		40.9
Conditional shareholders' contribution received				537.6		537.6
Closing balance, December 31, 2009	70.3	14.1	10.5	2,689.6	99.9	2,884.4
Opening balance, January 1, 2010	70.3	14.1	10.5	2,689.6	99.9	2,884.4
Total comprehensive income for the period			27.6		44.7	72.3
Resolution by Annual General Meeting				99.9	-99.9	-
Conditional shareholders' contribution received				374.0		374.0
Closing balance, June 30, 2010	70.3	14.1	38.1	3,163.5	44.7	3,330.7

Notes

NOTE 1 ACCOUNTING POLICIES

The interim report for Länsförsäkringar Hypotek was prepared in accordance with IAS 34 Interim Financial Reporting. Länsförsäkringar Hypotek prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528, the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2.3 Accounting for Legal Entities.

The accounting policies applied in the interim report comply with the accounting policies and basis of calculation that were applied in the preparation of the 2009 Annual Report.

NOTE 2 SEGMENT REPORTING

The business of the company is viewed as a homogeneous segment.

NOTE 3 INTEREST INCOME

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest income on loans to credit institutions	19.5	13.9	40.3%	38.2	53.3	-28.3%	74.1
Interest income on loans to the public	439.0	488.5	-10.0%	866.1	1,065.3	-18.7%	1,974.8
Interest income on interest-bearing securities	110.9	-		159.4	-		33.7
<i>Interest income on derivatives</i>							
Hedge accounting	347.6	398.7	-12.8%	673.4	855.4	-21.3%	1,520.2
Non-hedge accounting	-	11.1	-100.0%	0.1	27.8	-99.6%	39.0
Total interest income	917.0	912.2	0.5%	1,737.2	2,001.8	-13.2%	3,641.8
of which interest income on impaired loans	0	0.4		0.4	0.8		3.9
of which interest income from financial items not measured at fair value	458.5	502.4		904.3	1,118.6		2,048.9
Average interest rate on loans to the public during the period	2.4	3.3		2.5	3.8		3.3

NOTE 4 INTEREST EXPENSE

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest expense on due to credit institutions	22.1	40.4	-45.3%	41.2	135.9	-69.7%	180.9
Interest expense, interest-bearing securities	561.9	399.0	40.8%	998.8	826.5	20.8%	1,625.1
Interest expense, subordinated liabilities	3.9	5.3	-26.4%	7.8	11.7	-33.3%	21.5
<i>Interest expense on derivatives</i>							
Hedge accounting	231.9	374.5	-38.1%	520.7	828.6	-37.2%	1,480.6
Non-hedge accounting	-	11.1	-100.0%	0.2	28.1	-99.3%	38.1
Other interest expense	4.1	-		7.1	0		10.2
Total interest expense	823.9	830.3	-0.8%	1,575.8	1,830.8	-13.9%	3,356.4
of which interest expense from financial items not measured at fair value	592.0	444.7		1,054.9	974.1		1,837.7

NOTE 5 COMMISSION INCOME

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Lending commission	0.4	0.5	-20.0%	0.9	1.0	-10.0%	2.0
Total commission income	0.4	0.5	-20.0%	0.9	1.0	-10.0%	2.0
of which commission income from financial items not measured at fair value	0.4	0.5		0.9	1.0		2.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Remuneration to regional insurance companies	42.0	38.3	9.7%	69.0	99.8	-30.9%	161.3
Other commission	0.5	0.5	0%	1.1	1.0	10.0%	1.5
Total commission expense	42.5	38.8	9.5%	70.1	100.8	-30.5%	162.8
of which commission expense from financial items not measured at fair value	42.0	38.3		69.0	99.8		161.3

NOTE 7 NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Change in fair value							
Interest-related instruments	11.3	-94.8		115.7	-60.4		103.1
Currency-related instruments	332.2	-13.4		305.8	-2.6		-5.3
Change in fair value of hedged item	-355.4	107.3		-439.0	68.3		-94.8
Capital gain/loss							
Interest-related instruments	-5.7	-1.6		-8.0	-4.6		-4.1
Interest compensation	12.7	21.8		23.8	40.4		77.9
Total net profit/loss from financial transactions	-4.9	19.3	-125.4%	-1.7	41.1	-104.1%	76.8

