2010

Länsförsäkringar Hypotek Annual Report

Contents

Introduction

1 2010 in brief
2 Statement by the President

Operations

4 Business concept, objectives and strategy
6 Economic environment and market
8 Offering
10 Credit quality
12 Borrowing and liquidity

14 Board of Directors' Report
16 Risk and capital management
25 Corporate Governance Report

Financial statements

27 Five-year summary
28 Income statement
28 Statement of comprehensive income
28 Balance sheet
29 Cash-flow statement
29 Statement of changes in shareholders' equity
30 Notes to the financial statements
47 Audit report

Other information

48 Board of Directors and auditors
49 Definitions
50 Financial calendar
52 Addresses

Sweden's most satisfied customers in the fifth largest mortgage institution

Länsförsäkringar Hypotek is Sweden's fifth largest mortgage institution with mortgages of SEK 80 billion and 149,000 customers. The retail mortgage operations, which is part of Länsförsäkringar's full-service offering, and are conducted solely in Sweden. Loans are primarily issued to private individuals with single-family homes, tenant-owned apartments and leisure homes as collateral. A strong local presence and a complete and reasonably priced offering to primarily households have afforded the mortgage institution a strong position and the most highly satisfied retail mortgage customers. Business continued to grow in 2010 and market shares were captured, rising from 3.8% to 4.1% in retail mortgages to households.

The basis of the mortgage operations is the Länsförsäkringar Alliance's large customer base, strong brand and local presence. Customer contact is handled at the 125 branches of the 24 local regional insurance companies across Sweden. Länsförsäkringar Fastighetsförmedling's 130 branches are also part of the full-service offering.

According to the 2010 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the sixth consecutive year and Sweden's most satisfied retail bank customers for the sixth time in seven years. Almost eight of ten retail mortgage customers also have Länsförsäkringar as their primary bank.

About Länsförsäkringar Hypotek

Länsförsäkringar Bank
Banking services – savings, lending and payments

Länsförsäkringar Hypotek
Retail mortgage lending

Länsförsäkringar Fondförvaltning
Mutual funds

Wasa Kredit
Leasing, hire purchase and unsecured loans

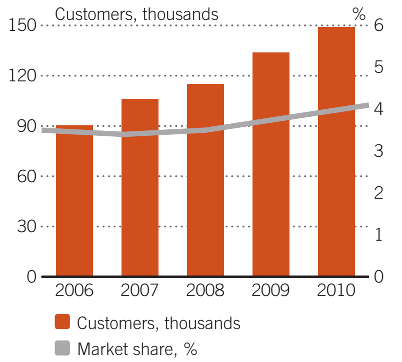
Länsförsäkringar Hypotek is part of the Länsförsäkringar Alliance, which comprises 24 local, independent and customer-owned regional insurance companies that jointly own Länsförsäkringar AB with subsidiaries. Länsförsäkringar AB is the financial hub of the Länsförsäkringar Alliance and is responsible for conducting joint business activities, strategic development activities and providing service that generates economies of scale. The aim is to create possibilities for the regional insurance companies to continue to grow and be successful in their respective markets. Länsförsäkringar Hypotek is a subsidiary of Länsförsäkringar Bank, which is the Parent Company of the Bank Group and a subsidiary of Länsförsäkringar AB. The Bank Group includes Länsförsäkringar Hypotek, Länsförsäkringar Fondförvaltning and Wasa Kredit. Länsförsäkringar Alliance has 5,900 employees and offers a broad range of insurance, pension, banking and financial services to 3.4 million customers.

2010 in brief

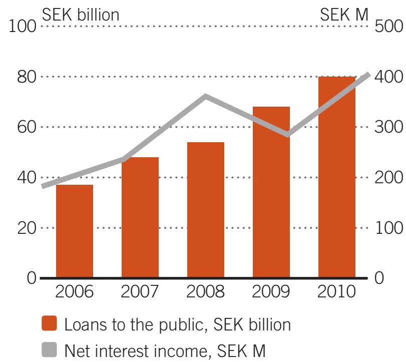
- Loans increased 18% to SEK 80 billion (68).
- Operating profit rose 8% to SEK 152 M (141).
- Net interest income rose 42% to SEK 406 M (285).
- Recoveries exceeded loan losses and amounted to SEK 1 M (5), net.
- The Tier 1 ratio according to Basel II was 19.7% (20.3) and the capital adequacy ratio was 22.3% (24.2).
- During the year, covered bonds were issued in the nominal amount of SEK 44 billion (33), of which a nominal corresponding to SEK 10.6 billion (0) was issued in the international market.
- The number of customers rose 11% to 149,000 (134,000).
- During the year, several new branches were opened and the number of bank and mortgage advisors continued to increase.

KEY FIGURES	2010	2009	2008	2007	2006
Return on equity, %	3.5	4.1	4.1	2.0	1.5
Return on total capital, %	0.15	0.19	0.23	0.13	0.10
Investment margin, %	0.40	0.38	0.65	0.53	0.52
Cost/income ratio before loan losses	0.31	0.33	0.34	0.49	0.69
Cost/income ratio after loan losses	0.30	0.30	0.34	0.47	0.57
Capital adequacy ratio according to Basel II, %	22.3	24.2	27.6	28.9	–
Capital adequacy ratio according to transition rules, %	10.4	10.7	10.5	10.5	11.2[1)]
Tier 1 ratio according to Basel II, %	19.7	20.3	21.6	23.7	–
Tier 1 ratio according to transition rules, %	9.2	9.0	8.2	8.6	9.4[1)]
Percentage of impaired loans, net, %	0.01	0	0.11	0.09	0.10
Reserve ratio in relation to loans, %	0.05	0.05	0.07	0.08	0.10
Loan losses in relation to lending, %	0	–0.01	0	-0.01	-0.03

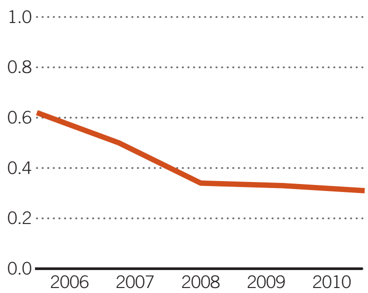
1) In accordance with Basel I.



CUSTOMERS AND MARKET SHARE
The 15,000 new customers in 2010 represent an increase of 11% to a total of 149,000 retail mortgage customers. Länsförsäkringar is growing and the market share steadily increasing, amounting to 4.1% on December 31, 2010.



LOANS AND NET INTEREST INCOME
Loans rose 18% to SEK 80 billion in 2010. Net interest income increased 42% to SEK 406 M.



COST/INCOME RATIO BEFORE LOAN LOSSES
Income rose more rapidly than costs and the cost/income ratio before loan losses strengthened to 0.31 in 2010.

Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the sixth consecutive year. During the year, retail mortgages rose to SEK 80 billion and the market share of retail mortgages to households increased to 4.1%. Based on our clear and consistent strategy and the trust from our customers, we are continuing to successfully position Sweden's fifth largest mortgage institution.

STATEMENT BY THE PRESIDENT

Continued successful positioning

Continued success

Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the sixth consecutive year. During the year, retail mortgages rose to SEK 80 billion and the market share of retail mortgages to households increased to 4.1%. We continue to successfully position Sweden's fifth largest mortgage institution, built on the trust placed in us by our customers.

Success in remaining local and close to customers

The principal target group is the 1.7 million Länsförsäkringar Alliance's home insurance customers. The mortgage offering, which is a cornerstone of the banking services offered, supplements the needs of insurance and pension customers. All customer contact is handled by the independent and customer-owned regional insurance companies in local markets throughout Sweden. The regional insurance companies are close and accessible to provide rapid and reliable information to customers. Personal customer meetings are highly prioritised at the Länsförsäkringar Alliance and form the basis of customer relationships.

Länsförsäkringar has Sweden's strongest financial brand, and our broad and attractive banking and mortgage offering, combined with the values that we stand for, have been highly successful among customers.

Higher number of most satisfied customers

The number of retail mortgage customers rose with 15,000 to 149,000 during the year and almost eight out of ten retail mortgage customers have Länsförsäkringar as their primary bank. Länsförsäkringar's aim is to generate profitable growth and have the most satisfied customers. Taking out a mortgage and buying a property is one of a customer's largest ever purchases. Accordingly, the choice of mortgage institution often determine which bank a customer will choose for a long-term relationship.

Housing prices and finances of Swedish households

Swedish growth, the trend in housing prices and trends in household finances are in line with each other. The housing-price trend is attributable to high domestic demand in the housing sector which has not been met by supply for many years. Sweden has had a low level of residential investments in relation to GDP since the 1990s. Naturally, it is also normal during periods of strong trends, such as the trend in Swedish housing prices, that declines may occur.

As a result of strong growth and an improved labour market, Swedish households increased their financial capital and strengthened their disposable income, which has provided scope for greater private consumption and relatively higher savings compared internationally. Household debt goes hand in hand with the very positive trends and stress tests have revealed that interest expense is low in relation to disposable income even when interset rates are more normalised. The net wealth of households is significantly higher than their debt, meaning savings buffers exist. The Riksbank's gradual interest-rate hikes and the Swedish Financial Supervisory Authority's mortgage cap will have a dampening effect and prepare the way for continued stable development.

Generally speaking, the Swedish credit scoring system is conservative and there is unique access to credit information through detailed public information. A complete overview of the financial position of borrowers can be obtained, which contributes to reducing risks. Customer repayment capacity over time is always the basis for determining potential mortgaging of residential properties.

Strong Swedish economy and turmoil in Europe

The Swedish economy continued to report strong growth, the strongest since 1970. Growth for full-year 2010 was 5.5%.

Compared internationally, this rate is very high. Sweden's public finances are very healthy with public debt at 35% of GDP and a balanced government budget.

During the year, the capital market was dominated by the recovery in the aftermath of the financial crisis. Meanwhile, turmoil in several countries, particularly regarding the PIIGS countries, impacted the market and stability of the eurozone.

The Riksbank ended its structural liquidity support programme in the autumn, which led to certain initial corrections in the Swedish housing bond market, but generally the Swedish market has functioned well.

Successful borrowing in eurozone market

Länsförsäkringar's covered-bond financing was very successful. A major issue of EUR 1 billion was implemented in March as part of our strategy of having high diversified borrowing. A public issue was also implemented in the Swiss market during the year.

Credit rating, capitalisation and liquidity

The credit rating for the covered bonds remained unchanged at Aaa/AAA with a stable outlook, making Länsförsäkringar Hypotek one of four Swedish issuers with the highest credit rating from both Moody's and Standard & Poor's.

Capitalisation is favourable and the liquidity situation strong. The operations are enjoying stable low-risk growth. Based on the Basel III requirements announced to date, Länsförsäkringar deems that it will be able to meet the new capital adequacy and liquidity targets by a healthy margin.

Strengthened mortgage position

Customer confidence and the perception of Länsföräkringar as a stable and reliable mortgage provider have strengthed our market position. Our employees and mortgage advisors throughout the

country have, above all, been involved in building up this customer confidence, and therefore I would like to express my deep gratitude for the excellent work they have performed over the past year.

We will continue to have a highly competitive and attractive offering for customers in the years to come and deliver on our promises so that customers continue to give us their trust to successfully develop the business.

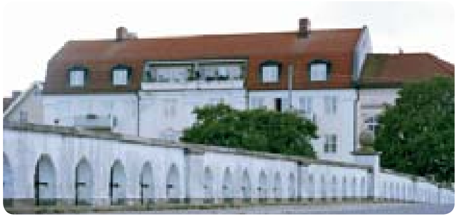
Stockholm, March 2011

GÖRAN LAURÉN
President

The retail mortgage operations began in 2001 in a bid to develop the banking operations and expand existing relationships with the Länsförsäkringar Alliance's customers. The initiative was a success; as in previous years, the operations reported profitable growth in 2010 and have had Sweden's most satisfied customers for many years. The mortgage institution is now the fifth largest in Sweden and the mortgage operations strengthen the Länsförsäkringar brand.

BUSINESS CONCEPT, OBJECTIVES AND STRATEGY

A successful strategy



Business concept

The business concept is to offer private individuals reasonably priced mortgage services. These mortgage services are offered in such a straight-forward and clear manner that customers perceive Länsförsäkringar to be a reliable and sound choice.

Länsförsäkringar aims to be the first choice in banking, insurance and pensions for customers.

Mission of Länsförsäkringar Hypotek

The mission of Länsförsäkringar Hypotek is to work together with Länsförsäkringar Bank and Länsförsäkringar AB to conduct business activities, develop products, concepts, channels and tools, and provide service to the regional insurance companies in areas generating economies of scale so that these companies can offer their customers a broad range of banking and mortgage services. The mission also includes financing the banking and retail mortgage operations in a cost efficient manner.

Objectives

Länsförsäkringar Hypotek's objectives are as follows:

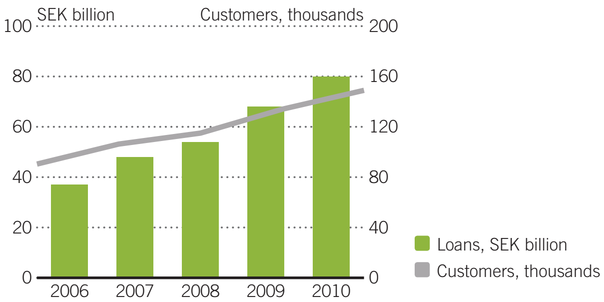
- Achieve continued profitable growth
- Have the most satisfied customers
- Increase the proportion of customers with a close relationship with Länsförsäkringar.

The objectives of the retail mortgage operations contribute to the aims of the Länsförsäkringar Alliance.

Objective fulfilment

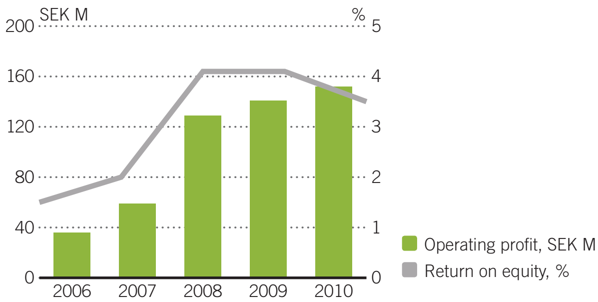
Länsförsäkringar Hypotek's loans have risen an average of 22% on an annual basis since 2006. Profitability has been stable with a return on equity of 3.5% in 2010 and an average of 3.0% over the past five years.

According to the 2010 Swedish Quality Index, Länsförsäkringar has Sweden's most satisfied retail mortgage customers for the sixth consecutive year and Sweden's most satisfied retail bank customers for the sixth time in seven years. Länsförsäkringar received the highest ranking for all of the categories measured in the survey and the largest difference compared with other mortgage providers was noted in loyalty. Image is, in general, the most important element to mortgage customers, which reflects the reliability of mortgage lenders. The results of the Swedish Quality Index's customer survey have strongly demonstrated for a number of years that Länsförsäkringar has satisfied customers.



GROWTH IN MORTGAGES

Mortgage loans have risen an average of 22% per year since 2006, and rose 18% in 2010 to SEK 80 billion. The number of retail mortgage customers has increased by an average of 13,000 per year, and in 2010 the increase was 15,000 new customers to a total of 149,000.



OPERATING PROFIT AND RETURN ON EQUITY

Operating profit for 2010 strengthened 8% to SEK 152 M due to higher net interest income. Return on equity amounted to 3.5%.

During the year, the number of retail mortgage customers rose with 15,000, or 11%, to 149,000. Almost eight of ten retail mortgage customers also have Länsförsäkringar as their primary bank.

The number of bank customers rose 67,000, or 9%, to 826,000 in 2010 and almost a fifth of the bank customers have a mortgage.

Strategy

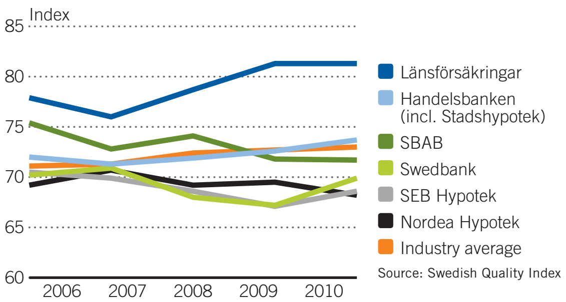
The strategy for the retail mortgage operations is based on the Länsförsäkringar Alliance's existing infrastructure:

- A large customer base
- A strong brand
- The regional insurance companies' local market presence and personal service
- Efficient financing of the operations

The strategy is to conduct sales and marketing activities of the bank and mortgage offering aimed at the selected target group in the Länsförsäkringar Alliance's customer base. All customer contact is handled by the 24 regional insurance companies.

Large customer base

The Länsförsäkringar Alliance's 1.7 million home insurance customers are the prioritised target group for the mortgage institution.



CUSTOMER SATISFACTION, RETAIL MORTGAGES

Länsförsäkringar received the highest marks of all Swedish mortgage providers in the Swedish Quality Index's 2010 customer satisfaction survey and posted the highest results in the survey's history. Länsförsäkringar received the highest ranking for all of the categories measured in the survey and the largest difference compared with other mortgage providers was noted in loyalty.

With Länsförsäkringar's banking and retail mortgage services, customers are offered broader and more lucrative commitments, while Länsförsäkringar will secure even stronger and more long-term relationships with its customers.

A strong brand

Länsförsäkringar has the strongest financial brand in the Swedish market, according to SIFO Research International's 2010 survey.

Value basis

Länsförsäkringar's value basis is a key contributory factor to the success of the strategy. These values have been built on a long-term approach and strong core values for many years: customer-owned, local and available.

Customer-owned

The main focus of a customer-owned regional insurance company differs from that of many listed companies. It is natural to conduct business operations focusing on the best interests of customers and concentrating on their financial security. Over time, this strategy builds a company with stable growth and profitability at low risk.

Local

The local branches know their customers and their markets better and can therefore establish strong and trusting customer relationships.

Available

The element of independence allows the regional insurance companies to remain flexible so that they can adapt to local conditions and customer needs. Being available translates to presence and rapid and reliable decisions for customers.

The recovery in export, the stronger SEK, increasing investments and improved labour market are some of the factors that contributed to robust Swedish growth of 5.5% in 2010. The trend in housing prices in Sweden remained positive and was primarily attributable to high domestic demand for housing. Housing investments have been low for almost 20 years, which has resulted in a serious supply deficit in the housing market. Households' financial capital rose and they have high savings in relation to disposable income.

ECONOMIC ENVIRONMENT AND MARKET

A strong Sweden, turmoil in Europe

Strong Swedish growth

Sweden reported very strong growth in 2010, the strongest since 1970, with GDP growth of 5.5% and 7.3% for the fourth quarter. The year was characterised by the recovery in export, the stronger SEK, increasing investments and an improved labour market. Sweden's minority government continues to garner broad parliamentary support for its restrained fiscal policy and public finances, which are highly robust, were further strengthened during the year. Public debt amounted to 35% of GDP and the government budget was balanced.

Major differences in a troubled economic climate

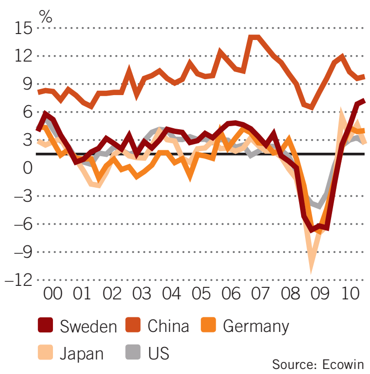
The global economy recovered during the year, although major differences between countries remain, for example in Europe. Large-scale stimulus packages were needed in the US and Japan, while emerging markets, led by China and India, posted highly favourable growth of 10.3% and 8.6%, respectively. Parts of Europe experienced debt problems and the economic climates of countries in this region differ considerably. Germany reported growth of about 4%, while Greece and Ireland were forced to ask for financial support from the eurozone and announced far-reaching austerity measures. Spain and Portugal also experienced financial problems in 2010 but resolved them without the need for external support. Two stability facilities have been established to date in the eurozone to provide loans to countries experiencing economic crises. The US continued to note weak domestic demand fuelled by high unemployment and uncertainty in the housing market, but started to recover as a result of the Federal Reserve's stimulus packages.

Stronger SEK

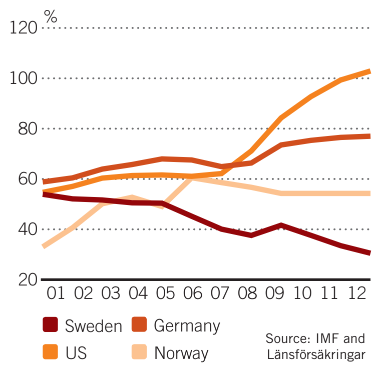
The SEK was up 9.5%, measured by the TCW index, due to the strong Swedish economy and the ensuing interest-rate rises. The strong SEK also provides confirmation that the financial market generally has a positive view of Sweden.

Interest rates

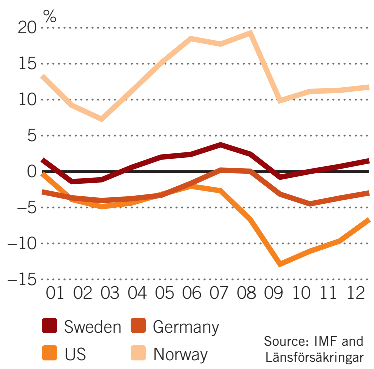
The Riksbank continued in its endeavour to normalise Swedish monetary policy and raised the key interest rate on several occasions during the year, ending the year at 1.25%. In the autumn, the Riksbank withdrew the liquidity facility it had established at the culmination of the financial crisis in the Swedish capital market. Both the Federal Reserve and the European Central Bank kept their key rates at low levels, 0–0.25% and 1.00%, respectively, to stimulate recovery and growth.



GDP GROWTH
Sweden reported very strong growth in 2010 with GDP growth of 5.5% and 7.3% for the fourth quarter.



GOVERNMENT DEBT (% OF GDP)
Swedish government debt amounted to 35% of GDP for 2010, indicating that the Swedish economy is strong. A restrained fiscal policy could be maintained.



GOVERNMENT BUDGET (% OF GDP)
Swedish government finances are very healthy and the government budget was balanced.

House-price trend and household finances

The trend in housing prices in Sweden remained positive and was primarily attributable to high domestic demand for housing. The rate of Swedish growth, the housing-price trend and household debt remained relatively even and stable.

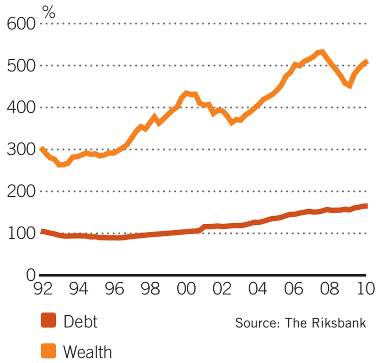
Residential investments have been low for almost 20 years, which has resulted in a serious supply deficit in the housing market. An upturn was noted in new-build construction in 2010 but it will take many years before construction levels will start satisfying the immense demand for housing that exists, particularly in the large metropolitan areas.

Sweden's economic policy remains focused on benefiting household finances and as a result elevated households' disposable income during the year, which in turn increased private consumption. The labour market recovered and continued to improve at a positive pace. Households' financial capital rose and households have high savings in relation to disposable income. High increases in disposable income provided a margin for a lower share of savings and growth in private consumption.

Household debt continued to rise, yet households retained a high repayment capacity. Stress tests reveal that, for example, households with the largest debts also have the best repayment capacity. Household wealth is also significantly higher than household debt.

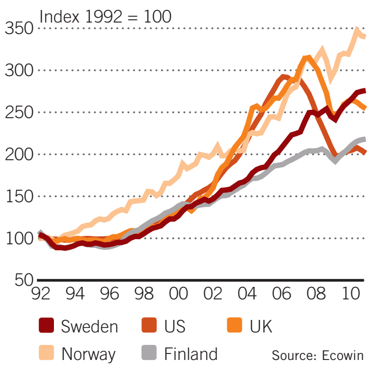
On October 1, 2010, the Swedish Financial Supervisory Authority introduced a mortgage cap on new loans of a maximum of 85% of the market value of the property used as collateral to ensure continued stable development. Furthermore, the gradual interest-rate hikes had a dampening effect on household debt. The Riksbank's stress tests indicate that households' interest expenses are relatively low in relation to disposable income.

Generally speaking, the Swedish credit scoring system is conservative and there is unique access to public credit information. A detailed overview of the financial position of borrowers can be obtained, which contributes to reducing risks.



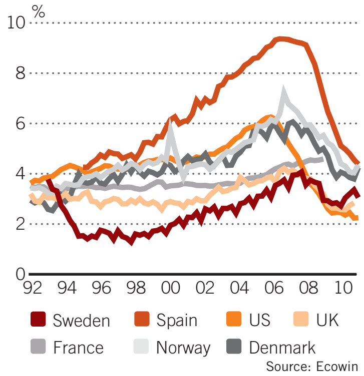
HOUSEHOLDS' WEALTH AND DEBT (% OF DISPOSABLE INCOME)

Swedish household´s wealth is significantly higher than household debt. Stress tests reveal that households with the largest debts also have the best repayment capacity.



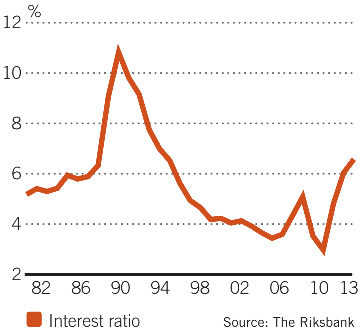
HOUSING-PRICE TRENDS

The trend in housing prices in Sweden remained positive in 2010 and was primarily attributable to high domestic demand for housing.



NEW-BUILD CONSTRUCTION

Housing investments have been low for almost 20 years, which has resulted in a serious supply deficit in the housing market in Sweden.



HOUSEHOLD'S INTEREST RATIO

The Riksbank's stress tests indicate that Swedish households' interest expenses are relatively low in relation to disposable income.

Länsförsäkringar's mortgage services are straight-forward, clear and reasonably priced for customers and have generated widespread, high growth for the retail mortgage operations. All loans are issued in Sweden and customer operations take place at the 24 local, independent and customer-owned regional insurance companies located throughout Sweden.

OFFERING

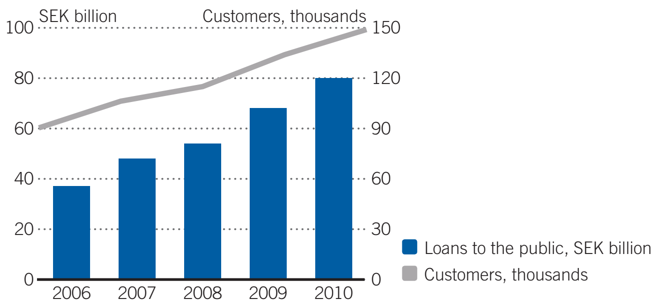
Straight-forward, clear and reasonably priced mortgage services

Retail mortgage lending

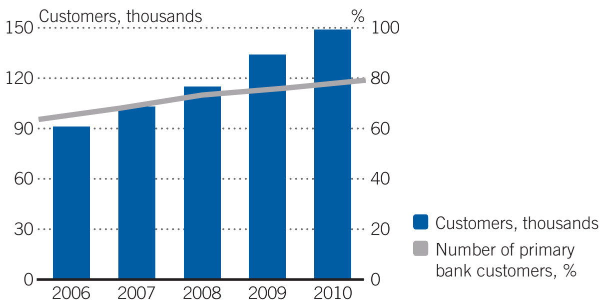
Länsförsäkringar's successful growth is mainly due to its straight-forward and clear mortgage offering to private individuals and the Länsförsäkringar Alliance's home insurance customers. Retail mortgages increased 18% to SEK 80 billion (68) in 2010. Länsförsäkringar Hypotek accounts for first-lien mortgages up to 75% of the market value of the collateral and Länsförsäkringar Bank accounts for other mortgages. On December 31, 2010, the market share for retail mortgages to households rose to 4.1% (3.8) and Länsförsäkringar's share of market growth for the year was 7%, according to data from Statistics Sweden.

Local presence

The regional insurance companies' local presence provides unique market knowledge, which, coupled with their independence, creates the conditions for customised offerings. With a strong local presence, Länsförsäkringar strives to build long-term and deep customer relations. The number of retail mortgage customers is rising steadily and totalled 149,000 at year-end 2010. More customers are also choosing Länsförsäkringar as their primary bank.



RETAIL MORTGAGES AND CUSTOMER TREND
Retail mortgages rose 18%, or SEK 12 billion, to SEK 80 billion and the number of customers increased 11%, or 15,000, to 149,000 during 2010.



PERCENTAGE OF RETAIL MORTGAGE CUSTOMERS WHO HAVE LÄNSFÖRSÄKRINGAR AS THEIR PRIMARY BANK
The number of retail mortgage customers has risen steadily as has the number of retail mortgage customers who choose to have Länsförsäkringar as their primary bank. In 2010, these customers rose to eight of ten retail mortgage customers.

– We provide a full-service offering. We offer security with our complete banking and insurance offering. We listen to every new customer and each customer's needs to enable us to meet their needs. Honesty is essential and customers are openly told about the services that we offer and do not offer. This is how we establish a personal relationship – through openness and commitment. Our strength lies in our full-service offering, which becomes even clearer after a couple of years as a full-service customer. It creates trust among customers so that they will want to combine their banking services, pension and insurance under a single roof," says Claes Andhagen, Head of Retail Business Area, Länsförsäkringar Bergslagen.

Close and personal

Customer meetings and sales take place at 125 of the branches of the regional insurance companies located throughout Sweden. Länsförsäkringar Fastighetsförmedling's 130 branches are also part of the full-service offering. Customer highly value the personal contact provided by the 24 local, independent and customer-owned regional insurance companies.

Personal service builds trust

Personal service builds trusting and long-term relationships. Customers should always feel a sense of trust and that they are well taken care of by Länsförsäkringar's advisors and employees. Offers are adapted to customers and clear and straight-forward; it is easy for customers to see what is beneficial for them and what makes Länsförsäkringar different. They benefit from maintaining a close and long-term relationship with Länsförsäkringar, for example, by being rewarded for combining all their banking, insurance and pension commitments. Accordingly, very reasonably priced offers can be made which contribute to customers' financial security.

Essentially all loans qualify for inclusion in the covered-bond operations. Collateral, which solely comprises private homes in the cover pool, is evenly distributed throughout the country in relation to the population.

CREDIT QUALITY

Continued high credit quality

High-quality collateral

Retail mortgage lending in Länsförsäkringar Hypotek increased 18% to SEK 80 billion (68) during the year. Essentially all lending qualifies to be included in the covered-bond operations in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223). Loans are granted exclusively in Sweden and the cover pool is evenly distributed throughout Sweden in relation to the population. The remaining loans mainly pertain to multi-family dwellings that qualify for inclusion in the cover pool but that Länsförsäkringar Hypotek has chosen to exclude so as to maintain a homogenous profile.

The collateral in the cover pool comprises only private homes and with single-family homes accounting for 80% (81), tenant-owned apartments 19% (18) and leisure homes 1% (1). According to Moody's, Länsförsäkringar Hypotek has the highest quality of collateral of all Swedish covered bond issuers, measured as the key figure of collateral score, refer to the graph below. The weighted average loan-to-value ratio (LTV) of the cover pool was 60% (59) on December 31, 2010 according to the maximum LTV per property.

Low commitments

The average commitment in the cover pool amounted to SEK 837,000 (793,000) on December 31, 2010. Only 36 commitments had a loan amount of more than SEK 5 M, corresponding to 0.3% of the cover pool. Commitments with a loan amount of a maximum of SEK 1.5 M totalled 64% (68).

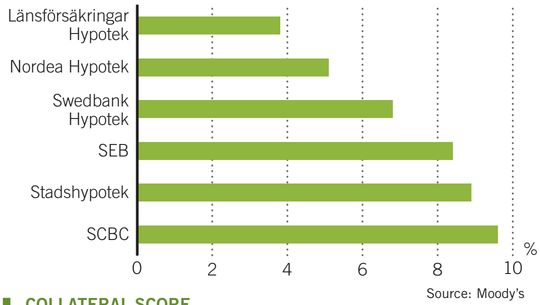
Overcollateralisation (OC)

Overcollateralisation (OC) is a measurement of the amount by which the assets exceed the liabilities represented by the covered-bond operations and is a buffer in the event of, for example, a decline in the price of the collateral.

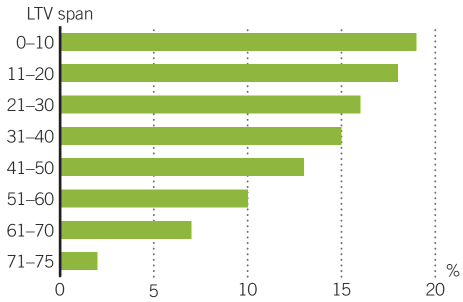
The contracted minimum OC target for the covered-bond operations was 10% on December 31, 2010, according to the prospectus documentation on the website. On December 31, 2010, current OC amounted to 21.9% (18.4).

Stress test of market value

Market-value analyses of the cover pool are performed on a regular basis. The market value of all single-family homes, tenant-



COLLATERAL SCORE
Länsförsäkringar's collateral in the cover pool has the highest quality compared with all other Swedish issuers of covered bonds with a collateral score of 3.8%, according to Moody's. The average collateral score for Swedish issuers is 7%.



AVERAGE LOAN-TO-VALUE RATIO OF COVER POOL
The weighted average LTV was 60% on december 31, 2010 according to the by-start LTV calculation method used by all Swedish issuers and defined by the Association of Swedish Covered Bond Issuers (ASCB).

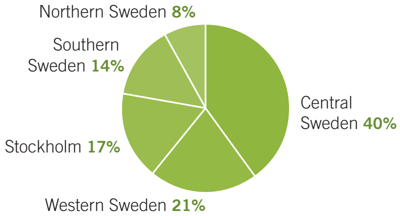
owned apartments and leisure homes in the cover pool was updated on December 31, 2010. During a stress test of the cover pool based on a 20% price drop in the market value on December 31, 2010, the weighted average LTV increased to 68% (67) compared with a current weighted average LTV of 60% (59).

Impaired loans and reserves

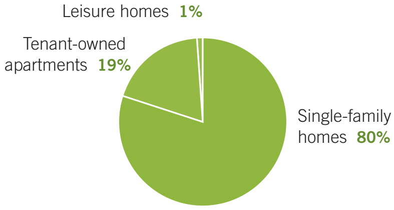
Länsförsäkringar Hypotek's impaired loans amounted to SEK 9 M (3) on December 31, 2010, corresponding to a percentage of impaired loans of 0.01% (0). Reserves amounted to SEK 42 M (42) and the reserve ratio in relation to loans was 0.05% (0.05). Recoveries exceeded loan losses, amounting to SEK 1 M (5), net, corresponding to loan losses of 0% (–0.01). For more information concerning credit quality and credit risks, refer to Risk and capital management on page 17.

COVER POOL	Dec. 31, 2010	Dec. 31, 2009
Volume, SEK billion (Swedish mortgages)	77	65
Collateral	Private homes	Private homes
Weighted average LTV[1], %	60	59
Seasoning, months	50	50
Number of loans	200,576	178,407
Number of properties	92,147	83,003
Average commitment, SEK 000s	837	793
Average loan, SEK 000s	382	366
Interest-rate type, up to 12 months, %	67	67
Interest-rate type, more than 12 months, %	33	33
OC[2], contractual level, %	10	9
OC[2], current level, %	21.9	18.4
Separate deposit account[3], SEK billion	8.1	9.1
Percentage of separate deposit account in cover pool, %	8.2	11.9
Substitute collateral, SEK billion	15.0	2.0

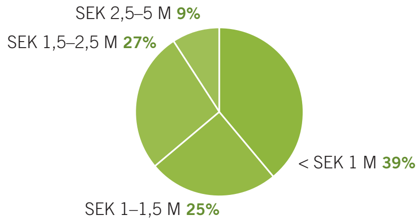
1) According to the "Maximum LTV per property" calculation method.
2) OC indicates the difference between the assets and liabilities in relation to the liabilities. High OC indicates that the operations have a large surplus of assets and a favourable margin in the event of, for example, a price drop in the value of the assets.
3) The separate deposit account comprises cash and cash equivalents pertaining to the covered-bond operations that are deposited with the Parent Company.



GEOGRAPHIC DISTRIBUTION OF COVER POOL
The cover pool is evenly distributed throughout Sweden in relation to the population.



COLLATERAL IN COVER POOL
Collateral comprises only private homes.



DISTRIBUTION OF EXPOSURE-WEIGHTED COMMITMENTS IN COVER POOL
Commitments with a loan amount of a maximum of SEK 1.5 M totalled 64% of the cover pool. Only 36 commitments have a loan amount of more than SEK 5 M.

Borrowing is conducted on the basis of covered bonds with the highest credit rating from Moody's (Aaa) and from Standard & Poor's (AAA). Länsförsäkringar Hypotek had highly favourable access to financing throughout the year and has strong liquidity.

BORROWING AND LIQUIDITY

Favourable access to financing

Financing with covered bonds

Most of the loans in the banking and retail mortgage loan operations are granted using Länsförsäkringar Hypotek's covered bonds, which have the highest credit rating from Moody's (Aaa) and from Standard & Poor's (AAA), and are pledgeable with the Riksbank. The covered bonds are regulated in law and essentially all loans granted in Länsförsäkringar Hypotek qualify for inclusion in the institution's cover pool. A total of 87% Länsförsäkringar Hypotek's retail mortgages are financed by covered bonds, 9% by loans from the Parent Company and 4% by equity.

Objectives and strategy

The aim of the borrowing operations is to cover short and long-term capital requirements at a price in line with relevant competitors' prices. Refinancing maintains a high level of diversification in terms of a variety of markets and investors.

The primary source of financing is long-term borrowing in bonds in Sweden, with benchmark loans for the institutional market. The maturity periods of long-term borrowing are adjusted through swap agreements to achieve a fixed-interest period that matches the fixed-interest period of the loans. All currency risk is hedged by using derivatives.

Borrowing instruments

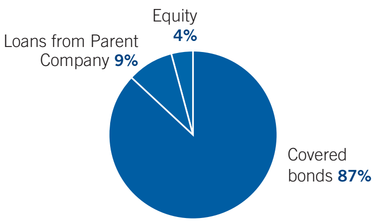
To date, Länsförsäkringar Hypotek's borrowing has taken place in the Swedish and European monetary and capital markets and the main source of financing is covered bonds in Sweden.