NOTE 8 LOAN LOSSES, NET

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Specific reserve for individually assessed loan receivables							
Write-off of confirmed loan losses during the period	0.4	-		0.7	-		2.6
Reversed earlier impairment of loan losses recognised in the interim accounts as confirmed losses	-0.1	-		-0.1	-		-0.2
Impairment of loan losses during the period	1.0	0.3		1.7	0.3		2.5
Payment received for prior confirmed loan losses	-1.0	-1.2		-2.1	-2.7		-5.1
Reversed impairment of loan losses no longer required	-0.6	-		-0.6	0		-1.6
Net income/expense for the period for individually assessed loan receivables	-0.3	-0.9	-66.7%	-0.4	-2.4	-83.3%	-1.8
Collective reserves for individually assessed receivables							
	-	-		-	-		-
Collective assessment of homogenous groups of loan receivables with limited value and similar credit risk							
Provision/reversal of impairment of loan losses	-0.7	-1.0		-2.4	-2.6		-3.6
Net income/expense for the period for collectively assessed homogenous loan receivables	-0.7	-1.0	-30.0%	-2.4	-2.6	-7.7%	-3.6
Net income/expense of loan losses for the period	-1.0	-1.9	-47.4%	-2.8	-5.0	-44.0%	-5.4

All information pertains to receivables from the public.

NOTE 9 LOANS/LIABILITIES TO CREDIT INSTITUTIONS

Loans to credit institutions include deposits of SEK 7,849.8 M (17,718.1) in the Parent Company.
Due to credit institutions includes borrowing of SEK 22,378.8 M (20,943.9) from the Parent Company.

Balances in the Parent Company's bank accounts pertaining to the covered bond operations are recognised as "Loans to credit institutions."

NOTE 10 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Loan receivables, gross			
Corporate sector	1,225.8	641.2	936.7
Retail sector	72,630.9	60,185.2	66,640.8
Total loan receivables, gross	73,856.7	60,826.4	67,577.5
Impairment of individually reserved loan receivables			
Retail sector	-1.9	-0.5	-1.0
Total individual reserves	-1.9	-0.5	-1.0
Impairment of collectively reserved loan receivables			
Corporate sector	-0.8	0	-0.7
Retail sector	-37.3	-39.3	-39.9
Total collective reserves	-38.1	-39.3	-40.6
Total provisions	-40.0	-39.8	-41.6
Loan receivables, net			
Corporate sector	1,225.0	641.2	936.0
Retail sector	72,591.7	60,145.4	66,599.9
Total loan receivables, net	73,816.7	60,786.6	67,535.9
Impaired loans			
Retail sector	3.3	2.2	3.4
Total impaired loans	3.3	2.2	3.4

Definitions:

A loan receivable is considered impaired if a payment is more than 60 days past due or if there is reason to expect that the counterparty for other reasons can not meet its undertaking.

NOTE 11 DERIVATIVES

SEK M	June 30, 2010		June 30, 2009		December 31, 2009	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	43,492.5	924.3	31,972.5	840.3	37,814.5	814.6
Currency	1,394.4	470.7	1,394.4	381.9	1,394.4	332.4
<i>Other derivatives</i>						
Interest	-	-	1,425.0	18.4	-	-
Currency	-	-	3,626.5	721.1	3,267.6	427.6
Collateral received, CSA	-	-254.5	-	-	-	-157.8
Total derivatives with positive values	44,886.9	1,140.5	38,418.4	1,961.7	42,476.5	1,416.8
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	37,651.0	974.2	30,565.0	1,037.8	22,500.0	831.9
Currency	10,577.1	149.5	-	-	-	-
<i>Other derivatives</i>						
Interest	-	-	675.0	18.3	-	-
Currency	-	-	91.7	17.0	91.7	10.9
Total derivatives with negative values	48,228.1	1,123.7	31,331.7	1,073.1	22,591.7	842.8

NOTE 12 MEMORANDUM ITEMS

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
For own liabilities, pledged assets/collateral			
Collateral paid due to repurchase agreement	10,915.0	14,523.1	10,076.9
Loan receivables, covered bonds	70,958.6	58,661.1	65,111.6
Total for own liabilities, pledged assets/collateral	81,873.6	73,184.2	75,188.5
Other pledged assets/collateral	NONE	NONE	NONE
Contingent liabilities			
Early retirement at age 62 in accordance with pension agreement	0.7	0.7	0.7
Commitments			
Loans approved but not disbursed	386.3	361.0	221.9