Borrowing primarily takes place using benchmark loans for the institutional market, with issues concentrated to large volumes in a number of bond loans that provide the conditions for high liquidity. Benchmark bonds with maturity periods of one to five years are issued through on-tap issues in the Swedish market. Borrowing also takes place with a Medium Term Covered Note programme (MTCN) in the Swedish market and a Euro Medium Term Covered Note programme (EMTCN) in the European market.

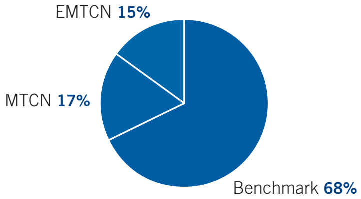
There are five market makers for selling and trading with covered bonds. In addition, the Parent Company, Länsförsäkringar Bank, is a dealer for Länsförsäkringar Hypotek's MTCN programme.

Stability in Sweden and turmoil in Europe

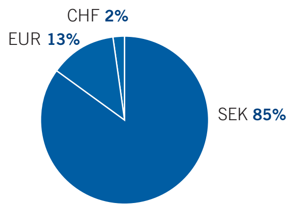
The financial markets were characterised by recovery. Sweden's recovery was strong, while there was concern for the economic imbalances in the eurozone. There was a certain level of uncertainty regarding the strength and recovery of the US economy, particularly due to the continued high levels of unemployment and fears for a trend of uncertainty in the housing market.



FINANCING SOURCES, DEC. 31, 2010
A total of 87% loans are financed by covered bonds, 9% by loans from the Parent Company and 4% by equity.



BORROWING BY PROGRAMME, DEC. 31, 2010
In accordance with the borrowing strategy, increased diversity was implemented during the year due to a EUR 1 billion issue.



BORROWING BY CURRENCY, DEC. 31, 2010
All currency risk is hedged by using derivatives.

The Swedish borrowing market performed effectively throughout the year. In the autumn, the Riksbank withdrew the additional liquidity stimulus package which marked the end of the extraordinary measures it had implemented during the financial crisis. Sweden's strong growth and the Riksbank's expected normalisation of the repo rate led to a rise in short-term interest rates for most of 2010 and flatter curves with short-term rates rising more than long-term rates. Fears for government finances in the eurozone led to high volatility in credit spreads during the year. The trend in Swedish housing spreads diverged slightly during the year resulting in higher financing costs for banks.

Borrowing operations during the year

Länsförsäkringar Hypotek had highly favourable access to borrowing and financing throughout the year. As early as in the first half of the year, borrowing was raised to correspond to the full-year 2010 refinancing requirements pertaining to bond maturities and a large portion of expected loan growth. In March, a EUR 1 billion five-year bond was successfully issued to increase diversification in accordance with the borrowing strategy. A public issue of CHF 125 M was also implemented during the year.

Covered-bond borrowing increased 46% to SEK 80 billion (55). The average maturity period was 2.7 years. During the year, covered bonds were issued in the amount of a nominal SEK 44.0 billion (32.9), of which a corresponding nominal SEK 10.6 billion (0) was issued in the international borrowing market. Repurchases amounting to a nominal SEK 8.0 billion (17.2) were carried out in conjunction with duration extensions, and matured securities totalled a nominal SEK 10.5 billion (3.4).

On December 31, 2010, Länsförsäkringar Hypotek had five outstanding benchmark loans, which will fall due between 2011 and 2016. A five-year benchmark bond, LFHY 508, was successfully issued in June and benchmark bonds of a nominal SEK 25.8 billion (21.5) were issued during the year. The outstanding volume of benchmark bonds at year-end totalled a nominal SEK 53.7 billion (35.5).

Bonds issued under the MTCN programme amounted to a nominal SEK 7.6 billion (11.4) and outstanding volumes to a nominal SEK 13.8 billion (13.6) on December 31, 2010. Bonds issued under the EMTCN programme amounted to a nominal corresponding to SEK 10.6 billion (0) and outstanding volumes to a nominal SEK 11.5 billion (4.6) on December 31, 2010.

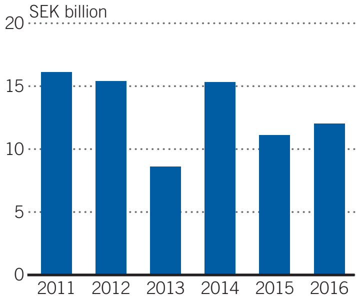
Liquidity

The liquidity situation for the entire year was strong and SEK 8.1 billion (9.1) was deposited in the separate deposit account on December 31, 2010. Substitute collateral, which amounted to SEK 15.0 billion (2.0), comprised Swedish covered bonds with the highest rating by 80% (100) and Swedish treasury bonds by 20% (0). The level of substitute collateral matches the refinancing requirement for all loans falling due in 2011. For more information about liquidity and liquidity risk, refer to the section on Risk and capital management on page 20.

Strong rating

Länsförsäkringar Hypotek's covered bonds have the highest credit rating, Aaa, from Moody's and the highest credit rating, AAA, from Standard & Poor's. On October 6, Standard & Poor's confirmed that Länsförsäkringar Hypotek's covered bonds have an AAA rating with stable outlook. Länsförsäkringar Hypotek is one of four players in the Swedish market for covered bonds with the highest rating from both rating agencies.

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



BORROWING BY MATURITY

In addition, SEK 0.3 billion is due for payment in 2018 and SEK 0.1 billion in 2020. All volumes are nominal value. On December 31, 2010, the average remaining maturity period was 2.7 years.

BORROWING PROGRAMMES FOR THE COVERED BOND OPERATIONS

Programme	Limit, Nominal, SEK billion	Issued in 2010, Nominal, SEK billion	Issued in 2009, Nominal, SEK billion	Outstanding, Dec. 31, 2010, Nom, SEK billion	Outstanding, Dec. 31, 2009, Nom, SEK billion	Remaining average maturity, years Dec. 31, 2010	Remaining average maturity, years Dec. 31, 2009
Benchmark	Unlimited	25.8	21.5	53.7	35.5	2.8	2.8
MTCN	SEK 30 billion	7.6	11.4	13.8	13.6	1.1	1.1
EMTCN	EUR 4 billion	10.6	–	11.5	4.6	4.2	1.1
Total		**44.0**	**32.9**	**79.0**	**53.7**	**2.7**	**2.2**

BENCHMARK BONDS DECEMBER 31, 2010

Loans	Date of maturity	Outstanding, SEK billion	Coupon, %
501	Jun. 15, 2011	7.7	4.00
504	Mar. 21, 2012	10.3	4.50
505	Sep. 18, 2013	8.4	4.50
506	May 5, 2014	15.3	4.50
508	Mar. 15, 2016	12.0	4.00
Total		**53.7**	

Board of Directors' Report

The Board of Directors and President of Länsförsäkringar Hypotek AB (publ) hereby submit the Annual Report for 2010.

Ownership

Länsförsäkringar Hypotek (publ) is part of the Länsförsäkringar Alliance, which comprises 24 local, independent and customer-owned regional insurance companies that jointly own Länsförsäkringar AB (publ) and its subsidiaries. Länsförsäkringar AB (publ) is the financial hub of the Länsförsäkringar Alliance and is responsible for conducting joint business activities, strategic development activities and providing service that generates economies of scale. The aim is to create possibilities for the regional insurance companies to continue to grow and be successful in their respective markets.

Länsförsäkringar Hypotek AB (publ) (556244-1781) is a subsidiary of Länsförsäkringar Bank AB (publ) (516401-9878), which is the Parent Company of the Bank Group and a subsidiary of Länsförsäkringar AB (publ) (556549-7020). The Bank Group includes Länsförsäkringar Hypotek AB (publ), Wasa Kredit AB (556311-9204) and Länsförsäkringar Fondförvaltning AB (publ) (556364-2783). The abbreviated forms of all of these company names are used in the remainder of the Board of Directors' Report.

As of January 1, 2002, the operations of Länsförsäkringar Hypotek are outsourced to Länsförsäkringar Bank. However, the President and parts of the finance department have been employed in Länsförsäkringar Hypotek since the autumn of 2005. Other administration is handled in its entirety by Länsförsäkringar Bank.

Focus of operations

The company conducts mortgage lending operations involving the origination of loans against collateral in the form of single-family homes, tenant-owned apartments and leisure homes and, to some extent, multi-family dwellings. Lending, which is provided to private individuals and homeowners, can be conducted at 125 (116) branches of the regional insurance companies throughout Sweden and via the Internet and telephone. Sale and certain administration of banking services are carried out at the branches of the regional insurance companies. The regional insurance companies are reimbursed for sales and administration through a reimbursement system based on volumes managed. Another part of the full-service offering is the 130 branches of Länsförsäkringar Fastighetsförmedling (formerly Länshem Fastighetsförmedling) throughout Sweden.

Market commentary

The Swedish economy continued to experience strong growth, the strongest since 1970 with a rate of 5.5% for 2010 and 7.3% for the fourth quarter according to Statistics Sweden. Compared internationally, this rate is very high. Sweden's public finances are very healthy with public debt at 35% of GDP and a balanced government budget. The capital market remained concerned about government finances in several countries in Europe and several European countries introduced far-reaching national savings packages. Activity in the Swedish bank and housing bond market remained high towards the end of the year despite certain initial corrections when the Riksbank ended its structural liquidity support programme in October 2010.

The trend in housing prices remained positive during the year. Prices for single-family homes remained unchanged in Sweden in the fourth quarter of 2010 compared with the third quarter, which also applies to the large metropolitan areas, according to data from Statistics Sweden. Retail mortgage lending to households continued to increase in the Swedish market, albeit with a slight slowdown in the lending rate towards the end of the year due to rising market interest rates and the mortgage cap.

Sweden's most satisfied retail mortgage customers

Länsförsäkringar has Sweden's most satisfied retail mortgage customers according to the 2010 Swedish Quality Index. Länsförsäkringar received a top ranking for all of the categories measured and achieved the highest ever score recorded in the mortgage survey. The quality of service was rated particularly highly by Länsförsäkringar's customers.

The number of customers rose 11%, or 15,000, to 149,000 (134,000) during 2010. Some 79% (77) of mortgage customers have Länsförsäkringar as their primary bank.

Earnings and profitability

Profit before loan losses rose 11% to SEK 150 M (135) and operating profit increased 8% to SEK 152 M (141), due to higher net interest income. The return on equity was 3.5% (4.1).

Income

Net interest income rose 42% or SEK 121 M to SEK 406 M (285). Higher interest rates in the market and pricing adapted to longer terms in the lending market strengthened net interest income during the year together with larger business volumes. The investment margin improved to 0.40% (0.38). Net interest income was charged with a provision totalling SEK 15 M (10) for stability fund fees. Operating income rose a total of 8%, or SEK 16 M, to SEK 218 M (202).

Net commission expense fell to SEK 196 M (161) attributable to higher compensation to the regional insurance companies.

Net gains from financial items declined to SEK 8 M (77) due to the higher market interest rates, whereby customers were less inclined to redeem long-term loans compared with the preceding year.

Expenses

Operating expenses increased 2%, or SEK 67 M (66). The cost/income ratio strengthened to 0.31 (0.33) before loan losses and remained unchanged at 0.30 (0.30) after loan losses.

Loan losses

Recoveries exceeded loan losses, amounting to SEK 1 M (5), net, corresponding to loan losses of 0% (-0.01).

The reserve amounted to SEK 42 M (42), or 0.05% (0.05) of loans. Impaired loans amounted to SEK 9 M (3), corresponding to a percentage of impaired loans totalling 0.01% (0). For more information regarding impaired loans, provisions and loan losses, refer to notes 13 and 17.

Loans

Loans to the public rose 18%, or SEK 12 billion, to SEK 80 billion (68) and remained characterised by favourable credit quality. The market share for retail mortgage lending to households rose to 4.1% (3.8) during 2010 and the share of market growth during the year was 7%.

Cover pool

Essentially all lending that occurs in Länsförsäkringar Hypotek qualifies for inclusion in the covered-bond operations, known as the cover pool, in accordance with the Swedish Covered Bonds (Issuance) Act (2003:1223). Lending only takes place in Sweden. The weighted average loan-to-value ratio, LTV was 60% (59) and the average commitment per borrower SEK 837,000 (793,000) on December 31, 2010. The current OC amounted to 21.9% (18.4).

The quality of the loan portfolio remains high. The geographic distribution in Sweden is favourable and collateral comprises single-family homes, including single-family homes, tenant-owned apartments and, to a small extent, leisure homes.

Borrowing

Debt securities in issue increased 46%, or SEK 25 billion, to 80 billion (55). Covered bonds of a nominal SEK 44.0 billion (32.9) were issued during the year, of which a corresponding nominal SEK 10.6 billion (0) was issued in the international market. Repurchased securities totalled a nominal SEK 8.0 billion (17.2) and matured securities amounted to a nominal SEK 10.5 billion (3.4) during the year.

Liquidity

Liquidity remained favourable. A total of SEK 8.1 billion (9.1) was deposited in the separate deposit account on December 31, 2010. Substitute collateral, which amounted to SEK 15 billion (2), comprised Swedish covered bonds with the highest rating 80% (100) and Swedish government bonds 20% (0). The level of substitute collateral matches the refinancing requirement for all loans falling due in 2011.

Rating

The covered bonds are 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.

The Parent Company Länsförsäkringar Bank's credit rating remained 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 advanced IRB Approach 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. The transition rules from Basel I to Basel II have been extended through 2011 and entail a capital requirement of 80%.

Tier 1 capital, net, amounted to SEK 3,547 M (2,836) and Tier 1 ratio according to Basel II totalled 19.7% (20.3) on December 31, 2010. The capital adequacy ratio amounted to SEK 4,003 M (3,374) and the capital adequacy ratio was 22.3% (24.2) in accordance with the Basel II rules. For more information on the calculation of capital adequacy, refer to the section Risk and Capital management on page 24.

Employees

Highly competent and forward-thinking employees are needed to be able to grow and retain Sweden's most satisfied retail mortgage customers year after year. Involvement in business planning, a performance-based remuneration model, attractive internal development opportunities, a talent and leadership programme and favourable healthcare and insurance benefits are offered to the employees of the market's strongest financial brand.

Employees work from a clearly defined business planning model in which individual and group targets are directly linked to the company's objectives, vision and values. Following discussions between employees and managers, individual targets are set which are subsequently documented and set up in an annual target contract. This allows excellent individual performance to be rewarded and enables each employee to influence the level of remuneration they receive in addition to their fixed salary. A prerequisite for paying performance-based remuneration is that the Länsförsäkringar AB Group reports positive results before appropriations and tax. Remuneration may be paid to all employees except for managers and members of company management. Both external and internal recruitment takes place. The average number of employees amounted to 4 (5) during the year. For more information about remuneration and benefits, refer to note 10 Employees, staff costs and remuneration to senior excutives.

Environment

The environmental work of the retail mortgage operations is directly linked to the Länsförsäkringar Alliance's joint environmental policy. The aim of environmental work is to reduce costs, improve customer service and achieve clear environmental gains that contribute to the sustainable development of society.

An environmental management system with ISO 140001 certification has been in place for many years. This certification guarantees systematic environmental activities. Active environmental work comes under the responsibility of the respective manager in the organisation of the retail mortgage operations, meaning that such work is integrated into the business operations to a greater extent than previously. Länsförsäkringar intends for the environmental work of its banking and insurance operations to be credible and proactive. Environmental work is not a strategy adopted by Länsförsäkringar but a natural consequence of being a customer-owned company with local presence and broad commitment.

Expectations regarding future development

Länsförsäkringar Hypotek intends to follow the strategic direction by achieving profitable growth and 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 current scarcity of capital. The continued market strategy is to conduct sales and marketing activities targeting the customer base of the Länsförsäkringar Alliance.

Events after year-end

It was announced in January that Mats Ericsson would leave his position of Board Chairman of Länsförsäkringar Hypotek and President of Länsförsäkringar Bank on March 1, 2011 and become the President of Länsförsäkringar Fastighetsförmedling. Anders Borgcrantz took office as President of Länsförsäkringar Bank on March 1, 2011 and will serve until the newly appointed President, Rikard Josefson, takes up his position not later than after the summer. Anders Borgcrantz was appointed the new Chairman of the Board of Länsförsäkringar Hypotek. Göran Laurén, former Representative for the President and CFO, took office as President of Länsförsäkringar Hypotek on March 1, 2011.

Proposed appropriation of profit (SEK)

The following profit is at the disposal of the Annual General Meeting:

SEK	
Fair value reserve	29,663,588
Retained earnings	2,789,449,070
Group contribution paid, net	–131,001,750
Shareholders' contribution received	745,000,000
Net profit for the year	104,782,398
Profit to be appropriated	**3,537,893,306**

The Board proposes that SEK 3,537,893,306 be carried forward, of which SEK 29,663,588 be allocated to the fair value reserve.

Risk and capital management

Risk management is to be conducted by the employees of the mortgage institution operations. Accordingly, risk awareness is prevalent in all day-to-day business decisions. This decentralised method of working and managing risk is a requirement for compliance with the risk tolerance set forth by the Board. The mortgage institution operations are to be characterised a low risk profile whose lending operations focus on private housing. Accordingly, credit risk is Länsförsäkringar Hypotek's single largest category of risk. The other types of risk that must be managed are:

- Financial risk
- Operational risks
- Business risk

Financial risks, which primarily comprise interest-rate risk and liquidity risk, are managed in accordance with a financial policy adopted by the Board, which stipulates that interest-rate risks should be as low as possible and that liquidity be invested solely in Swedish securities with high credit quality. Operational risks are measured against a risk-tolerance scale established by the Board. Business risk mainly comprises earnings risk, and pertains to fluctuations in the company's earning capacity.

The overall guidelines for risk tolerance and the strategies for risk-taking state that volume growth and higher profitability should not be generated at the expense of a higher number or greater risks. This requires that risks inherent in the business activities be independently identified, measured, controlled, assessed and reported on a continuous basis and that risks be proportionate to the size, product development and growth of the operations. Total risks are compiled at least once a year in an internal capital adequacy assessment process (ICAAP), and compared with the capital in the company to ensure a favourable level of capitalisation.

Board of Directors

The Board is ultimately responsible for protecting the company's assets and creating risk awareness in the operations. The Board achieves this goal, for example, by annually establishing central risk tolerances and risk strategies that ensure a sound and well-balanced process for risk-taking and risk management. Such a process should be characterised by a deliberate focus on changes in the operations and their surroundings. The Board is also responsible for establishing the methods, models, systems and processes that form the internal measurement, control and reporting of identified risks. Through the Compliance, Risk Control and Internal Audit functions, the Board is also responsible for ensuring that the company's regulatory compliance and management of risks are satisfactory.

President

The President is responsible for the ongoing administration of the company in accordance with the risk tolerances and risk strategies established by the Board. This means that the President is responsible for ensuring that the methods, models, systems and processes that form the internal measurement, control and reporting of identified risks work in the manner intended and decided by the Board. The President of the Parent Company, Länsförsäkringar Bank, is the Chairman of the Asset Liability Committee (ALCO), whose main task is to follow up on capital and financial matters arising in the Bank Group and Länsförsäkringar Hypotek.

Risk Control

Risk Control is an independent unit and has an independent position in relation to the corporate operations that it has been assigned to monitor and control. Risk Control is under the supervision of the President of Länsförsäkringar Bank and is responsible to the Board for ensuring that risk policies are complied with, risk limits are monitored and non-compliance is reported to Board. In addition, Risk Control is responsible for the validation of the risk-classification system (the IRB Approach) and its use in the operations.

One of the most important tasks of Risk Control is to work proactively to ensure that the operations have active risk management and that the risk tolerance established by the Board is converted into limits according to which the operations can conduct their activities. Risk Control is responsible for reporting violations of limits to the President and the Board.

Credit risk

Credit risk is defined as the risk of incurring losses as a result of a counterparty not being able to fulfil its commitments to the company and the risk that the counterparty's pledged collateral will not cover the company's receivables. All retail exposures are calculated in accordance with the advanced risk-classification system (IRB Approach), which means that the vast majority of the loan portfolio is calculated using a method that aims to identify and classify risk for each individual counterparty. This provides the company with a foundation in the form of an effective tool that promotes transparent risk analysis and highly precise capital adequacy. The loan portfolio exclusively comprises credits within Sweden, with low average loan-to-value ratios and a favourable geographic distribution. Accordingly, the concentration risk is attributable to the product concentration in mortgages. For more information regarding credit risks and credit quality, refer to the Credit quality section on page 10.

Credit process

The mortgage operations carry out balanced and consistent loan origination, with a strong system support. The aim is for the loan origination to achieve favourable credit quality and target retail mortgage loans for the homes of private individuals. The maximum mortgaging level for various types of loans and decision-making limits for the regional insurance company's credit granting are stipulated in the Board's guidelines. Decision-making authorities are dependent on the size of the loans. The mortgage operations impose strict requirements in terms of customer selection and customers' repayment capacity.

Credit scoring of retail loans is supported by a credit research system, which is largely automated in accordance with the advanced IRB Approach and a joint credit scoring model for Länsförsäkringar's mortgage lending operations.

Loan origination is primarily managed by the regional insurance companies, which also have credit responsibility for all loans. The credit rules are established by the company's Board of Directors and apply to all regional insurance companies.

The regional insurance companies are knowledgeable about their customers, possess excellent local market awareness and have a full-service customer approach that benefits the entire business. The credit scoring model, combined with the knowledge and credit responsibility of the regional insurance companies, creates excellent conditions for balanced and consistent loan origination. The regional insurance companies continuously monitor and review the quality of the loan portfolio and borrowers' repayment capacity.

IRB system

The IRB system is a core component of the credit process and consists of methods, models, processes, controls and IT systems to support and further develop the quantification of credit risks. Specifically, the IRB system is used in conjunction with:

- The credit process
- Monitoring and reporting
- Calculation of capital requirement
- Capital allocation

Some of the core concepts in the IRB system are described below. For Länsförsäkringar Hypotek, only retail exposure are included in the IRB system. The probability of default (PD) is the probability that a counterparty will default over a 12-month period. A counterparty is considered to be in default if a payment is more than 60 days past due or if there is reason to expect that the counterparty cannot meet its undertaking to the company.

For each counterparty a PD is initially calculated and is to reflect the risk of default within the next 12 months. This PD is subsequently adjusted to reflect the average proportion of default over several economic cycles. Finally, a safety margin is added to the PD to ensure that the risk is not underestimated. Following the calculation of PD, all counterparties are ranked and are divided into a PD scale. The PD scale comprises 11 risk classes (grades) for non-defaulted counterparties and one risk category for defaulted counterparties. The information that is most relevant to each type of counterparty has been taken into consideration in the development of models for calculating PD. Accordingly, the division of PD into grades can either occur through an individual expert assessment or using models based on statistical analysis – credit scoring. These models take both internal and external information into consideration.

Exposure at Default (EAD) is the exposure amount that the counterparty is expected to utilise upon default. For commitments completely within the balance sheet, EAD is defined as capital liability plus accrued and past due amounts, unpaid interest and fees. For commitments wholly or partly off the balance sheet, EAD is calculated by multiplying the counterparty's unutilised amount by a conversion factor (CF). In the case of exposures for which the company applies the IRB Approach, internal estimates of conversion factors are calculated. These estimates are calculated on the basis of internal information regarding degree of realisation, degree of utilisation and products. A safety margin is added to these estimates to ensure that the risk is not underestimated.

Dec. 31, 2010 PD grade	PD (%)	SEK M
1	0.05	2,396
2	0.10	5,366
3	0.20	24,122
4	0.40	28,279
5	0.80	11,237
6	1.60	3,349
7	3.20	952
8	6.40	470
9	12.80	226
10	25.60	121
11	51.20	196
Default	100.00	102
Total IRB		**76,816**
Non-IRB classified		**2,892**
Loans to the public, gross		**79,708**

Credit quality

Lending increased to SEK 80 billion (68). Essentially all lending qualifies to be included in the covered-bond operations, which are regulated by the Swedish Covered Bonds (Issuance) Act (2003:1223). The term "covered bonds" refers to bonds with preferential rights to the sections of the issuing institution's assets that are approved by legislation (cover pool). The remaining lending pertains partly to multi-family dwellings that qualify for inclusion in the cover pool but that Länsförsäkringar has chosen to exclude so as to maintain a homogenous profile of single-family homes as collateral in the covered-bonds operations.

Maximum credit risk exposure not taking into consideration collateral or any other credit enhancement received, SEK M

	Dec. 31, 2010	Dec. 31, 2009
Credit risk exposure for items recognised in the balance sheet.		
Cash and balances with central banks	2,820.7	0
Loans to credit institutions	8,155.8	9,389.0
Loans to the public	79,666.7	67,535.9
Bonds and other interest-bearing securities	12,483.3	2,056.7
Derivatives	995.9	1,416.8
Other assets	1.0	0.1
Accrued income	1,419.3	643.5
Credit risk exposure for memorandum items		
Loan commitments and other credit commitments	3,226.3	3,064.8
Total	**108,769.0**	**84,106 .8**

Cover pool

On December 31, 2010, the cover pool had a volume of SEK 77 billion (65).The geographic distribution in Sweden is favourable and collateral comprises single-family homes, including single-family homes, tenant-owned apartments and, to a small extent, leisure homes. The quality of the loan portfolio remains high. The average loan-to-value ratio (LTV) was 60% (59) and the average commitment per borrower is SEK 837,000 (793,000). The market value of all single-family homes, tenant-owned apartments and leisure homes was updated on December 31, 2010.

Loan portfolio by collateral, Länsförsäkringar Hypotek

	Dec. 31, 2010		Dec. 31, 2009	
Collateral	**SEK M**	**Share, %**	**SEK M**	**Share, %**
Single-family homes and leisure homes	62,516	78	53,910	80
Tenant-owned apartments	15,036	19	12,205	18
Multi-family dwellings	1,994	3	1,312	2
Other	162	0	109	0
Total	**79,708**	**100**	**67,536**	**100**

Cover pool	Dec. 31, 2010	Dec. 31, 2009
Volume, SEK billion (Swedish mortgages)	77	65
Collateral	Private homes	Private homes
Weighted average LTV[1], %	60	59
Seasoning, months	50	50
Number of loans	200,576	178,407
Number of properties	92,147	83,003
Average commitment, SEK 000s	837	793
Average loan, SEK 000s	382	366
Interest-rate type, up to 12 months, %	67	67
Interest-rate type, more than 12 months, %	33	33
OC[2]), contractual level, %	10	9
OC[2]), current level, %	21.9	18.4
Separate deposit account[3]), SEK billion	8.1	9.1
Percentage of separate deposit account in cover pool, %	8.2	11.9
Substitute collateral, SEK billion	15.0	2.0

1) According to the "Maximum LTV per property" calculation method.
2) OC indicates the difference 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 price drop in the value of the assets.
3) The separate deposit account comprises cash and cash equivalents pertaining to the covered-bond operations that are deposited with the Parent Company.

Geographic distribution of the cover pool

Region	Dec. 31, 2010, %	Dec. 31, 2009, %
Stockholm	17	17
Central Sweden	40	39
Southern Sweden	14	15
Western Sweden	21	21
Northern Sweden	8	8
Total	**100**	**100**

Cover pool by LTV

LTV-interval	Dec. 31, 2010 SEK M	Dec. 31, 2010 Share, %	Dec. 31, 2009 SEK M	Dec. 31, 2009 Share, %
0–5	77	0.1	74	0.1
5–10	359	0.5	342	0.5
10–15	663	0.9	653	1.0
15–20	961	1.3	955	1.5
20–25	1,259	1.6	1,214	1.9
25–30	1,571	2.0	1,531	2.3
30–35	2,000	2.6	1,964	3.0
35–40	2,564	3.3	2,454	3.8
40–45	2,956	3.9	2,904	4.4
45–50	3,764	4.9	3,731	5.7
50–55	4,656	6.1	4,736	7.3
55–60	5,710	7.4	5,654	8.7
60–65	7,250	9.5	7,233	11.1
65–70	9,943	13.0	10,139	15.5
70–75	32,936	42.9	21,699	33.2
Total	**76,669**	**100.0**	**65,283**	**100.0**

Cover pool by property

Commitment interval, SEK 000s	Dec. 31, 2010 SEK M	Dec. 31, 2010 Share, %	Dec. 31, 2009 SEK M	Dec. 31, 2009 Share, %
< 500	9,313	12	8,899	14
500 – 1,000	20,595	27	18,630	29
1,000 – 1,500	19,449	25	16,461	25
1,500 – 2,000	13,156	17	10,693	16
2,000 – 2,500	7,275	10	5,602	9
2,500 – 5,000	6,661	9	4,856	7
> 5,000	220	0	143	0
Total	**76,669**	**100**	**65,283**	**100**

Only 36 property commitments in the cover pool total more than SEK 5 M. A total of 64% (68) of the commitments in the cover pool are not more than SEK 1.5 M.

Cover pool by collateral

Collateral	Dec. 31, 2010 SEK M	Dec. 31, 2010 Share, %	Dec. 31, 2009 SEK M	Dec. 31, 2009 Share, %
Single-family homes	61,135	80	52,659	81
Tenant-owned apartments	14,928	19	12,144	18
Leisure homes	606	1	480	1
Total	**76,669**	**100**	**65,283**	**100**

Stress test of the cover pool

During a stress test of the cover pool based on a 20% price drop in the market value of the loan portfolio, the weighted average LTV increased to 68% compared with an actual weighted average LTV of 60% on December 31, 2010.

Impaired loans

Impaired loans amounted to SEK 9 M (3), corresponding to an unchanged percentage of impaired loans of 0.01% (0) of the loan portfolio. Recoveries exceeded loan losses and totalled SEK 1 M (5), corresponding to a loan loss of 0% (–0.01). Impaired loans and loan losses continued to account for a minor percentage of total loans.

Impaired loans by collateral, SEK M	Dec. 31, 2010,	Dec. 31, 2009,
Single-family homes	9.2	3.4
Tenant-owned apartments	0.1	0
Total	**9.3**	**3.4**

Non-performing loan receivables not included in impaired loans

SEK M	Dec. 31, 2010	Dec. 31, 2009
10–19 days	–	–
20–39 days	26.6	26.8
40–60 days	0.3	5.0
Total	**26.9**	**31.8**

A loan receivable is considered impaired if a payment is more than 60 days past due or if the counterparty for other reasons cannot meet its undertaking. The loan receivable is considered impaired to the extent that its whole amount is not covered by collateral. A non-performing loan receivable is a receivable that is more than nine days and up to 60 days past due. This analysis pertains exclusively to loans to the public.

There are no loans within the mortgage operations whose terms were renegotiated during the year and that would otherwise have been recognised as impaired.

Counterparty risk

Counterparty risk is the risk of a counterparty being unable to fulfil its commitments to Länsförsäkringar Hypotek, which could lead to losses. In this context, counterparty refers to counterparties for interest-rate and cross-currency swaps. The company has a number of swap counterparties, all with high ratings and established ISDA agreements. For the covered bond operations, ISDA agreements are in place, as well as accompanying unilateral CSA agreements. CSA agreements involve commitments concerning delivery and receipt of collateral in the event of market changes affecting swap exposure.

Financial risk

Similar to other risks, financial risks must continuously be identified, measured, controlled and reported in a structured and homogeneous manner and according to the methods established by the Board. The overall framework for the financial operations of Länsförsäkringar Hypotek is defined in the financial policy adopted by the Board. The financial policy stipulates the Board's approach to the management of financial risk. The financial policy primarily comprises the management of:

- Interest-rate risk
- Liquidity risk
- Financing risk
- Currency risk

Interest-rate risk

Interest-rate risk arises if assets, liabilities and derivatives do not have matching fixed-interest periods. Whenever possible, fixed lending should be matched by means of corresponding borrowing or through interest-rate derivatives. In principle, this means that no time differences should exist. In practice, this is impossible, so the Board has established interest-rate risk limits. However, these limits are so conservative that the basic principle for matching still applies. The Financial Policy defines interest-rate risk as a parallel shift in the yield curve of 100 points. On December 31, 2010, an increase in market interest rates of 1 percentage point would have resulted in an increase in the value of interest-bearing assets and liabilities, including derivatives, of SEK 54 M (26).

Liquidity risk and refinancing strategy

The Board decides on a financial policy every year which provides a framework for the financial operations and where the Board stipulates the objective of financial risk management.

The Board's main target is that liquidity and financing management should be assured by maintaining suitable long-term planning, explicit functional definitions and a high level of control. Limits and guidelines have been established for each type of risk in the retail mortgage operations, and are updated whenever necessary.

The Board also decides on the liquidity and financing strategy which is based on the business plan for the forthcoming year and supports the fulfilment of established business objectives and financial risk management. Deviations for the business plan result in updates to the liquidity and financing strategy. This strategy is determined annually and is reviewed at least every six months and continuously by the ALCO, and is updated whenever necessary. Major material deviations are immediately reported to the Board.

Liquidity risks are to be minimised as far as possible. Future liquidity requirements and access to funds are ensured by preparing accurate forecasts for the next 12-month period. The strategy is specified in a financing plan containing key figures and targets for fulfilment of the objectives designated by the Board. The financing plan is prepared every year and approved by the CFO in the Parent Company Länsförsäkringar Bank. The plan is reviewed every day in relation to targets by weekly reports to the CFO. Updates are made as necessary within the framework stipulated in the liquidity and financing strategy and the Financial Policy.

A satisfactory liquidity reserve is to be in place to ensure that sufficient liquidity is always available. The management of and investments in the reserve take place in accordance with the established limits stated in the Financial Policy.

Internal pricing is to reflect the actual cost of maintaining the required liquidity levels to achieve transparency and correct business governance.

Liquidity reserve

The liquidity reserve shall amount to a minimum of the limits stipulated in the bank's Financial Policy. The CFO performs continuous assessments of the market and market trends. The term market refers to competitors, debt investors, rating agencies and authorities. These assessments comprise the basis for determining the size of the reserve above the minimum level.

Liquidity management

Liquidity risk in Länsförsäkringar Hypotek is managed by the Treasury unit of the Parent Company Länsförsäkringar Bank. Liquidity risk is quantified using liquidity forecasts that contain all financial cash flows and expected cash flows, as well as the net lending increases adopted. Daily report follow-ups are conducted on the size and structure of the liquidity portfolio. Accordingly, liquidity can be monitored daily based on these reports. The reports also contain the outcomes of various stress scenarios for liquidity. The liquidity portfolio is dimensioned to be able to handle approximately three months of normal operations without borrowing activities in the capital market. For more information about the liquidity portfolio, refer to the Board of Directors' Report on page 15. Normal operations also encompass the expected growth of the loan portfolio. Liquidity risk is defined as the risk of Länsförsäkringar Hypotek, due to insufficient cash and cash equivalents, being unable to fulfil its commitments or only being able to fulfil its commitments by borrowing cash and cash equivalents at a significantly higher cost. This definition is closely linked to the definition of financing risk. Liquidity risk also refers to the risk of financial instruments that cannot immediately be converted to cash and cash equivalents without decreasing in value. Liquidity risks associated with the risk of financial investments decreasing in value are minimised by essentially investing exclusively in high-liquidity instruments in the form of domestic government securities and domestic covered bonds. Refer also to the Borrowing and liquidity section on page 12.

Financing risk

Financing risk means that the company, in the event of financing maturity, does not successfully refinance the maturity or only succeeds in borrowing at substantially increased costs. This definition is closely linked to the definition of liquidity risk. By using the largest possible number of financing sources with expanded investor bases and by distributing financing maturities over time, the financing risk decreases. The Financial Policy also stipulates that the average fixed-interest period of lending is to be seen as the lowest level of the average financing period. Länsförsäkringar Hypotek's covered bonds also have the highest rating from both Moody's and Standard & Poor's.

Currency risk

Currency risk refers to the risk of a currency changing in value in relation to another currency. Currency risks arise because losses may be incurred if the exchange rate changes negatively. All borrowing that takes place in a foreign currency is swapped before settlement in SEK in accordance with the Financial Policy to eliminate currency risk.