NOTE 13 CAPITAL-ADEQUACY ANALYSIS

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Capitalbase			
Tier 1 capital, gross	3,292.5	2,414.2	2,873.9
Less IRB deficit	-49.1	-34.8	-37.4
Tier 1 capital, net	3,243.4	2,379.4	2,836.5
Tier 2 capital	501.0	662.6	575.0
Deductions for Tier 2 capital	-49.1	-34.8	-37.4
Total capital base	3,695.3	3,007.2	3,374.1
Risk-weighted assets according to Basel II	18,003.8	13,036.6	13,963.0
Risk-weighted assets according to transition rules	36,059.5	28,577.4	31,599.2
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	271.6	121.2	145.4
Capital requirement for credit risk according to IRB Approach	1,148.5	905.8	955.8
Capital requirement for operational risk	20.2	15.9	15.8
Capital requirement according to Basel II	1,440.3	1,042.9	1,117.0
Adjustment according to transition rules	1,444.5	1,243.3	1,410.9
Total capital requirement	2,884.8	2,286.2	2,527.9
Capital-adequacy			
Tier 1 ratio according to Basel II, %	18.02	18.25	20.31
Capital-adequacy ratio according to Basel II, %	20.53	23.07	24.16
Capital ratio in relation to capital requirement according to Basel II *	2.57	2.88	3.02
Tier 1 ratio according to transition rules, %	8.99	8.33	8.98
Capital-adequacy ratio according to transition rules, %	10.25	10.52	10.68
Capital ratio in relation to capital requirement according to transition rules *	1.28	1.32	1.33
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-98.2	-69.6	-74.8
IRB Total provisions (+)	38.2	38.8	39.1
IRB Anticipated loss (-)	-136.4	-108.4	-113.9
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	53.9	40.8	28.5
Exposures to corporates	16.2	10.2	12.5
Exposures secured on residential property	64.9	67.6	85.3
Past due items	-	0.5	0.6
Covered bonds	134.8	-	16.9
Other items	1.8	2.1	1.6
Total capital requirement for credit risk according to Standardised Approach	271.6	121.2	145.4

NOTE 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	1,079.8	901.8	953.4
Other retail exposures	2.0	4.0	2.4
Total retail exposures	1,081.8	905.8	955.8
Exposures to corporates	66.7	-	-
Total capital requirement for credit risk according to IRB Approach	1,148.5	905.8	955.8
Operational risk			
Standardised Approach	20.2	15.9	15.8
Total capital requirement for operational risk	20.2	15.9	15.8

Capital-adequacy analysis according to Basel I

Tier 1 capital	3,292.5	2,414.2	2,873.9
Tier 2 capital	501.0	662.6	575.0
Total capital base	3,793.5	3,076.8	3,448.9
Risk-weighted assets	46,447.2	36,808.8	40,667.2
Capital requirement for credit risk	3,715.8	2,944.7	3,253.4
Tier 1 ratio, %	7.09	6.56	7.07
Capital-adequacy ratio, %	8.17	8.36	8.48
Capital ratio in relation to capital requirement *	1.02	1.04	1.06

Own funds in relation to capital requirement = total own funds/total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB publ (556401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB publ (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB publ (556364-2783).

NOTE 14 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 24 regional insurance companies with subsidiaries, as well as the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place between January and June 2010. Since December 31, 2009, no significant changes have occurred in the company's agreements with these related legal entities. The company's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2009, no significant changes have occurred in the company's agreements with these persons.

This interim report has been reviewed by the company's auditors.

The Board of Directors and President affirm that this six-month report provides a true and fair view of the Group's operations, financial position and earnings and describes the material risks and uncertainty factors faced by the Company.

Stockholm, August 23, 2010

Mats Ericsson
Chairman of the Board

Bengt Clemedtsen
Board member

Bengt Jerning
Board member

Christer Malm
Board member

Anders Borgcrantz
President

Auditor's report on the review of the financial interim information

Introduction

I have conducted a review of the financial interim information in the summary (interim report) for Länsförsäkringar Hypotek AB (publ), Corporate Registration Number 556244-1781, at June 30, 2010 and for the six-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express an opinion on this interim report based on my review.

Focus and scope of the review

I conducted my review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and substantially more limited scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified in an audit. Therefore, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report has not, in all material respects, been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, August 23, 2010

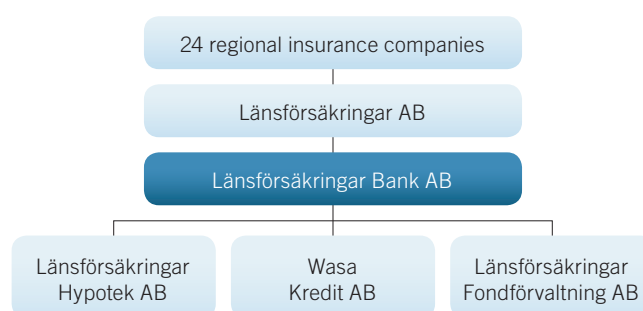
Johan Bäckström
Authorised Public Accountant

Financial calendar

Interim report, January – September..... **October 26, 2010**

Year-end report..... **February 21, 2011**

Länsförsäkringar Hypotek AB (publ) discloses the information provided herein pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 11:00 CET on August 24, 2010.



The Länsförsäkringar Alliance comprises 24 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to 3.3 million and the Länsförsäkringar Alliance has a joint total of 5,800 employees.

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Income statement

SEK M	Note	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest income	3	917.0	912.2		1,737.2	2,001.8		3,641.8
Interest expenses	4	-823.9	-830.3		-1,575.8	-1,830.8		-3,356.4
Net interest income		93.1	81.9	13.7%	161.4	171.0	-5.6%	285.4
Commission income	5	0.4	0.5		0.9	1.0		2.0
Commission expense	6	-42.5	-38.8		-70.1	-100.8		-162.8
Net profit from financial transactions	7	-4.9	19.3		-1.7	41.1		76.8
Other operating income		0	0		0	0		0.1
Total operating income		46.1	62.9	-26.7%	90.5	112.3	-19.4%	201.5
Staff costs		-2.8	-2.9	-3.4%	-6.0	-5.3	13.2%	-10.7
Other administration expenses		-14.0	-13.3	5.3%	-26.7	-26.4	1.1%	-55.4
Total operating expenses		-16.8	-16.2	3.7%	-32.7	-31.7	3.2%	-66.1
Profit before loan losses		29.3	46.7	-37.3%	57.8	80.6	-28.3%	135.4
Loan losses, net	8	1.0	1.9		2.8	5.0		5.4
Operating profit		30.3	48.6	-37.7%	60.6	85.6	-29.2%	140.8
Tax		-7.9	-12.8		-15.9	-22.5		-40.9
Profit for the period		22.4	35.8	-37.4%	44.7	63.1	-29.2%	99.9

Statement of comprehensive income

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Profit for the period	22.4	35.8	-37.4%	44.7	63.1	-29.2%	99.9
Other comprehensive income							
Change in fair value of available-for-sale financial assets	44.5	-		37.4	-		14.3
Tax on available-for-sale financial assets	-11.7	-		-9.8	-		-3.8
Total other comprehensive income for the period, net after tax	32.8	-		27.6	-		10.5
Total comprehensive income for the period	55.2	35.8	54.2%	72.3	63.1	14.6%	110.4

Balance sheet

SEK M	Note	June 30, 2010	June 30, 2009	December 31, 2009
Assets				
Loans to credit institutions	9	8,628.4	18,657.6	9,389.0
Loans to the public	10	73,816.7	60,786.6	67,535.9
Bonds and other interest-bearing securities		16,728.3	-	2,056.7
Derivatives	11	1,140.5	1,961.7	1,416.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		595.7	858.5	706.6
Deferred tax assets		-	0	-
Other assets		181.2	1.5	0.1
Prepaid expenses and accrued income		579.6	352.2	644.9
Total assets		101,670.4	82,618.1	81,750.0
Liabilities, provisions and shareholders' equity				
Due to credit institutions	9	22,585.2	25,110.8	20,476.2
Debt securities in issue		71,961.7	51,671.7	54,679.5
Derivatives	11	1,123.7	1,073.1	842.8
Fair value adjustment of interest-rate hedged items in portfolio hedge		1,041.7	737.9	754.0
Deferred tax liabilities		13.6	-	3.7
Other liabilities		23.7	29.2	127.6
Accrued expenses and deferred income		1,088.9	918.4	1,406.6
Provisions		0.2	0.2	0.2
Subordinated liabilities		501.0	662.6	575.0
Total liabilities and provisions		98,339.7	80,203.9	78,865.6
Shareholders' equity				
Share capital, 70,335 shares		70.3	70.3	70.3
Statutory reserve		14.1	14.1	14.1
Fair value reserve		38.1	-	10.5
Retained earnings		3,163.5	2,266.7	2,689.6
Profit for the period		44.7	63.1	99.9
Total shareholders' equity		3,330.7	2,414.2	2,884.4
Total liabilities, provisions and shareholders' equity		101,670.4	82,618.1	81,750.0
Memorandum items				
	12			
For own liabilities, pledged assets/collateral		81,873.6	73,184.2	75,188.5
Other pledged assets/collateral		NONE	NONE	NONE
Contingent liabilities		0.7	0.7	0.7
Other commitments		386.3	361.0	221.9
Other notes				
Accounting policies	1			
Segment reporting	2			
Capital-adequacy analysis	13			
Disclosures on related parties	14			