Fixed-interest periods for assets and liabilities - Interest rate exposure

December 31, 2010, SEK M	Not more than 1 month	More than 1 month but not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years	Without interest	Total
Assets									
Cash and balances with central banks									
Treasury bills and other eligible bills						2,820.7			2,820.7
Loans to credit institutions	8,155.8								8,155.8
Loans to the public	35,967.6	13,891.0	3,727.8	5,138.8	14,687.3	4,778.9	1,501.3	–26.0	79,666.7
Bonds and other interest-bearing securities					5,595.4	6,887.9			12,483.3
Other assets								2,543.0	2,543.0
Total assets	**44,123.4**	**13,891.0**	**3,727.8**	**5,138.8**	**20,282.7**	**14,487.5**	**1,501.3**	**2,517.0**	**105,669.5**
Liabilities									
Due to credit institutions	17,740.9	33.4	0.1	32.7				37.3	17,844.4
Deposits and borrowing from the public									
Debt securities in issue	1,000.0	12,414.4	7,949.4	288.5	19,585.1	25,551.3	12,906.8		79,695.4
Other liabilities								4,006.4	4,006.4
Subordinated liabilities		501.0							501.0
Equity								3,622.3	3,622.3
Total liabilities and equity	**18,740.9**	**12,948.8**	**7,949.4**	**321.2**	**19,585.1**	**25,551.3**	**12,906.8**	**7,666.0**	**105,669.5**
Difference, assets and liabilities	**25,382.5**	**942.2**	**–4,221.6**	**4,817.6**	**697.6**	**–11,063.8**	**–11,405.5**	**–5,149.0**	**0**
Interest-rate derivatives, nominal values, net	–265.2	–23,029.5	4,835.0	–4,627.4	–189.8	11,687.8	11,109.5		
Net exposure	**25,117.3**	**–22,087.3**	**613.4**	**190.1**	**507.8**	**624.0**	**–296.0**	**–5,149.0**	

December 31, 2009, SEK M	Not more than 1 month	More than 1 month but not more than 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 3 years	More than 3 years but not more than 5 years	More than 5 years	Without interest	Total
Assets									
Loans to credit institutions	9,389.0								9,389.0
Loans to the public	31,949.8	12,614.6	4,735.9	4,264.5	10,052.3	2,296.8	1,645.1	–23.1	67,535.9
Bonds and other interest-bearing securities						2,056.7			2,056.7
Other assets								2,768.4	2,768.4
Total assets	**41,338.8**	**12,614.6**	**4,735.9**	**4,264.5**	**10,052.3**	**4,353.5**	**1,645.1**	**2,745.3**	**81,750.0**
Liabilities									
Due to credit institutions	14,713.1	1,126.9	78.8	4,255.9	66.2			235.3	20,476.2
Debt securities in issue	990.9	14,728.4	4,601.0	809.3	14,164.3	18,949.2	436.4		54,679.5
Other liabilities								3,134.9	3,134.9
Subordinated liabilities		74.0	501.0						575.0
Equity								2,884.4	2,884.4
Total liabilities and equity	**15,704.0**	**15,929.3**	**5,180.8**	**5,065.2**	**14,230.5**	**18,949.2**	**436.4**	**6,254.6**	**81,750.0**
Difference, assets and liabilities	**25,634.8**	**–3,314.7**	**–444.9**	**–800.7**	**–4,178.2**	**–14,595.7**	**1,208.7**	**–3,509.3**	**0**
Interest-rate derivatives, nominal values, net	–1,316.9	–20,442.7	1,870.0	–2,031.5	5,238.8	14,941.8	–1,129.0		–2,869.5
Net exposure	**24,317.9**	**–23,757.4**	**1,425.1**	**–2,832.2**	**1,060.6**	**346.1**	**79.7**	**–3,509.3**	

Liquidity exposure, financial instruments

– Remaning term of contract (undiscounted values)

Dec. 31, 2010, SEK M	On demand	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Without maturity	Total nominal cash flows	Carrying amount	Of which, expected recovery period of > 12 months
Assets									
Treasury bills and other eligible bills				2,550.0			2,550.0	2,820.7	2,820.7
Loans to credit institutions	8,155.8						8,155.8	8,155.8	
Loans to the public				212.1	79,480.7		79,692.8	79,666.7	79,125.0
Bonds and other interest-bearing securities				12,075.0			12,075.0	12,483.3	12,483.3
Other assets						2,543.0	2,543.0	2,543.0	
Total	**8,155.8**			**14,837.1**	**79,480.7**	**2,543.0**	**105,016.6**	**105,669.5**	**94,429.0**
Liabilities									
Due to credit institutions		3,015.2	14,843.2				17,858.4	17,844.4	
Debt securities in issue		1,000.0	15,147.2	49,914.1	12,459.5		78,520.8	79,695.4	63,554.8
Other liabilities						4,006.4	4,006.4	4,006.4	
Subordinated liabilities					501.0		501.0	501.0	501.0
Total liabilities	**–**	**4,015.2**	**29,990.4**	**49,914.1**	**12,960.5**	**4,006.4**	**100,886.6**	**102,047.2**	**64,055.8**
Divested assets and liabilities	**8,155.8**	**–4,015.2**	**–29,990.4**	**–35,077.0**	**66,520.2**	**–1,463.4**	**4,130.0**		
Loans approved but not disbursed		3,226.3					3,226.3		
Total difference, excluding derivatives	**8,155.8**	**–7,241.5**	**–29,990.4**	**–35,077.0**	**66,520.2**	**–1,463.4**	**903.7**		

Dec. 31, 2009, SEK M	On demand	> 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Without maturity	Total nominal cash flows	Carrying amount	Of which, expected recovery period of > 12 months
Assets									
Loans to credit institutions	9,389.0						9,389.0	9,389.0	
Loans to the public			5.0	297.6	67,256.4		67,559.0	67,535.9	66,956.4
Bonds and other interest-bearing securities				2,000.0			2,000.0	2,056.7	2,056.7
Other assets						645.0	645.0	645.0	
Total	**9,389.0**		**5.0**	**2,297.6**	**67,256.4**	**645.0**	**79,593.0**	**79,626.6**	**69,013.1**
Liabilities									
Due to credit institutions		12,504.2	13,236.0	80.1		35.3	25,855.6	20,476.2	66.2
Debt securities in issue		4,463.2	10,620.4	38,737.4	446.0		54,267.0	54,679.5	39,586.0
Other liabilities						1,534.2	1,534.2	1,534.2	
Subordinated liabilities					575.0		575.0	575.0	575.0
Total liabilities		**16,967.4**	**23,856.4**	**38,817.5**	**1,021.0**	**1,569.5**	**82,231.8**	**77,264.9**	**40,227.2**
Divested assets and liabilities	**9,389.0**	**–16,967.4**	**–23,851.4**	**–36,519.9**	**66,235.4**	**–924.5**	**–2,638.8**		
Loans approved but not disbursed		3,064.8					3,064.8		
Total difference, excluding derivatives	**9,389.0**	**–20,032.2**	**–23,851.4**	**–36,519.9**	**66,235.4**	**–924.5**	**–5,703.6**		

Liquidity exposure, derivatives

Dec. 31, 2010, SEK M	< 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total nominal cash flows
Derivatives in hedge accounting					
Currency derivatives	182.0	105.1	566.6	109.2	962.9
Interest-rate derivatives	136.0	–30.5	945.2	164.8	1,215.5
Other derivatives					
Currency derivatives					
Interest-rate derivatives	–45.7				–45.7
Total difference, excluding derivatives	**272.3**	**74.6**	**1,511.7**	**274.0**	**2,132.7**

Dec. 31, 2009, SEK M	> 3 months	> 3 months < 1 year	> 1 year < 5 years	> 5 years	Total nominal cash flows
Derivatives in hedge accounting					
Currency derivatives	–2.4	138.7	212.8	106.9	456.0
Interest-rate derivatives	–139.6	310.9	1,325.0	–160.4	1,335.9
Other derivatives					
Currency derivatives					
Interest-rate derivatives	418.7				418.7
Total difference, excluding derivatives	**276.7**	**449.6**	**1,537.8**	**–53.5**	**2,210.6**

Operational risks

Operational risk is defined as the risk of losses arising due to inappropriate or unsuccessful internal processes, human error, incorrect systems or external events. This definition also includes legal risks. Based on this definition, operational risk encompasses the retail mortgage operations.

Operational risk is primarily categorised into the following areas:

- Internal fraud
- External crime
- Legal risks
- Damage to physical assets
- Interruptions and disturbances to operations and systems
- Business conditions
- Transaction management and process control
- Working conditions and work environment

All significant processes in the retail mortgage operations and the mortgage lending operations of the regional insurance companies are required to perform an analysis of the operational risk associated with such processes. These risk analyses are part of the mortgage lending operations overall risk assessment in accordance with the rules governing capital adequacy. Since the operations, their external environment and threat profile are constantly changing, the processes must be subjected to regular quality assurance. This is carried out to ensure that the risks remain within the company's tolerance level. Risk analysis is one of the tools used to prepare the basis for decision-making in order to introduce measures for managing significant risks.

The purpose of risk analysis is to:

- Identify and reduce significant operational risks
- Plan security activities
- Create awareness of operational risks
- Comply with the Swedish Financial Supervisory Authority's requirements for measuring and assessing operational risk

Each part of the organisation is responsible for performing an annual risk analysis.

Incident management

The banking and mortgage lending operations have developed an IT system for reporting operational risk events or incidents. This system enables all employees to report possible incidents. The system automatically divides the incidents into the categories established by the Swedish Financial Supervisory Authority. Risk Control periodically prepares a summary of the incidents in reports. Incident management is an important part of the banking operations' operational risk management. Incident statistics contribute to the annual assessment and forecast of operational risk. Incident reporting enables the company to quickly identify critical problems and act upon these.

Model for assessing operational risk

Assessment of identified operational risk is based on a model that is applied throughout the operations. Each identified risk is assessed on the following basis:

- Consequences – how will the operation be affected if the risk occurs?
- Probability – how likely is it that the risk will occur?

These factors are aggregated to determine a risk value for the operational risk. Management of the retail mortgage operations is responsible for performing risk analyses, meaning identifying and assessing operational risk, within its area of responsibility. All employees have a responsibility to report incidents. Management is responsible for taking action against intolerable risks in their areas of responsibility.

Business risk

Business risk primarily comprises earnings risks. Earnings risk is defined by the banking operations as volatility in earnings that creates a risk of lower income due to an unexpected decrease in income as a result of such factors as competition or volume reductions. The retail mortgage lending operations have a low level of volatility and thus a low earnings risk. Business risk is managed in the internal capital adequacy assessment process (ICAAP).

Internal Capital Adequacy Assessment Process

Länsförsäkringar Hypotek is part of the Bank Group's internal capital adequacy assessment process. The Bank Group's ICAAP was designed based on the requirements of the Basel II rules, the requirements established by the Board for the operations and the internal demands of an increasingly complex business operation. The regulations, aimed at the internal capital adequacy assessment processes of financial companies, are based on principles and are comprehensive in nature. To a large extent, this means that Länsförsäkringar Hypotek has the option and an obligation to independently design its process and, in the long run, its scope and level of sophistication. The Bank Group's procedures, implementation and results are to be reported to the Swedish Financial Supervisory Authority annually. The CFO of Länsförsäkringar Bank is responsible for conducting the process work that leads to an internal capital adequacy assessment for the Bank Group and forms the basis for business planning and Board decisions concerning capital targets and capital forecasts. The process is to be carried out annually and includes the following activities:

- Review of all risks
- Risk assessment
- Stress tests
- Capital calculations

At least once annually, the basic prerequisites for stress tests are to be reviewed by the Board. This review should act as a guide for the company's continuing work involving stress tests. Work involving stress tests is based on a number of scenarios and the impact of these scenarios on risk in the Bank Group. For more detailed information about Basel II, refer to the Pillar III report Risk and capital management in the Länsförsäkringar Bank Group on the company's website, www.lansforsakringar.se/financialbank

CAPITAL-ADEQUACY ANALYSIS

SEK M	Dec. 31, 2010	Dec. 31, 2009
Tier 1 capital, gross	3,592.6	2,873.9
Less IRB deficit	–45.2	–37.4
Tier 1 capital, net	**3,547.4**	**2,836.5**
Tier 2 capital	501.0	575.0
Deductions for Tier 2 capital	–45.2	–37.4
Total capital base	**4,003.2**	**3,374.1**
Risk-weighted assets according to Basel II	**17,973.4**	**13,963.0**
Risk-weighted assets according to transition rules	**38,431.9**	**31,599.2**
Capital requirement for credit risk		
Capital requirement for credit risk according to Standardised Approach	370.9	145.4
Capital requirement for credit risk according to IRB Approach	1,046.8	955.8
Capital requirement for operational risk	20.2	15.8
Capital requirement	**1,437.9**	**1,117.0**
Adjustment according to transition rules	1,636.7	1,410.9
Total capital requirement	**3,074.6**	**2,527.9**
Tier 1 ratio according to Basel II, %	19.74	20.31
Capital adequacy ratio according to Basel II, %	22.27	24.16
Capital ratio according to Basel II	2.78	3.02
Tier 1 ratio according to transition rules, %	9.23	8.98
Capital adequacy ratio according to transition rules, %	10.42	10.68
Capital ratio according to transition rules	1.30	1.33
Special disclosures		
IRB provisions surplus (+)/deficit (–)	**–90.4**	**–74.8**
IRB Total provisions (+)	40.1	39.1
IRB Anticipated loss (–)	–130.5	–113.9

SEK M	Dec. 31, 2010	Dec. 31, 2009
Capital requirement		
Credit risk according to Standardised Approach		
Exposures to institutions	50.2	28.5
Exposures to corporates	1.6	12.5
Retail exposures	123.5	–
Exposures secured on residential property	91.5	85.3
Past due items	0.3	0.6
Covered bonds	102.4	16.9
Other items	1.4	1.6
Total capital requirement for credit risk according to Standardised Approach	**370.9**	**145.4**
Credit risk according to IRB Approach		
Retail exposures		
Exposures secured by real estate collateral	971.0	953.4
Other retail exposures	1.7	2.4
Total retail exposures	**972.7**	**955.8**
Exposures to corporates	**74.2**	–
Total capital requirement for credit risk according to IRB Approach	**1,046.9**	**955.8**
Operational risks		
Standardised Approach	20.2	15.8
Total capital requirement for operational risk	**20.2**	**15.8**
Capital-adequacy analysis according to Basel I		
Tier 1 capital	3,592.6	2,873.9
Tier 2 capital	501.0	575.0
Total capital base	**4,093.6**	**3,448.9**
Risk-weight assets	49,452.1	40,667.2
Capital requirement for credit risk	3,956.2	3,253.4
Tier 1 ratio, %	7.26	7.07
Capital adequacy ratio, %	8.28	8.48
Capital ratio	1.03	1.06

Capital ratio = total capital base/total capital requirement
The capital base includes the Board's proposed appropriation of earnings.
In addition to the Parent Company Länsförsäkringar Bank AB (publ) (516401-9878), 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).

Corporate Governance Report

Introduction

Länsförsäkringar Hypotek AB (referred to below as Länsförsäkringar Hypotek) is a wholly owned subsidiary of Länsförsäkringar Bank AB. Länsförsäkringar Bank AB with subsidiaries are included in Länsförsäkringar AB Group.

Länsförsäkringar Hypotek does not comply with the Swedish Code of Corporate Governance (referred to below as the Code) in light of the previous assessment that there is not a sufficiently high level of public interest in the company that would justify compliance with the rules of the Code. However, Länsförsäkringar Hypotek's Parent Company, Länsförsäkringar Bank, complies with the Code.

General meeting

Shareholders exercise their voting rights at the Annual General Meeting. Shareholders vote at Meetings using the full number of shares owned. Decisions are made at the Annual General Meeting pertaining to the Annual Report, the election of members of the Board and auditors, remuneration to Board members and auditors and other important matters to be addressed in accordance with laws or the Articles of Association.

The President of the Parent Company, Länsförsäkringar Bank, in consultation with the CEO of Länsförsäkringar AB, submits proposals regarding the Board and auditors of Länsförsäkringar Hypotek, and fees to these members and auditors.

Composition of Board of Directors

In accordance with the Articles of Association, the Board of Länsförsäkringar Hypotek shall comprise between five and ten Board members elected by the Annual General Meeting, with no more than three deputies. Board members are elected at the Annual General Meeting for a mandate period of one year. Länsförsäkringar Hypotek 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 of the Board are appointed by the Annual General Meeting.

The Board comprises a total of five members. The Chairman of the Board is the President of Länsförsäkringar Bank AB. The President of Länsförsäkringar Hypotek is a member of the Board. A more detailed presentation of the Board members is presented on page 48.

Board responsibilities

The Board is responsible for the organisation and administration of the company and shall handle and make all decisions concerning issues of material significance and an overall nature relating to the company's operations. This includes determining an appropriate organisation, the goals and strategies of the operations and guidelines for control and governance.

The Board shall remain informed about the performance of the company to continuously assess the company's financial situation and position. Through its formal work plan and reporting instructions, the Board has established how and when financial reporting to the Board shall occur. During the year, the Board regularly reviews the company's earnings and sales trends, financial position and risk trends in relation to the business plan and forecasts.

Internal control and risk management relating to financial reporting

The Board of Länsförsäkringar Hypotek is responsible for the company's guidelines for the control and governance of the operations. This responsibility includes the preparation of an efficient system for risk management and internal control of financial reporting. The Board is also responsible for ensuring that the company's organisation is ordered so that accounting, management of assets, financial control and the company's financial circumstances otherwise are controlled in a secure manner.

Control environment

The foundation of internal control relating to financial reporting is the control environment, consisting of the organisation, decision-making procedures and allocation of authorities and responsibilities among the various bodies that the Board and the President have established for Länsförsäkringar Hypotek. This procedure is documented and communicated in such guidance documents as internal policies, guidelines and instructions. Examples of such guidance documents include report instructions, authorisation manuals and internal control instructions.

The Board is responsible for preparing the Board's quality assurance of the financial reporting. An independent review function, Internal Audit, has been established to assist the Board in following up the operations' compliance with Board decisions. Risks are continuously identified, analysed and monitored by the Risk Control function, and the ongoing control of compliance with external and internal regulations is conducted by the Compliance function.

The process for internal control and risk management involves four main activities: risk assessment, control activities, information and communications, and follow-up.

Risk assessment

Risk assessment includes identifying and analysing the source of risks affecting internal control of financial reporting. These risks are analysed at company and Bank Group level.

Control activities

Risks in financial reporting are controlled through carefully prepared financial statements, standardised work routines with built-in control functions and the evaluation of ongoing improvements. The financial information is analysed and reviewed at various organisational levels before being presented publicly.

Efforts are ongoing to eliminate and reduce identified significant risks affecting internal control relating to financial reporting. This includes the development and improvement of control activities, and efforts to ensure that employees have the appropriate expertise.

Information and communications

Internal guidance documents are subject to review and reassessment at least once a year. All guidance documents are published internally. Every manager must ensure that the regulations are communicated to affected subordinate staff.

Follow-up

The Internal Audit has been established to assist the Board in following up the operations' compliance with Board decisions. Based on its reviews, the Internal Audit function shall form an opinion as to whether the operations are conducted in an efficient manner, whether reporting to the Board provides a true and fair view of the operations, and whether the operations are conducted in accordance with applicable internal and external regulations. The Internal Audit function reports to the Board.

The Compliance function's task is to regularly identify, assess, monitor and report on compliance risks, meaning the risk that inadequate compliance could tarnish the reputation of the company or result in financial losses or sanctions in accordance with legislation or regulations. The Compliance function reports to the President and the Board.

For more information on the company's recognised earnings, financial position and average number of employees, refer to the following income statement, balance sheet, cash-flow statement, changes in shareholders' equity and notes. All figures in the Annual Report are reported in SEK M unless otherwise specified.

Five-year summary

INCOME STATEMENT

SEK M	2010	2009	2008	2007	2006
Interest income	4,018.9	3,641.8	5,146.8	3,102.5	1,484.8
Interest expense	–3,613.1	–3,356.4	–4,785.8	–2,866.0	–1,302.7
Net interest income	**405.8**	**285.4**	**361.0**	**236.5**	**182.1**
Net commission expense	–196.2	–160.8	–174.8	–127.6	–107.4
Net gains/losses from financial items	8.0	76.8	8.5	–0.1	8.1
Other operating income	0	0.1	0.1	0.3	0.1
Total operating income	**217.6**	**201.5**	**194.8**	**109.1**	**82.9**
Staff costs	–10.4	–10.7	–11.1	–8.4	–6.2
Other administration expenses	–57.0	–55.4	–54.5	–45.2	–51.0
Total operating expenses	**–67.4**	**–66.1**	**–65.6**	**–53.6**	**–57.2**
Profit before loan losses	**150.2**	**135.4**	**129.2**	**55.5**	**25.7**
Loan losses, net	1.3	5.4	–0.2	2.6	10.0
Operating profit	**151.5**	**140.8**	**129.0**	**58.1**	**35.7**
Tax on net profit for the year	–46.7	–40.9	–36.2	–16.4	–10.0
Net profit for the year	**104.8**	**99.9**	**92.8**	**41.7**	**25.7**

BALANCE SHEET

SEK M	2010	2009	2008	2007	2006
Assets					
Treasury bills and other eligible bills	2,820.7	–	–	–	–
Loans to credit institutions	8,155.8	9,389.0	9,723.0	–	174.5
Loans to the public	79,666.7	67,535.9	53,592.4	47,308.0	36,448.2
Bonds and other interest-bearing securities	12,483.3	2,056.7	–	–	–
Derivatives	995.9	1,416.8	2,167.5	467.3	141.0
Other assets and accrued income	1,547.1	1,351.6	1,701.1	557.0	119.2
Total assets	**105,669.5**	**81,750.0**	**67,184.0**	**48,332.3**	**36,882.9**
Liabilities and equity					
Due to credit institutions	17,844.4	20,476.2	18,221.0	6,067.6	33,496.8
Borrowing from the public	–	–	–	–	437.3
Debt securities in issue	79,695.4	54,679.5	42,284.8	36,797.8	–
Derivatives	1,864.8	842.8	1,188.8	307.7	73.1
Other liabilities and accrued expenses	2,141.4	2,291.9	2,475.5	2,420.0	548.2
Provisions	0.2	0.2	0.2	0.2	–
Subordinated liabilities	501.0	575.0	662.6	512.6	362.6
Equity	3,622.3	2,884.4	2,351.1	2,226.4	1,964.9
Total liabilities and equity	**105,669.5**	**81,750.0**	**67,184.0**	**48,332.3**	**36,882.9**

KEY FIGURES	2010	2009	2008	2007	2006
Return on equity, %	3.5	4.1	4.1	2.0	1.5
Return on total capital, %	0.15	0.19	0.23	0.13	0.10
Investment margin, %	0.40	0.38	0.65	0.53	0.52
Cost/income ratio before loan losses	0.31	0.33	0.34	0.49	0.69
Cost/income ratio after loan losses	0.30	0.30	0.34	0.47	0.57
Capital adequacy ratio according to Basel II, %	22.3	24.2	27.6	28.9	–
Capital adequacy ratio according to transition rules, %	10.4	10.7	10.5	10.5	11.2 [1)]
Tier 1 ratio according to Basel II, %	19.7	20.3	21.6	23.7	–
Tier 1 ratio according to transition rules, %	9.2	9.0	8.2	8.6	9.4 [1)]
Percentage of impaired loans, net, %	0.01	0	0.11	0.09	0.10
Reserve ratio in relation to loans, %	0.05	0.05	0.07	0.08	0.10
Loan losses in relation to lending, %	0	–0.01	0	–0.01	–0.03

[1)] In accordance with Basel I.