Cash-flow statement, indirect method

SEK M	Jan-Jun 2010	Jan-Jun 2009
Cash and cash equivalents, January 1	160.5	0.3
Cash flow from operating activities	-203.3	3,845.9
Cash flow from investing activities	-	-
Cash flow from financing activities	300.0	-
Net cash flow for the period	96.7	3,845.9
Exchange-rate differences in cash and cash equivalents	-	-
Cash and cash equivalents, June 30	257.2	3,846.2

Cash and cash equivalents at the end of the period are defined as loans and liabilities to credit institutions payable on demand.

Changes to the cash flow from operating activities are largely attributable to debt securities in issue, bonds and interest-bearing securities and loans to the public.

Changes to the cash flow from financing activities is attributable to shareholders' contribution received.

Statement of changes in shareholders' equity

SEK M	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Profit for the period	Total
Opening balance, January 1, 2009	70.3	14.1	-	2,173.9	92.8	2,351.1
Total comprehensive income for the period					63.1	63.1
Resolution by Annual General Meeting				92.8	-92.8	-
Closing balance, June 30, 2009	70.3	14.1	-	2,266.7	63.1	2,414.2
Opening balance, July 1, 2009	70.3	14.1	-	2,266.7	63.1	2,414.2
Total comprehensive income for the period			10.5		36.8	47.3
Group contribution paid				-155.6		-155.6
Tax on Group contribution paid				40.9		40.9
Conditional shareholders' contribution received				537.6		537.6
Closing balance, December 31, 2009	70.3	14.1	10.5	2,689.6	99.9	2,884.4
Opening balance, January 1, 2010	70.3	14.1	10.5	2,689.6	99.9	2,884.4
Total comprehensive income for the period			27.6		44.7	72.3
Resolution by Annual General Meeting				99.9	-99.9	-
Conditional shareholders' contribution received				374.0		374.0
Closing balance, June 30, 2010	70.3	14.1	38.1	3,163.5	44.7	3,330.7

Notes

NOTE 1 ACCOUNTING POLICIES

The interim report for Länsförsäkringar Hypotek was prepared in accordance with IAS 34 Interim Financial Reporting. Länsförsäkringar Hypotek prepared its report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528, the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 2.3 Accounting for Legal Entities.

The accounting policies applied in the interim report comply with the accounting policies and basis of calculation that were applied in the preparation of the 2009 Annual Report.

NOTE 2 SEGMENT REPORTING

The business of the company is viewed as a homogeneous segment.

NOTE 3 INTEREST INCOME

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest income on loans to credit institutions	19.5	13.9	40.3%	38.2	53.3	-28.3%	74.1
Interest income on loans to the public	439.0	488.5	-10.0%	866.1	1,065.3	-18.7%	1,974.8
Interest income on interest-bearing securities	110.9	-		159.4	-		33.7
<i>Interest income on derivatives</i>							
Hedge accounting	347.6	398.7	-12.8%	673.4	855.4	-21.3%	1,520.2
Non-hedge accounting	-	11.1	-100.0%	0.1	27.8	-99.6%	39.0
Total interest income	917.0	912.2	0.5%	1,737.2	2,001.8	-13.2%	3,641.8
of which interest income on impaired loans	0	0.4		0.4	0.8		3.9
of which interest income from financial items not measured at fair value	458.5	502.4		904.3	1,118.6		2,048.9
Average interest rate on loans to the public during the period	2.4	3.3		2.5	3.8		3.3

NOTE 4 INTEREST EXPENSE

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Interest expense on due to credit institutions	22.1	40.4	-45.3%	41.2	135.9	-69.7%	180.9
Interest expense, interest-bearing securities	561.9	399.0	40.8%	998.8	826.5	20.8%	1,625.1
Interest expense, subordinated liabilities	3.9	5.3	-26.4%	7.8	11.7	-33.3%	21.5
<i>Interest expense on derivatives</i>							
Hedge accounting	231.9	374.5	-38.1%	520.7	828.6	-37.2%	1,480.6
Non-hedge accounting	-	11.1	-100.0%	0.2	28.1	-99.3%	38.1
Other interest expense	4.1	-		7.1	0		10.2
Total interest expense	823.9	830.3	-0.8%	1,575.8	1,830.8	-13.9%	3,356.4
of which interest expense from financial items not measured at fair value	592.0	444.7		1,054.9	974.1		1,837.7

NOTE 5 COMMISSION INCOME

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Lending commission	0.4	0.5	-20.0%	0.9	1.0	-10.0%	2.0
Total commission income	0.4	0.5	-20.0%	0.9	1.0	-10.0%	2.0
of which commission income from financial items not measured at fair value	0.4	0.5		0.9	1.0		2.0

NOTE 6 COMMISSION EXPENSE

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Remuneration to regional insurance companies	42.0	38.3	9.7%	69.0	99.8	-30.9%	161.3
Other commission	0.5	0.5	0%	1.1	1.0	10.0%	1.5
Total commission expense	42.5	38.8	9.5%	70.1	100.8	-30.5%	162.8
of which commission expense from financial items not measured at fair value	42.0	38.3		69.0	99.8		161.3

NOTE 7 NET PROFIT/LOSS FROM FINANCIAL TRANSACTIONS

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Change in fair value							
Interest-related instruments	11.3	-94.8		115.7	-60.4		103.1
Currency-related instruments	332.2	-13.4		305.8	-2.6		-5.3
Change in fair value of hedged item	-355.4	107.3		-439.0	68.3		-94.8
Capital gain/loss							
Interest-related instruments	-5.7	-1.6		-8.0	-4.6		-4.1
Interest compensation	12.7	21.8		23.8	40.4		77.9
Total net profit/loss from financial transactions	-4.9	19.3	-125.4%	-1.7	41.1	-104.1%	76.8

NOTE 8 LOAN LOSSES, NET

SEK M	Q 2 2010	Q 2 2009	Change	Jan-Jun 2010	Jan-Jun 2009	Change	Full-year 2009
Specific reserve for individually assessed loan receivables							
Write-off of confirmed loan losses during the period	0.4	-		0.7	-		2.6
Reversed earlier impairment of loan losses recognised in the interim accounts as confirmed losses	-0.1	-		-0.1	-		-0.2
Impairment of loan losses during the period	1.0	0.3		1.7	0.3		2.5
Payment received for prior confirmed loan losses	-1.0	-1.2		-2.1	-2.7		-5.1
Reversed impairment of loan losses no longer required	-0.6	-		-0.6	0		-1.6
Net income/expense for the period for individually assessed loan receivables	-0.3	-0.9	-66.7%	-0.4	-2.4	-83.3%	-1.8
Collective reserves for individually assessed receivables							
	-	-		-	-		-
Collective assessment of homogenous groups of loan receivables with limited value and similar credit risk							
Provision/reversal of impairment of loan losses	-0.7	-1.0		-2.4	-2.6		-3.6
Net income/expense for the period for collectively assessed homogenous loan receivables	-0.7	-1.0	-30.0%	-2.4	-2.6	-7.7%	-3.6
Net income/expense of loan losses for the period	-1.0	-1.9	-47.4%	-2.8	-5.0	-44.0%	-5.4

All information pertains to receivables from the public.

NOTE 9 LOANS/LIABILITIES TO CREDIT INSTITUTIONS

Loans to credit institutions include deposits of SEK 7,849.8 M (17,718.1) in the Parent Company.
Due to credit institutions includes borrowing of SEK 22,378.8 M (20,943.9) from the Parent Company.

Balances in the Parent Company's bank accounts pertaining to the covered bond operations are recognised as "Loans to credit institutions."

NOTE 10 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Loan receivables, gross			
Corporate sector	1,225.8	641.2	936.7
Retail sector	72,630.9	60,185.2	66,640.8
Total loan receivables, gross	73,856.7	60,826.4	67,577.5
Impairment of individually reserved loan receivables			
Retail sector	-1.9	-0.5	-1.0
Total individual reserves	-1.9	-0.5	-1.0
Impairment of collectively reserved loan receivables			
Corporate sector	-0.8	0	-0.7
Retail sector	-37.3	-39.3	-39.9
Total collective reserves	-38.1	-39.3	-40.6
Total provisions	-40.0	-39.8	-41.6
Loan receivables, net			
Corporate sector	1,225.0	641.2	936.0
Retail sector	72,591.7	60,145.4	66,599.9
Total loan receivables, net	73,816.7	60,786.6	67,535.9
Impaired loans			
Retail sector	3.3	2.2	3.4
Total impaired loans	3.3	2.2	3.4

Definitions:

A loan receivable is considered impaired if a payment is more than 60 days past due or if there is reason to expect that the counterparty for other reasons can not meet its undertaking.