Income statement

SEK M	Note	2010	2009
Interest income	4	4,018.9	3,641.8
Interest expense	5	–3,613.1	–3,356.4
Net interest income		**405.8**	**285.4**
Commission income	6	1.9	2.0
Commission expense	7	–198.1	–162.8
Net gains from financial items	8	8.0	76.8
Other operating income	9	0	0.1
Total operating income		**217.6**	**201.5**
Staff costs	10	–10.4	–10.7
Other administration expenses	11, 12	–57.0	–55.4
Total operating expenses		**–67.4**	**–66.1**
Profit before loan losses		**150.2**	**135.4**
Loan losses, net	13	1.3	5.4
Operating profit		**151.5**	**140.8**
Tax	14	–46.7	–40.9
Net profit for the year		**104.8**	**99.9**

Statement of comprehensive income

SEK M	2010	2009
Net profit for the year	**104.8**	**99.9**
Other comprehensive income		
Available-for-sale financial assets		
Change in fair value	25 .9	14.3
Tax	–6.8	–3.8
Total other comprehensive income for the year, net after tax	**19.1**	**10.5**
Comprehensive income for the year	**123.9**	**110.4**

Balance sheet

SEK M	Note	Dec. 31, 2010	Dec. 31, 2009
Assets			
Treasury bills and other eligible bills	15	2,820.7	–
Loans to credit institutions	16	8,155.8	9,389.0
Loans to the public	17	79,666.7	67,535.9
Bonds and other interest-bearing securities	18	12,483.3	2,056.7
Derivatives	19	995.9	1,416.8
Fair value changes of interest-rate-risk hedged items in portfolio hedge	20	126.4	706.6
Other assets	22	1.0	0.1
Prepaid expenses and accrued income	23	1,419.7	644.9
Total assets		**105,669.5**	**81,750.0**
Liabilities and equity			
Due to credit institutions	24	17,844.4	20,476.2
Debt securities in issue	25	79,695.4	54,679.5
Derivatives	19	1,864.8	842.8
Fair value changes of interest-rate-risk hedged items in portfolio hedge	20	–378.9	754.0
Deferred tax liabilities	21	10.5	3.7
Other liabilities	26	146.3	127.6
Accrued expenses and deferred income	27	2,363.5	1,406.6
Provisions	28	0.2	0.2
Subordinated liabilities	29	501.0	575.0
Total liabilities		**102,047.2**	**78,865.6**
Equity	31		
Share capital, 70,335 shares		70.3	70.3
Statutory reserve		14.1	14.1
Fair value reserve		29.6	10.5
Retained earnings		3,403.5	2,689.6
Net profit for the year		104.8	99.9
Total equity		**3,622.3**	**2,884.4**
Total liabilities and equity		**105,669.5**	**81,750.0**
Memorandum items	32		
For own liabilities, pledged assets/collateral		79,628.9	75,188.5
Other pledged assets/collateral		None	None
Contingent liabilities		1,483.3	738.3
Other commitments		3,226.3	3,064.8
Other notes			
Company information	1		
Accounting policies	2		
Segment reporting	3		
Assets and liabilities, foreign currency	30		
Financial assets and liabilities by category	33		
Fair value valuation techniques	34		
Capital-adequacy analysis	35		
Disclosures on related parties	36		
Events after the balance-sheet date	37		

Cash-flow statement, indirect method

SEK M	2010	2009
Cash and cash equivalents, January 1	**160.6**	**0.3**
Operating activities		
Operating profit before tax	151.5	140.8
Adjustment of non-cash items	197.4	63.8
Change in assets of operating activities		
Change in treasury bills and other eligible bills	–2,891.3	–
Change in loans to credit institutions	1,095.5	–9,228.4
Change in loans to the public	–12,133.8	–13,942.3
Change in bonds and other interest-bearing securities	–10,541.7	–2,037.7
Change in derivatives	–140.8	157.8
Change in other assets	–0.8	3.5
Change in liabilities of operating activities		
Change in due to credit institutions	–2,634.1	11,942.6
Change in debt securities in issue	26,131.2	12,772.6
Change in other liabilities	–1.3	–6.0
Change in derivatives	115.2	–27.2
Cash flow from operating activities	**–653.0**	**–160.4**
Cash flow from investing activities	**–**	**–**
Financing activities		
Shareholders' contribution received	745.0	537.6
Group contribution paid	–155.7	–129.3
Change in subordinated debt	–74.0	–87.6
Cash flow from financing activities	**515.3**	**320.7**
Net cash flow for the year	**–137.7**	**160.3**
Cash and cash equivalents, December 31	**22.9**	**160.6**
Non-cash items		
Change in surplus value of financial assets	2.3	–
Other unrealised change in securities, net	12.2	–9.0
Change in impairment of loan losses, excluding recoveries	0.7	–1.1
Change in accrued expense/income	182.2	73.9
Provisions	0	0
Other	–	0
Total non-cash items	**197.4**	**63.8**

Cash and cash equivalents comprise:		
Loans to credit institutions, payable on demand	22.9	160.6
Total cash and cash equivalents	**22.9**	**160.6**

Cash and cash equivalents are defined as loans and due to credit institutions, payable on demand.

Interest received amounts to	2,705.8	3,628.2
Interest paid amounts to	3,244.7	3,275.9
Income tax paid amounts to	0	–

Statement of changes in shareholders' equity

SEK M	Share capital	Statu-tory reserve	Fair value reserve	Retained earnings	Net profit for the year	Total
Opening balance, January 1, 2009	**70.3**	**14.1**	**–**	**2,173.9**	**92.8**	**2,351.1**
Net profit for the year					99.9	99.9
Other comprehensive income for the year			10.5			10.5
Comprehensive income for the year			*10.5*		*99.9*	*110.4*
Resolution by Annual General Meeting				92.8	–92.8	–
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, Dec. 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**
Net profit for the year					104.8	104.8
Other comprehensive income for the year			19.1			19.1
Comprehensive income for the year			*19.1*		*104.8*	*123.9*
Resolution by Annual General Meeting				99.9	–99.9	–
Group contribution paid				–177.8		–177.8
Tax on Group contribution paid				46.8		46.8
Conditional shareholders' contribution received				745.0		745.0
Closing balance, Dec. 31, 2010	**70.3**	**14.1**	**29.6**	**3,403.5**	**104.8**	**3,622.3**

Statutory reserve
The statutory reserve continues to comprise restricted equity but no new provisions to the statutory reserve are required. The statutory reserve also includes amounts that were added to the share premium reserve prior to January 1, 2006.

Fair value reserve
The fair value reserve includes the accumulated net change in the fair value of available-for-sale financial assets until the asset is derecognised from the balance sheet. Any impairment losses are recognised in profit and loss.

Retained earnings, including net profit for the year
Retained earnings, including net profit for the year includes profit earned. Paid and received Group contributions after tax are also included as well as shareholders' contributions received.

Notes to the financial statements

NOTE 1 COMPANY INFORMATION

The Annual Report for Länsförsäkringar Hypotek AB (publ) (Corp. Reg. No. 556244-1781) was presented on December 31, 2010. Länsförsäkringar Hypotek AB (publ) is a mortgage institution registered in Sweden, with its registered office in Stockholm. The address of the head office is Tegeluddsvägen 11-13. The company is a wholly owned subsidiary of Länsförsäkringar Bank AB (publ) (Corp. Reg. No. 516401-9878), with its registered office in Stockholm, which prepares the consolidated financial statements for the smallest Group in which Länsförsäkringar Hypotek AB (publ) is a subsidiary. Länsförsäkringar Hypotek AB (publ) is part of the Group for which Länsförsäkringar AB (publ) (Corp. Reg. No. 556549-7020), with its registered office in Stockholm, prepares the consolidated financial statements for the largest Group in which the company is included as a sub-subsidiary.

The Annual Report for Länsförsäkringar Hypotek AB (publ) was approved by the Board and President for publication on March 23, 2011. Final approval of the Annual Report will be made by the company's Annual General Meeting on May 16, 2011.

NOTE 2 ACCOUNTING POLICIES

Compliance with standards and legislation

Länsförsäkringar Hypotek prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The company applies legally restricted IFRS and this pertains to standards adopted for application with the restrictions stipulated by RFR 2 and FFFS 2008:25. This means that all IFRS and interpretation statements adopted by the EU are applied as far as possible within the framework of the Swedish Annual Accounts Act and taking into consideration the connection between accounting and taxation.

Conditions relating to the preparation of the financial statements

Länsförsäkringar Hypotek's functional currency is Swedish kronor (SEK), which is also the reporting currency. The functional currency is the currency in the primary financial environments in which the company conducts its operations, which means that the financial statements are presented in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest million (SEK M).

The reporting is based on historical cost. Financial assets and liabilities are recognised at amortised cost, except for certain financial assets and liabilities that are measured at fair value, see note 33, or when fair value hedge accounting is applied. Financial assets and liabilities measured at fair value comprise derivative instruments, financial instruments classified as financial assets or financial liabilities measured at fair value through profit or loss or as available-for-sale financial assets.

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

Judgements and estimates

The preparation of accounts in accordance with IFRS requires that management make judgments 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 presented in the accounts. These judgments and estimates are based on historic experiences and the best information available on the balance-sheet date. The actual outcome may deviate from these judgments and estimates.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported 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 the period in question and future periods

Critical judgments made in the application of the company's accounting policies

Company management discussed with the Audit Committee the performance, selection and disclosures relating to the company's significant accounting policies and estimates, and the application of these policies and estimates. The critical judgments made in the application and selection of the company's accounting policies are primarily attributable to:

- The selection of categories and valuation methods for financial instruments (described in the section on financial instruments below)
- The company's remuneration to the regional insurance companies, which the company has opted to recognise as commission expense. The regional insurance companies are compensated for their work with Länsförsäkringar Hypotek's customer-related matters in each of the regional insurance companies' geographic areas. Refer to note 7.

Key sources of estimation uncertainty

Key sources of uncertainty in estimates mainly comprise impairment requirements for loan losses. Loans identified on an individual basis as impaired, and accordingly on which impairment losses are to be recognised, are valued at the present value of future cash flows discounted by the original effective rate. Information and data collated under the framework of the Group's Internal Ratings-based Approach model are primarily used as support in making estimates of expected future cash flows. Such information is adjusted to a number of factors to provide a neutral estimate of expected cash flows. Secondly, other models are used based on historic experience.

Any impairment requirements on loans that are not deemed to require individual impairment loss recognition are identified and assessed collectively. Firstly, a method is used which is based on the information collated and processed under the framework of capital adequacy work, and secondly, estimates are based on historical values and experience-based adjustments of these values to the current situation.

Determining that a loss event has occurred for a group of receivables entails higher uncertainty since several different events may have an impact.

For a more detailed description, refer to the section Loans on page 35.

Changed accounting policies caused by new or amended IFRSs and interpretive statements

The changes applied by the company since January 1, 2010 are described below. Other changes to IFRS applicable from 2010 did not have any significant effect on the company's accounts.

Presentation of the financial statements

In IASB's annual improvements process, which was published in May 2010, the requirements in IAS 1 Presentation of Financial Statements were amended in regard to the presentation of the statement of changes in shareholder's equity. The company has chosen to apply these amendments in advance, from the 2010 Annual Report. The amendments entail that reconciliation in the statement of changes in shareholder's equity of changes for the year of each component of equity, such as reserves for other comprehensive income, do not need to specify each item in other comprehensive income. The company has chosen, as was permitted according to this change, to provide disclosures with such a detailed reconciliation of the reserves and other components in shareholder's equity in a note, rather than the statement of changes in shareholder's equity. In accordance with the formulations in the amended IAS 1, the previous line for comprehensive income for the year in the statement of changes in shareholder's equity has been divided with separate specification of net profit for the year, and other comprehensive income for the year The amended presentation is applied for the current year and the comparative year. The changes have not resulted in any adjustments to the amounts in financial statements.

New IFRS and interpretations that have not yet taken effect

The new and revised standards and interpretation statements described below will not take effect until the next fiscal year, and have not been applied when preparing these financial statements.

- IFRS 7 *Financial instruments: Disclosures*. New disclosure requirements have been added regarding financial assets that have been derecognised in their entirety or in part, meaning that further information will need to be provided regarding the Group's repurchase agreement. The amendment will not lead to any change in recognised amounts. The EU is expected to approve the changes during the second quarter of 2011, and the change will come into effect in the fiscal year starting July 1, 2011 or later.
- IFRS 9 *Financial Instruments* addresses the classification and measurement of financial assets and liabilities. Under IFRS 9, all financial assets are measured at either amortised cost or fair value. The category to be used is determined based on whether the asset has characteristics similar to lending or the business model applied by the company. There is also the option of measuring assets that fulfil the criteria for amortised cost at fair value in profit and loss (known as the fair value option) if this reduces inconsistencies in reporting. The standard will become mandatory on January 1, 2013, but early adoption is permitted provided that the EU has approved the standard. On December 31, 2010, the company had treasury bills and other eligible bills, as well as bonds and other interest-bearing securities valued at a carrying amount of SEK 15,304.0 M, of which an expense of SEK 166.6 M comprises accumulated changes in fair value. Most of these items are subject to hedge accounting. Any reclassification to amortised cost will be made prospectively, as stipulated by the regulations, which means that previously recognised earnings will not be affected. A decision regarding reclassification will not be made until the new hedge accounting regulations have been established. Under IFRS 9, financial liabilities measured at fair value shall be recognised through other comprehensive income. The company's financial liabilities are recognised at amortised cost, which is why changes in the regulations will not have any effect on the reporting.
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* has been approved by the EU, and provides guidance on recognising loans converted to equities. Since the interpretive statement excludes loans to subsidiaries from the Parent Company and since the company's lending is primarily directed to private individuals, this interpretive statement is not expected to have any material effect on the accounts.

Other than those described above, no other new or revised IFRSs and interpretations that have not yet come into effect are expected to have any significant effect on the financial statements.

Description of significant accounting policies

Group contributions and shareholders' contributions

The company recognises paid and received Group contributions and shareholders' contributions in accordance with statement URA 2 issued by the Swedish Financial Reporting Board. Shareholders' contributions are recognised directly against the equity of the recipient and are capitalised in shares and participations from the donor to the extent that impairment is not required.

Group contributions are recognised according to financial implication. This entails that Group contributions that have been paid and received with the aim of minimising the Group's total tax are recognised directly against retained earnings after deductions for their actual tax effect.

Related parties

Legal entities closely related to Länsförsäkringar Hypotek AB include companies within the Länsförsäkringar Bank Group, the Länsförsäkringar AB Group, companies within the Länsförsäkringar Liv Group, the regional insurance companies, associated companies of the Länsförsäkringar AB Group and other related companies, comprising Länsförsäkringar Mäklarservice AB and Länsförsäkringar Fastighetsförmedling AB. Related key persons are Board members, senior executives and their close family members.

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 24 regional insurance companies, with subsidiaries, and 14 local insurance companies, which together own 100% of Länsförsäkringar AB. The Group 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, shall be produced and provided jointly within the Länsförsäkringar AB Group.

Operating segments

The company conducts retail mortgage lending operations in Sweden. The operations are reviewed as a whole through follow-ups and reports submitted to the company's chief operating decision maker. Consequently, the operations comprise a single operating segment. No one customer accounts for more than 10% or more of the company's income.

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate on the date of the transaction.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate that applies on the balance-sheet date. Non-monetary assets and liabilities are translated to the rate in effect on the date of the transaction.

Exchange-rate differences arising due to the translation of balance-sheet items in foreign currency are recognised in profit and loss as exchange-rate gains or losses.

Income

Income is recognised when:

- The income can be calculated in a reliable manner,
- It is probable that the financial benefits related to the transaction will accrue to the company,
- The expenses that have arisen and the expenses that remain to complete the service assignment can be calculated in a reliable manner.

Income is measured at the fair value of the amount that has been received or will be received.

Interest income and interest expense

Interest income and interest expense presented in the income statement comprise interest on financial assets and liabilities that is valued at amortised cost, including interest on impaired loans, and interest from financial assets classified as available-for-sale financial assets. Interest income from financial assets measured at fair value through profit or loss in accordance with the fair value option is also recognised here. For interest-rate derivatives that hedge financial assets, paid and accrued interest is recognised as interest income, and for interest-rate derivatives that hedge financial liabilities, these are recognised as part of interest expense. Unrealised changes in the value of derivatives are recognised in the item Net gains from financial items.

Interest income on receivables and interest expense on liabilities are calculated and recognised through application of the effective interest method or, if it is considered appropriate, through application of a method that results in interest income or interest expense that is a reasonable estimate of the result that would be achieved using a calculation based on the effective interest method. Interest income and interest expense include, where appropriate, allocated amounts of fees received, which are included in the calculation of effective interest, transaction costs and any discounts and other differences between the original value of the receivable/liability and the amount settled at maturity.

Interest expense includes allocated amounts of issue expenses and similar direct transaction costs for loans raised.

Commission income and commission expense

Commission income is attributable to various types of services provided to customers. The manner in which the commission income is recognised depends on the purpose for which the fee was charged. The fees are recognised in income in line with the provision of the services or in conjunction with the performance of a significant activity. Fees charged continuously, such as advising fees, are recognised as income in the period in which the service was provided.

Fees charged for significant activities are recognised in income when the activity has been completed.

Commission expense is dependent on the transaction and is recognised in the period in which the services are received.

Commission expense attributable to financial assets or financial liabilities not measured at fair value in profit and loss comprises commission to the regional insurance companies.