NOTE 11 DERIVATIVES

SEK M	June 30, 2010		June 30, 2009		December 31, 2009	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values						
<i>Derivatives in hedge accounting</i>						
Interest	43,492.5	924.3	31,972.5	840.3	37,814.5	814.6
Currency	1,394.4	470.7	1,394.4	381.9	1,394.4	332.4
<i>Other derivatives</i>						
Interest	-	-	1,425.0	18.4	-	-
Currency	-	-	3,626.5	721.1	3,267.6	427.6
Collateral received, CSA	-	-254.5	-	-	-	-157.8
Total derivatives with positive values	44,886.9	1,140.5	38,418.4	1,961.7	42,476.5	1,416.8
Derivatives with negative values						
<i>Derivatives in hedge accounting</i>						
Interest	37,651.0	974.2	30,565.0	1,037.8	22,500.0	831.9
Currency	10,577.1	149.5	-	-	-	-
<i>Other derivatives</i>						
Interest	-	-	675.0	18.3	-	-
Currency	-	-	91.7	17.0	91.7	10.9
Total derivatives with negative values	48,228.1	1,123.7	31,331.7	1,073.1	22,591.7	842.8

NOTE 12 MEMORANDUM ITEMS

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
For own liabilities, pledged assets/collateral			
Collateral paid due to repurchase agreement	10,915.0	14,523.1	10,076.9
Loan receivables, covered bonds	70,958.6	58,661.1	65,111.6
Total for own liabilities, pledged assets/collateral	81,873.6	73,184.2	75,188.5
Other pledged assets/collateral	NONE	NONE	NONE
Contingent liabilities			
Early retirement at age 62 in accordance with pension agreement	0.7	0.7	0.7
Commitments			
Loans approved but not disbursed	386.3	361.0	221.9

NOTE 13 CAPITAL-ADEQUACY ANALYSIS

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Capitalbase			
Tier 1 capital, gross	3,292.5	2,414.2	2,873.9
Less IRB deficit	-49.1	-34.8	-37.4
Tier 1 capital, net	3,243.4	2,379.4	2,836.5
Tier 2 capital	501.0	662.6	575.0
Deductions for Tier 2 capital	-49.1	-34.8	-37.4
Total capital base	3,695.3	3,007.2	3,374.1
Risk-weighted assets according to Basel II	18,003.8	13,036.6	13,963.0
Risk-weighted assets according to transition rules	36,059.5	28,577.4	31,599.2
Capital requirement			
Capital requirement for credit risk according to Standardised Approach	271.6	121.2	145.4
Capital requirement for credit risk according to IRB Approach	1,148.5	905.8	955.8
Capital requirement for operational risk	20.2	15.9	15.8
Capital requirement according to Basel II	1,440.3	1,042.9	1,117.0
Adjustment according to transition rules	1,444.5	1,243.3	1,410.9
Total capital requirement	2,884.8	2,286.2	2,527.9
Capital-adequacy			
Tier 1 ratio according to Basel II, %	18.02	18.25	20.31
Capital-adequacy ratio according to Basel II, %	20.53	23.07	24.16
Capital ratio in relation to capital requirement according to Basel II *	2.57	2.88	3.02
Tier 1 ratio according to transition rules, %	8.99	8.33	8.98
Capital-adequacy ratio according to transition rules, %	10.25	10.52	10.68
Capital ratio in relation to capital requirement according to transition rules *	1.28	1.32	1.33
Special disclosures			
IRB provisions surplus (+)/deficit (-)	-98.2	-69.6	-74.8
IRB Total provisions (+)	38.2	38.8	39.1
IRB Anticipated loss (-)	-136.4	-108.4	-113.9
Capital requirement			
Credit risk according to Standardised Approach			
Exposures to institutions	53.9	40.8	28.5
Exposures to corporates	16.2	10.2	12.5
Exposures secured on residential property	64.9	67.6	85.3
Past due items	-	0.5	0.6
Covered bonds	134.8	-	16.9
Other items	1.8	2.1	1.6
Total capital requirement for credit risk according to Standardised Approach	271.6	121.2	145.4