Net gains from financial items

The item Net gains from financial items contains the realised and unrealised changes in value that occurred as a result of financial transactions. The capital gain/loss on the divestment of financial assets and liabilities, including interest compensation received when customers pay loans prematurely, is recognised in this item. The item also includes realised and unrealised changes in the value of derivative instruments that are financial hedging instruments, but to which hedge accounting is not applied, unrealised changes in the fair value of derivatives to which fair value hedge accounting is applied, and unrealised changes in the fair value of hedged items with regard to hedged risk in the hedging of fair value. The ineffective portion of the hedging instrument and exchange-rate changes are also recognised as Net gains from financial items.

Net profit/loss on transactions measured at fair value through profit or loss does not include interest or dividends. Realised profit or loss is calculated as the difference between the purchase consideration received and the value in the balance sheet at the time of the sale. Any impairment losses on available-for-sale financial assets are also recognised in this item.

Other operating income

Income from assignments is recognised when the financial outcome of performed assignments can be reliably calculated and the financial benefits accrue to the company. Income is measured at the fair value of the amount that has been received or will be received. Income is paid in the form of cash and cash equivalents.

Amounts received on behalf of another entity are not included in the company's income. The criteria for income recognition are applied individually to each individual transaction.

Remuneration to employees

Current remuneration

Current remuneration to employees is calculated without discount and recognised as an expense when the related services are received.

A provision is recognised for the anticipated cost of profit share and bonus payments when the company has an applicable legal or informal duty to make such payments as a result of services received from employees and the obligation can be reliably calculated.

Remuneration after termination of employment

Pension plans

The company utilises defined-contribution and defined-benefit pension plans. These plans are usually financed through payments from the respective Group company. The Group is generally covered by the FTP plan, which does not depend on any payments from employees.

The regulations of the Swedish Financial Supervisory Authority and the Swedish Financial Reporting Board entail that defined-benefit pension plans are recognised differently compared with the provisions stipulated in IAS 19 Employee Benefits. In all other respects, the reporting and valuation of pension commitments occurs in accordance with IAS 19 Employee Benefits.

Defined-benefit pension plans

There is only one defined-benefit pension plan in the company. This is a pension agreement from 2006 for the insurance industry, by which persons born in 1955 or earlier can voluntarily retire from age 62. The terms and conditions of this plan are designed such that the pension comprises approximately 65% of the pensionable salary at age 62.

The provision is calculated on an actuarial basis according to the insurance guidelines and basis for calculation applied for individually issued life assurance. The calculations are based on a summary of the ages and annual pensions calculated as an average per age group. A probability assessment has indicated that 20% will utilise the option for early retirement.

Defined-contribution pension plans

These 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 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 pension agreement for the insurance industry, the FTP plan, through insurance with the Insurance Industry's Pension Fund (FPK) is a multi-employer defined-benefit pension plan. According to IAS 19, this pension plan entails that a company shall, as a rule, recognise its proportional share of the defined-benefit pension commitment and the plan assets and expenses associated with the pension commitment. Disclosure shall also be presented in the accounts according to the requirements for defined-benefit pension plans.

FPK is currently unable to provide necessary information which is why the pension plans above are recognised as a defined-contribution plan in accordance with item 30 of IAS 19. Also, no information is available on surpluses and deficits in the plan or whether these surpluses and deficits would then affect the contributions for the plan in future years.

Remuneration for termination of employment

An expense for remuneration in conjunction with the termination of employment is recognised only if the company is demonstrably obligated, without a realistic possibility of revocation, by a formal detailed plan to terminate employment before the normal time. When remuneration is provided as an offer to encourage voluntary redundancy, an expense is recognised if it is probable that the offer will be accepted and the number of employees who may accept the offer can be reliably estimated.

Impairment

The carrying amounts of the company's assets are assessed on every balance sheet-date to determine whether there are any indications of impairment.

These include financial assets tested in accordance with IAS 39 Financial Instruments: Recognition and Measurement and deferred tax assets tested in accordance with IAS 12 Income Taxes. The carrying amounts of the exempted assets above are tested according to the respective standard. IAS 36 is applied to impairment assessments for assets that are not tested according to any other standard, although no such assets currently exist in the company.

Loan losses

The item Loan losses comprises confirmed and probable loan losses. Confirmed loan losses pertain to the entire receivable when there is no realistic possibility of recovery. Probable loan losses pertain to impairment for the year for the loan losses based on a calculated recoverable amount when there is an indication that impairment is required. Recoveries comprise reversed amounts of loan losses that were previously recognised as confirmed. Prior years' confirmed and probable loan losses are reversed when no impairment requirement is deemed to exist.

Tax

Income tax comprises current tax and deferred tax.

Income tax is recognised in the profit and loss, except when the underlying transaction is recognised in other comprehensive income, whereby the related tax effect is recognised in other comprehensive income, or when the underlying transaction is recognised directly against equity with the related tax effect recognised in equity. Current tax is tax that shall 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 periods.

Deferred tax is calculated in accordance with the balance-sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. The following temporary differences are not taken into consideration:

- First reporting of assets and liabilities that are not acquisitions of operations and, at the time of the transaction, do not affect recognised or taxable earnings
- Temporary differences attributable to participations in subsidiaries not expected to be reversed in the foreseeable future.

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 the 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.

Financial assets and liabilities

Financial assets recognised in the balance sheet include loan receivables interest-bearing securities and derivatives. Financial liabilities include debt securities in issue, derivatives and accounts payable.

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 this in accordance with the instrument's contractual conditions. A financial liability is derecognised from the balance sheet when the rights in the contract are realised, expire or the company loses control of them. A financial liability is derecognised from the balance sheet when the obligation in the contract is met or extinguished in another manner.

A financial asset and a financial liability are offset and recognised as a net amount in the balance sheet only when a legal right exists to offset the amounts and the intention is present to settle the item in a net amount or simultaneously realise the asset and settle the liability.

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 not recognised in the balance sheet. Instead, they are valid for three months and are recognised as a commitment, see note 32.

In genuine repurchase transactions, the asset remains in the balance sheet of the selling party and payments received are recognised as liabilities. Sold securities are recognised as pledged assets. Leased securities remain in the balance sheet as securities and are recognised as pledged assets.

Measurement

IAS 39 requires that derivatives be measured at fair value and also provides an option for using fair value in financial reporting.

Financial instruments are initially measured at fair value, plus a supplement for transaction costs, with the exception of derivatives and instruments that belong to the category of financial assets measured at fair value through profit or loss, excluding transaction costs.

Methods for determining fair value

Financial instruments listed on an active market

For financial instruments listed on an active market, fair value is determined based on the listed buying-rate of the asset on the balance-sheet date with no additions for transaction costs, for example, brokerage commission, on the acquisition date. A financial instrument is considered to be listed on an active market if listed prices are readily available on an exchange, from a trader, broker, industry organisation, company providing up-to-date price information or and regulatory authority and these prices represent actual and regularly occurring market transactions based on commercial terms. Any future transaction costs arising in conjunction with divestments are not taken into account. The fair value of financial liabilities is determined based on the selling rate. Instruments listed on an active market are found under the balance-sheet items Treasury bills and other eligible bills and Bonds and other interest-bearing securities. The company's entire securities holding is assigned a fair value at prices listed on an active market.

Financial instruments not listed on an active market

If the market for a financial instrument is not active, the company determines the fair value by using a valuation technique. The valuation technique applied are based on market data as far as possible, whereas company-specific information is used a little as possible. The company regularly calibrates its valuation techniques and tests their validity by comparing the outcomes of the valuation techniques with prices from observable, relevant market transactions in the same or similar instruments. Valuation techniques are used for derivative instruments (OTC derivatives). The valuation techniques used for OTC derivatives comprise analyses of discounted cash flows. The valuation techniques applied are calibrated such that on initial recognition the fair value amounts to the transaction price and changes in fair value are subsequently recognised continuously based on changes that occur in the underlying market-risk parameters.

Classification

A financial instrument is classified on initial recognition on the basis of the purpose of the acquisition of the instrument, but also the options contained in IAS 39. The classification determines how the financial instrument is measured after initial recognition as described below.

Financial assets measured at fair value through profit or loss

This category comprises two sub-groups: financial assets held for trading and other financial assets that the company has initially decided to place in this category according to the fair value option. Financial instruments in this category are continuously measured at fair value, with changes in value recognised in profit and loss. Transaction costs are expensed directly. Financial assets held for trading are derivatives that are financial hedging instruments, but for which hedge accounting is not applied. This category is not otherwise used.

Loans and receivables
Loans and receivables are financial assets that are not derivatives, that have fixed or fixable payments and that are not listed on an active market. These receivables are represented by the balance-sheet items Loans to credit institutions, Loans to the public and Other assets in the balance sheet. For further information, see the section Loans on page 35.

Available-for-sale financial assets
The category of available-for-sale financial assets includes financial assets that have not been classified in any other category or financial assets that the company initially decided to classify in this category.

This category includes interest-bearing securities.

Assets in this category are continuously measured at fair value, with unrealised changes in value recognised in other comprehensive income and accumulated in the fair value reserve in equity. Assets are recognised in profit and loss once the changes in value have been realised and when any impairment losses arise. Exchange-rate differences for monetary items are also recognised in profit and loss. An assessment of whether any impairment has occurred takes place prior to the end of each reporting period. Objective circumstances, such as the credit rating of the issuer and market trends, are taken into account to evaluate future cash flows. Furthermore, interest on interest-bearing instruments is recognised in accordance with the effective interest method in profit and loss, similar to dividends on shares. Any transaction costs for these instruments will be included in the cost when first recognised and thereafter included in the continuous valuations.

Financial liabilities measured at fair value through profit or loss
This category includes financial liabilities held for trading and other financial liabilities that the company has initially decided to place in this category according to the Fair Value Option. The company's holding for trading comprises derivatives that are financial hedging instruments, but to which hedge accounting is not applied.

Other financial liabilities
All of the company's financial liabilities, excluding derivatives, are included here. The liabilities are valued at amortised cost which, when hedge accounting is applied, is adjusted for changes in fair value regarding the hedged risk, for further information, refer to the section Hedge accounting below.

Hedge accounting
The company's derivative instruments, which comprise interest and currency swaps, have been acquired in their entirety to hedge the risks of interest and exchange-rate exposure arising during the course operations.

All derivatives are measured at fair value in the balance sheet.

To avoid misleading earnings effects due to financial hedges, the company has chosen to apply hedge accounting.

The hedge-accounting strategy defined and applied by the company is portfolio hedging of fair value in the lending and borrowing portfolios, and a one-to-one hedging of the bond portfolio. Fair value hedge accounting means that the hedged item is measured at fair value with respect to the hedged risk and that the change in fair value is recognised in profit and loss for both the hedging instrument and the hedged item.

The change in the value of the derivative is recognised in profit and loss together with the change in the value of the hedged item in profit and loss under the item Net gains from financial items .

Unrealised changes in the value of hedging instruments are recognised in the item Net gains from financial transactions. Interest coupons (accrued, received and paid) are recognised among interest income if the hedged item is an asset or portfolio of assets or among interest expense if the hedged item is a liability or portfolio of liabilities.

The application of portfolio hedging is based on the version of IAS 39 adopted by the EU, known as the carve out version. 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 is prepared and that the effectiveness can be measured reliably. Hedge accounting can only be applied if the hedge relationship can be expected to be highly effective and subsequently to have had an effectiveness in the range of 80–125%. In the event that the conditions for hedge accounting are no longer met, the derivative instrument is recognised at fair value with the change in value in profit and loss.

For a small number of financial hedges for which the earnings consequence of not applying hedge accounting is deemed more limited, hedge accounting is not applied due to the extra administrative work involved in hedge accounting.

Other financial hedges comprise currency risk associated with borrowing and hedging of interest-rate risk in bonds that carry fixed interest rates. The portfolio method that is applied implies that the lending and interest swaps used in the hedging instrument are distributed to various time pockets based on the contractual timing of interest renegotiation or maturity.

Evaluation of hedge relationships occurs at least quarterly on the public reporting occasions, but can also be carried out monthly if required.

Each identified hedge relationship is expected to be effective over the entire lifetime of the hedge relationship. Effectiveness is tested using two different methods: one forward-looking (prospective) assessment and one retrospective evaluation. Ineffectiveness is recognised in profit and loss.

Loans
These assets are measured at amortised cost. Amortised cost is determined based on the effective rate calculated on the acquisition date. Accounts and loan receivables are recognised in the amount at which they are expected to be received, meaning after deductions for impairment of impaired loans.

Impaired loans

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 cannot meet its undertaking. The loan receivable is considered impaired to the extent that its whole amount is not covered by collateral.

Impairment

A continuous assessment is made as to whether objective circumstances exist suggesting indications of impairment for both impaired loans and the part of the loan portfolio where the assessment is that cash flow has deteriorated. Indications of impairment are based on objective circumstances, for example delayed or non-payment, bankruptcy or a decline in the value of the collateral, and on a reduced repayment capacity according to risk-based assessments and assumptions.

Individual impairments

For loans for which an individual impairment requirement has been identified, the loan receivable is valued at the present value of expected future cash flow, including the value of collateral, less selling expenses discounted by the original discount rate. An impairment loss is recognised if this value is lower than the carrying amount.

An individual impairment loss is recognised according to the risk-based model for retail exposure whereby the counterparty has a payment that is more than 60 days past due or if the counterparty, for other reasons such as bankruptcy, a decline in the value of the collateral or reduced repayment capacity, cannot fully meet its undertaking. Accordingly, the estimate of the impairment requirement for these individually identified loans is based on historic experience about cash flows from other borrowers with similar credit-risk characteristics.

Collective impairments

Impairment requirements are identified and valued collectively for loans that are not deemed to have any individual impairment requirements for cases in which a measureable decline of expected future cash flows has occurred. Information collected from the framework of the company's risk-based model and historical data on loan loss levels is used to support assessments of expected future cash flows and individual and collective impairment requirements. No impairment requirement exists for loans that maintain the same credit quality and repayment capacity based on objective circumstance, judgements and estimates. Impairment takes into consideration the capital receivable and accrued interest and fees.

An additional collective impairment loss for retail exposure takes place for receivables not encompassed by the impairment of loans that have individual impairment requirements. A loss is deemed to have been incurred in these groups of loans when a measureable decline in expected future cash flows occurs compared with the assessment made when the loan was originated, according to the risk-based model. Collective impairment losses are recognised for the commercial sectors and other counterparties based on an assessment of product risk, meaning the probable future risk of loss, which varies between different industries.

Takeover of collateral

No collateral has been taken over in the banking or mortgage institution operations. In the event of insolvency, a direct sale of the collateral occurs.

Confirmed losses

Confirmed loan losses are those losses whose amount is regarded as finally established through acceptance of a composition proposal, through other claim remissions, bankruptcy, or after all of the collateral has been realised. The receivable is derecognised from the balance sheet and recognised as a loss in profit and loss.

Provisions

A provision is recognised in the balance sheet when the company has an existing legal or informal obligation as a result of an event that has occurred, 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. A provision differs from other liabilities in that there is uncertainty regarding the date of payment or the amount for settling the provision.

A restructuring provision is recognised when an established, detailed and formal restructuring plan exists, and the restructuring process has either commenced or been publically announced. No provisions are established for future operating expenses. Where the effect of when a payment is made is significant, provisions are calculated through the discounting of the anticipated future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, if applicable, the risks related to the liability.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Loan commitment

A loan commitment can be:

- A one-sided commitment from the company to issue a loan with terms and conditions determined in advance in which the borrower can choose whether he/she wants 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 recognised as Other commitment under memorandum items. The right to cancel a loan commitment is retained if the customer s credit rating has diminished on the date of payment, which is why no probable loan losses have arisen.

NOTE 3 SEGMENT REPORTING

The business of the company represents a single operating segment and reporting to the chief operating decision-maker thus corresponds to the income statement and balance sheet for the year.

NOTE 4 INTEREST INCOME

SEK M	2010	2009
Loans to credit institutions	108.2	74.1
Loans to the public	1,910.4	1,974.8
Interest-bearing securities	389.5	33.7
Derivatives		
Hedge accounting	1,610.7	1,520.2
Non-hedge accounting	0.1	39.0
Total interest income	**4,018.9**	**3,641.8**
of which interest income on impaired loans	0.7	3.9
of which interest income from financial items not measured at fair value	2,018.6	2,048.9
Average interest rate on loans to the public during the year, %	2.6	3.3

NOTE 5 INTEREST EXPENSE

SEK M	2010	2009
Due to credit institutions	–133.7	–180.9
Interest-bearing securities	–2,137.2	–1,625.1
Subordinated liabilities	–16.2	–21.5
Derivatives		
Hedge accounting	–1,310.4	–1,480.6
Non-hedge accounting	–0.2	–38.1
Other interest expense	–15.4	–10.2
Total interest expense	**–3,613.1**	**–3,356.4**
of which interest expense from financial items not measured at fair value	–2,302.6	–1,837.7

NOTE 6 COMMISSION INCOME

SEK M	2010	2009
Loans	1.9	2.0
Total commission income	**1.9**	**2.0**
of which commission income from financial items not measured at fair value	1.9	2.0

NOTE 7 COMMISSION EXPENSE

SEK M	2010	2009
Remuneration to regional insurance companies	–196.2	–161.3
Other commission	–1.9	–1.5
Total commission expense	**–198.1**	**–162.8**
of which commission expense from financial items not measured at fair value	–196.2	–161.3

NOTE 8 GAINS FROM FINANCIAL ITEMS

SEK M	2010	2009
Change in fair value		
Interest-related instruments	–340.6	103.1
Currency-related instruments	–447.1	–5.3
Change in fair value of hedged items	752.7	–94.8
Capital gains/losses		
Interest-related instruments	0.1	–4.1
Interest compensation	42.9	77.9
Total net gains/losses from financial items	**8.0**	**76.8**
Profit/loss by valuation category		
Available-for-sale financial assets, realised	24.8	–
Derivative assets intended for risk management, non-hedge accounting	–0.3	–294.4
Derivative liabilities intended for risk management, non-hedge accounting	–	6.2
Derivatives in hedge accounting, realised	31.3	–
Loans and receivables	42.9	78.0
Financial liabilities at amortised cost	–56.0	282.7
Change in fair value of derivatives that are hedging instruments in a fair value hedge	–787.3	8.0
Change in fair value of hedged items with regard to the hedged risk in fair value hedges	752.6	–3.7
Total	**8.0**	**76.8**

NOTE 9 OTHER OPERATING INCOME

SEK M	2010	2009
Other income	0	0.1
Total other operating income	**0**	**0.1**

NOTE 10 EMPLOYEES, STAFF COSTS AND REMUNERATION TO SENIOR EXECUTIVES

Average number of employees, Sweden	2010	2009
Men	3	4
Women	1	1
Total number of employees	**4**	**5**

Salaries, other remuneration and social security expenses, other employees	2010	2009
Salaries and remuneration	1.9	2.1
of which variable remuneration	0	0
Social security expenses	0.9	1.2
of which pension costs	0.3	0.5
Total	**2.8**	**3.3**

Board of Directors and senior executives, 3 (3)	2010	2009
Salaries and remuneration	4.4	4.2
of which, fixed salary to the President and Executive Vice President	4.3	3.7
of which, variable remuneration to the President and Executive Vice President	–	0.4
Social security expenses	2.8	3.0
of which pension costs	1.1	1.3
Total	**7.2**	**7.2**

Total salaries, other remuneration and social security expenses	2010	2009
Salaries and remuneration	6.4	6.3
of which variable remuneration	0	0.4
Social security expenses	3.7	4.2
of which pension costs	1.4	1.8
Total	**10.1**	**10.5**

NOTE 10 **EMPLOYEES, STAFF COSTS AND REMUNERATION TO SENIOR EXECUTIVES, cont.**

Variable remuneration
Variable remuneration can be paid to all employees who are not managers. A basic prerequisite for paying variable remuneration to employees is that the Länsförsäkringar AB Group reports positive results before appropriations and tax. Half of the remuneration is based on the achievement of the joint goals in Länsförsäkringar AB's business plan and the other half on the degree to which the individual goals in the goal contract were achieved. A maximum of SEK 12,000 may be paid to employees if the prerequisites are fulfilled.