NOTE 13 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	June 30, 2010	June 30, 2009	December 31, 2009
Credit risk according to IRB Approach			
Retail exposures			
Exposures secured by real estate collateral	1,079.8	901.8	953.4
Other retail exposures	2.0	4.0	2.4
Total retail exposures	1,081.8	905.8	955.8
Exposures to corporates	66.7	-	-
Total capital requirement for credit risk according to IRB Approach	1,148.5	905.8	955.8
Operational risk			
Standardised Approach	20.2	15.9	15.8
Total capital requirement for operational risk	20.2	15.9	15.8

Capital-adequacy analysis according to Basel I

Tier 1 capital	3,292.5	2,414.2	2,873.9
Tier 2 capital	501.0	662.6	575.0
Total capital base	3,793.5	3,076.8	3,448.9
Risk-weighted assets	46,447.2	36,808.8	40,667.2
Capital requirement for credit risk	3,715.8	2,944.7	3,253.4
Tier 1 ratio, %	7.09	6.56	7.07
Capital-adequacy ratio, %	8.17	8.36	8.48
Capital ratio in relation to capital requirement *	1.02	1.04	1.06

Own funds in relation to capital requirement = total own funds/total capital requirement

In addition to the Parent Company Länsförsäkringar Bank AB publ (556401-9878), the financial corporate group includes the wholly owned and fully consolidated subsidiaries Länsförsäkringar Hypotek AB publ (556244-1781), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB publ (556364-2783).

NOTE 14 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Mäklarservice AB, Länsförsäkringar Fastighetsförmedling AB, the 24 regional insurance companies with subsidiaries, as well as the local insurance companies that hold shares in Länsförsäkringar AB.

Normal business transactions between the related parties took place between January and June 2010. Since December 31, 2009, no significant changes have occurred in the company's agreements with these related legal entities. The company's compensation to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in Note 6 Commission expense.

Related key persons are Board members, senior executives and close family members to these individuals. Since December 31, 2009, no significant changes have occurred in the company's agreements with these persons.

This interim report has been reviewed by the company's auditors.

The Board of Directors and President affirm that this six-month report provides a true and fair view of the Group's operations, financial position and earnings and describes the material risks and uncertainty factors faced by the Company.

Stockholm, August 23, 2010

Mats Ericsson
Chairman of the Board

Bengt Clemedtson
Board member

Bengt Jerning
Board member

Christer Malm
Board member

Anders Borgcrantz
President

Auditor's report on the review of the financial interim information

Introduction

I have conducted a review of the financial interim information in the summary (interim report) for Länsförsäkringar Hypotek AB (publ), Corporate Registration Number 556244-1781, at June 30, 2010 and for the six-month period that ended on that date. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express an opinion on this interim report based on my review.

Focus and scope of the review

I conducted my review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and substantially more limited scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable me to obtain a level of assurance that would make me aware of all significant matters that might be identified in an audit. Therefore, a conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the interim report has not, in all material respects, been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, August 23, 2010

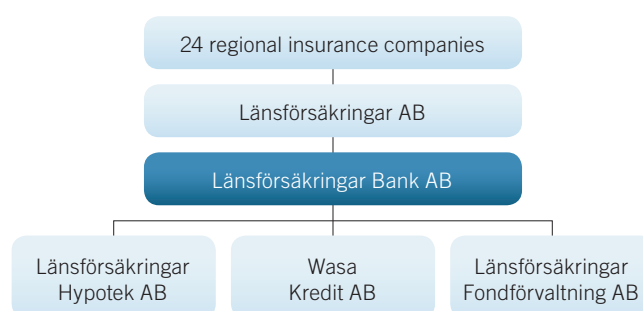
Johan Bäckström
Authorised Public Accountant

Financial calendar

Interim report, January – September..... **October 26, 2010**

Year-end report..... **February 21, 2011**

Länsförsäkringar Hypotek AB (publ) discloses the information provided herein pursuant to the Swedish Securities Markets Act. The information was submitted for publication at 11:00 CET on August 24, 2010.



The Länsförsäkringar Alliance comprises 24 local and customer-owned regional insurance companies and the jointly owned Länsförsäkringar AB. The Länsförsäkringar Alliance is based on a strong belief in local presence and customer contacts are made at the regional insurance companies. The regional insurance companies offer a wide range of insurance, banking services and other financial solutions for private individuals, corporate customers and agricultural customers. The number of customers amounts to 3.3 million and the Länsförsäkringar Alliance has a joint total of 5,800 employees.

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