Remuneration to the Board
Directors' fees are payable to the Chairman and members of the Board in accordance with a decision of the Annual General Meeting. No fee is payable to employee representatives.

Remuneration of senior executives
Remuneration to 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. Senior executives are the individuals who, together with the President, comprise company management.

Remuneration and other benefits for senior executives

SEK M	Basic salary	Variable remuneration	Other benefits	Pension costs	Total	Pension costs as a percentage of pensionable salary, % Defined-contribution
2010						
Anders Borgcrantz, President	2.5	0	0	0.6	3.1	23
Göran Laurén, Executive Vice President	1.7	0	0.1	0.5	2.3	24
Christer Malm, Board member	0.1				0.1	
Total 2010	**4.3**	**0**	**0.1**	**1.1**	**5.5**	
2009						
Anders Borgcrantz, President	2.1	0.3	0	0.7	3.1	27
Göran Laurén, Executive Vice President	1.5	0.1	0	0.7	2.3	39
Christer Malm, Board member	0.1				0.1	
Total 2009	**3.7**	**0.4**	**0**	**1.4**	**5.5**	

As of 2010 no variable remuneration is paid to the President or other senior executives. Pension costs are attributable to the expenses affecting net profit/loss for the year.

Pensions
The retirement age for the President is 62. The pension between 62 and 65 is a defined-contribution plan and the pension premium is to amount to 11% of the pensionable salary. Pensionable salary refers to fixed salary. Pension from the age of 65 is subject to the terms of the pension agreements between the Swedish Insurance Employers' Association (FAO), the Swedish Union of Insurance Employees (FTF) and the Swedish Confederation of Professional Associations (SACO). The retirement age for the Executive Vice President is 65 years. The pension is subject to the terms of the pension agreements between the Swedish Insurance Employers' Association (FAO), the Swedish Union of Insurance Employees (FTF) and the Swedish Confederation of Professional Associations (SACO).

Severance pay
A mutual period of notice of six months applies to the President. If termination of employment is issued by the company, severance pay corresponding to 18 months' salary will be paid, in addition to the period of notice. The Executive Vice President has a period of notice of six months if employment is terminated at his request, and if termination of employment is issued by the company, the period of notice is twelve months.

Preparation and decision-making process applied in relation to the issue of remuneration to senior executives
A Remuneration Policy for the Länsförsäkringar AB Group regulates the preparation and decision-making process for remuneration to senior executives. 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 terms of employment for the President. Decisions regarding remuneration to other employees who are members of company management and who report directly to the President may be delegated by the Board to the Board Chairman or the President. If decisions are delegated to the President, he shall keep the Chairman informed of the content of such decisions.

Composition of Remuneration Committe
The Board shall appoint at least two members from within its ranks to form a Remuneration Committee. The Board Chairman may serve as the Chairman of the Committee. The other members must be independent in relation to the company and company management.

Policies for remuneration to senior executives
Senior executives in the Länsförsäkringar AB Group shall have market-based employment terms and conditions. Total remuneration shall be in line with the industry standard. 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 pension agreements between the Swedish Insurance Employers' Association (FAO), the Swedish Union of Insurance Employees (FTF) and the Swedish Confederation of Professional Associations (SACO).

Other benefits
In addition to the above benefits, a company car is offered in accordance with applicable conditions, individual medical insurance and other benefits offered to all employees.

Number of women among senior executives, %	Dec. 31, 2010	Dec. 31, 2009
Board members	0	0
Other senior executives	0	0

Loans to senior executives

SEK M	Länsförsäkringar Hypotek 2010	Länsförsäkringar Hypotek 2009	Länsförsäkringar AB Group 2010	Länsförsäkringar AB Group 2009
Board members	**0.1**	**0.1**	**32.5**	**47.9**
of which, loans from Länsförsäkringar Bank	0.1	0.1	6.0	8.0
of which, loans from Länsförsäkringar Hypotek	–	–	26.5	39.9
of which loans from Wasa Kredit	–	–	–	–
President and Executive Vice Presidents	–	**–**	**19.1**	**11.2**
of which, loans from Länsförsäkringar Bank	–	–	3.2	2.4
of which, loans from Länsförsäkringar Hypotek	–	–	15.5	8.3
of which loans from Wasa Kredit	–	–	0.4	0.5
Senior executives	–	–	**16.6**	**10.5**
of which, loans from Länsförsäkringar Bank	–	–	2.2	1,6
of which, loans from Länsförsäkringar Hypotek	–	–	14.4	8.9
of which loans from Wasa Kredit	–	–	–	–

Loans granted comprise personnel loans and other loans. Personnel loans carry loan terms comparable to what applies to other employees in the Group. The interest rate for personnel loans is the repo rate less 0.5 percentage points, but can never be lower than 0.5 percentage points. The interest benefit is calculated in accordance with the Swedish National Tax Board's rules and is included in other benefits as above. The terms and conditions of other loans are market-based.

The Group has not pledged assets, other collateral or assumed any liability undertaking for the benefit of any senior executive.

Remuneration Policy
In accordance with the regulations and general advice of the Swedish Financial Supervisory Authority (FFFS 2009:6) regarding remuneration policies in credit institutions, investment firms and fund management companies, the Board is to adopt a Remuneration Policy. It is intended that a statement of remuneration in the company be published on the website when the Annual Report is adopted.

NOTE 11 OTHER ADMINISTRATION EXPENSES

SEK M	2010	2009
Costs for premises	0	0
IT costs	–2.0	–1.7
Management costs	–1.8	–1.5
Other administration expenses	–53.2	–52.2
Total administration expenses	**–57.0**	**–55.4**

The item Other administration expenses largely comprises administration services purchased from the Parent Company.

NOTE 12 REMUNERATION TO AUDITORS

SEK M	2010	2009
Audit fees		
KPMG		
– Audit assignments	–0.5	–0.4
– Audit activities other than audit assignments	–0.1	–0.1
– Other assignments	–	–0.3
Deloitte		
– Audit assignments	–	–
– Audit activities other than audit assignments	–0.6	–0.5

Audit assignment pertains to reviewing the annual report and accounting, as well as the Board's and President's administration. Audit activities other than audit assignment pertain to various types of quality-assurance services, such as reviews of the administration, Articles of Association, regulations or agreements that result in reports or certificates. Other assignments pertain to activities that are not included in the above mentioned items, for example, legal consultations alongside audit activities and that are not attributable to tax consultancy services.

NOTE 13 LOAN LOSSES, NET

SEK M	2010	2009
Specific reserve for individually assessed loan receivables		
Write-off of confirmed loan losses during the year	–2.4	–2.6
Reversed earlier impairment of loan losses recognised as confirmed losses	0.9	0.2
Impairment of loan losses during the year	–4.6	–2.5
Payment received for prior confirmed loan losses	4.4	5.1
Reversed impairment of loan losses no longer required	1.2	1.6
Net income/expense for the year for individually assessed loan receivables	**–0.5**	**1.8**
Collective reserves for individually assessed receivables		
Provision/reversal of impairment of loan losses	–	–
Collectively assessed homogenous groups of loan receivables of limited value and similar credit risk		
Provision/reversal of impairment of loan losses	1.8	3.6
Net income/expense for the year for collectively assessed homogenous loan receivables	**1.8**	**3.6**
Net income/expense of loan losses for the year	**1.3**	**5.4**

All information pertains to receivables from the public.

NOTE 14 TAX

SEK M	2010	2009
Current tax		
Current tax	–46.7	–40.9
Total current tax	**–46.7**	**–40.9**
Deferred tax		
Change in deferred tax expense on temporary differences	0	–
Total deferred tax	**0**	**–**
Total recognised tax expense	**–46.7**	**–40.9**
Reconciliation of effective tax rate		
Profit before tax	151.5	140.8
Tax at applicable tax rate	–39.8	–37.0
Tax on non-deductible costs	–0.1	–0.1
Tax on non-taxable income	–	–
Tax on non-recognised income	–6.8	–3.8
Tax attributable to earlier years	0	0
Total tax on net profit for the year	**–46.7**	**–40.9**
Applicable tax rate	26.3%	26.3%
Effective tax rate	30.8%	29.1%
Tax items recognised directly against equity		
Current tax in Group contribution paid	–46.8	–40.9
Tax items recognised in other comprehensive income		
Tax on available-for-sale financial assets	–6.8	–3.8

	2010			2009		
SEK M	Before tax	Tax	After tax	Before tax	Tax	After tax
Tax attributable to other comprehensive income						
Available-for-sale financial assets	25.9	–6.8	19.1	14.3	–3.8	10.5

NOTE 15 TREASURY BILLS AND OTHER ELIGIBLE BILLS

SEK M	Dec. 31, 2010	Dec. 31, 2009
Carrying amount		
Swedish government	2,820.7	–
Total treasury bills and other eligible bills	**2,820.7**	–
Fair value	2,820.7	–
Amortised cost	2,891.3	–
Nominal value	2,550.0	–
Remaining term of more than 1 year	2,820.7	–

NOT 16 LOANS TO CREDIT INSTITUTIONS

SEK M	Dec. 31, 2010	Dec. 31, 2009
Loans to credit institutions	8,155.8	9,389.0
Total loans to credit institutions	**8,155.8**	**9,389.0**
Payable on demand	8,155.8	9,389.0

Loans to credit institutions include investments of SEK 8,133.0 M (9,228.4) in the Parent Company.

NOTE 17 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden.

SEK M	Dec. 31, 2010	Dec. 31, 2009
Loan receivables, gross		
Corporate sector	1 490.0	936.7
Retail sector	78,218.9	66,640.8
Total loan receivables, gross	**79,708.9**	**67,577.5**
Impairment of individually reserved loan receivables		
Retail sector	–3.4	–1.0
Total individual reserves	**–3.4**	**–1.0**
Impairment of collectively reserved loan receivables		
Corporate sector	–1.0	–0.7
Retail sector	–37.8	–39.9
Total collective reserves	**–38.8**	**–40.6**
Total provisions	**–42.2**	**–41.6**

SEK M	Dec. 31, 2010	Dec. 31, 2009
Loan receivables, net		
Corporate sector	1,489.0	936.0
Retail sector	78,177.7	66,599.9
Total loans to the public	**79,666.7**	**67,535.9**
Payable on demand	–	–
Remaining term of not more than 3 months	48,023.7	44,582.9
Remaining term of more than 3 months but not more than 1 year	4,747.5	9,000.3
Remaining term of more than 1 year but not more than 5 years	23,841.6	12,349.1
Remaining term of more than 5 years	3,096.1	1,645.2

Remaining term is defined as the remaining fixed-income period if the loan has periodically restricted conditions.

Impaired loans		
Retail sector	9.3	3.4
Total impaired loans	**9.3**	**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 cannot meet its undertaking. The loan receivable is considered impaired to the extent that its whole amount is not covered by collateral.

Reconciliation of impairment of loan losses, SEK M	Individual impairments	Collective impairments	Dec. 31, 2010	Individual impairments	Collective impairments	Dec. 31, 2009
Opening balance	**–1.0**	**–40.6**	**–41.6**	**–0.2**	**–42.4**	**–42.6**
Reversed earlier impairment of loan losses recognised in the annual accounts as confirmed losses	0.9	1.8	2.7	0.2	–	0.2
Reversed impairment of loan losses no longer required	1.3	–	1.3	1.5	–	1.5
Impairment of loan losses during the year	–4.6		–4.6	–2.5	1.8	–0.7
Closing balance	**–3.4**	**–38.8**	**–42.2**	**–1.0**	**–40.6**	**–41.6**

NOTE 18 BONDS AND OTHER INTEREST-BEARING SECURITIES

Issued by organisations other than public bodies

	Dec. 31, 2010	Dec. 31, 2009
Carrying amount		
Swedish mortgage institutions	12,483.3	2,056.7
Total bonds and other interest-bearing securities	**12,483.3**	**2,056.7**
Fair value	12,483.3	2,056.7
Amortised cost	12,579.3	2,037.6
Nominal value	12,075.0	2,000.0
Market status		
Securities listed	12,483.3	2,056.7
Securities unlisted	–	–
Remaining term of not more than 1 year	–	–
Remaining term of more than 1 year	12,483.3	2,056.7

NOTE 19 DERIVATIVES

	Dec. 31, 2010		Dec. 31, 2009	
SEK M	Nominal value	Fair value	Nominal value	Fair value
Derivatives with positive values				
Derivatives in hedge accounting				
Interest	44,117.0	609.7	37,814.5	814.6
Currency	1,777.7	401.3	1,394.4	332.4
Collateral received, CSA	–	–17.0	–	–157.8
Other				
Interest	13,500.0	1.9	–	–
Currency	–	–	3,267.6	427.6
Total derivatives with positive values	**59,394.7**	**995.9**	**42,476.5**	**1,416.8**
Remaining term of not more than 1 year	24,208.0	114.7	9,956.5	575.6
Remaining term of more than 1 year	35,186.7	881.2	32,520.0	841.2
Derivatives with negative values				
Derivatives in hedge accounting				
Interest	53,706.0	1,037.1	22,500.0	831.9
Currency	10,577.1	827.7	–	–
Other				
Currency	–	–	91.7	10.9
Total derivatives with negative values	**64,283.1**	**1,864.8**	**22,591.7**	**842.8**
Remaining term of not more than 1 year	5,615.0	48.9	8,896.7	174.7
Remaining term of more than 1 year	58,668.1	1,815.9	13,695.0	668.1

NOTE 20 FAIR VALUE CHANGES OF INTEREST-RATE-RISK HEDGED ITEMS IN PORTFOLIO HEDGE

SEK M	Dec. 31, 2010	Dec. 31, 2009
Assets		
Carrying amount at beginning of year	706.6	1 044.0
Changes during the year pertaining to lending	–580.2	–337.4
Carrying amount at year-end	**126.4**	**706.6**
Liabilities		
Carrying amount at beginning of year	754.0	991.8
Changes during the year pertaining to borrowing	–1,132.9	–237.8
Carrying amount at year-end	**–378.9**	**754.0**

NOTE 21 DEFERRED TAX ASSETS AND TAX LIABILITIES

Recognised deferred tax assets and tax liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities		Net	
SEK M	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Other financial investment assets	–	–	10.6	3.7	10.6	3.7
Liabilities	–0.1	–	–	–	–0.1	–
Deferred tax asset (–) /deferred tax liability (+)	**–0.1**	**–**	**10.6**	**3.7**	**10.5**	**3.7**
Offset	0.1	–	–0.1	–	–	–
Net deferred tax asset (–) /deferred tax liability (+)	**–**	**–**	**10.5**	**3.7**	**10.5**	**3.7**

Change in deferred tax in temporary differences and loss carryforwards

Dec. 31, 2010, SEK M	Amount at Jan. 1	Recognised in profit and loss	Recognised in other comprehensive income	Amount at Dec. 31
Other financial investment assets	3.7	0.1	6.8	10.6
Liabilities	–	–0.1	–	–0.1
Deferred tax asset (–)/ tax liability (+)	**3.7**	**0**	**6.8**	**10.5**
Dec. 31, 2009, SEK M				
Other financial investment assets	–	–	3.7	3.7
Deferred tax asset (–)/ tax liability (+)	**–**	**–**	**3.7**	**3.7**

NOTE 22 OTHER ASSETS

SEK M	Dec. 31, 2010	Dec. 31, 2009
Accounts receivable	0.5	0.1
Other assets	0.5	0
Total other assets	**1.0**	**0.1**

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	Dec. 31, 2010	Dec. 31, 2009
Accrued interest income	1,418.3	641.7
Other accrued income	1.0	1.8
Prepaid expenses	0.4	1.4
Total prepaid expenses and accrued income	**1,419.7**	**644.9**

NOTE 24 DUE TO CREDIT INSTITUTIONS

SEK M	Dec. 31, 2010	Dec. 31, 2009
Swedish credit institutions	17,844.4	20,476.2
Total liabilities due to credit institutions	**17,844.4**	**20,476.2**
Payable on demand	–	–
Remaining term of not more than 3 months	3,014.8	7,147.9
Remaining term of more than 3 months but not more than 1 year	14,829.6	13,262.1
Remaining term of more than 1 year but not more than 5 years	–	66.2
Remaining term of more than 5 years	–	–
Credit granted in Länsförsäkringar Bank amounts to	SEK 10 billion	SEK 10 billion

Loans to credit institutions include borrowing of SEK 14,765.4 M (19,957.0) from the Parent Company. True repurchase transactions amounts to SEK 2,975 M (10,077), of which SEK 1,988 M (9,558) with Group companies.

NOTE 25 DEBT SECURITIES IN ISSUE

SEK M	Dec. 31, 2010	Dec. 31, 2009
Bond loans	79,695.4	54,679.5
Total securities issued	**79,695.4**	**54,679.5**
Remaining term of not more than 1 year	16,149.3	15,093.5
Remaining term of more than 1 year	63,546.1	39,586.0

All securities are covered bonds.

NOTE 26 OTHER LIABILITIES

SEK M	Dec. 31, 2010	Dec. 31, 2009
Accounts payable	0.4	3.7
Unpaid Group contributions	140.1	120.3
Other liabilities	5.8	3.6
Total other liabilities	**146.3**	**127.6**

NOTE 27 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	Dec. 31, 2010	Dec. 31, 2009
Accrued holiday pay	0.5	0.5
Accrued social security expenses	0.3	1.0
Accrued interest expense	2,260.0	1,352.6
Other accrued expenses	102.7	52.5
Total accrued expenses and deferred income	**2,363.5**	**1,406.6**

NOTE 28 PROVISIONS

Defined-benefit pension plans
The company has a defined-benefit pension plan that is a pension agreement from 2006 for the insurance sector. Persons born in 1955 or earlier are entitled to voluntarily retire from the age of 62. The terms and conditions of this plan are designed such that the pension comprises about 65% of the pensionable salary at age 62.

SEK M	2010	2009
Pension commitments		
Provisions for pensions	0.2	0.2
Total	**0.2**	**0.2**
The year's change in capital value of own obligations for which there are no separated assets:		
Opening capital value on January 1, in accordance with Swedish principles for calculation of pension commitments	0.2	0.2
Cost excluding interest expense charged to earnings	0	0
Interest expense	0	0
Capital value at December 31	**0.2**	**0.2**
Net pension commitments	**0.2**	**0.2**
The company's own pensions		
Cost excluding interest expense	0	0
Interest expense	0	0
Cost of the company's own pensions	**0**	**0**
Recognised net cost attributable to pensions	**0**	**0**
Assumptions pertaining to defined-benefit commitments:		
Discount rate	2.3%	2.3%
Percentage expected to retire voluntarily at age 62	20.0%	20.0%
Memorandum items	**0.7**	**0.7**

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 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. Primarily, contributions to the Insurance Industry's Pension Fund (FPK) are recognised here. This plan includes all company employees.

	2010	2009
Expenses for defined-contribution plans	**1.2**	**1.5**

NOTE 29 SUBORDINATED LIABILITIES

SEK M	Dec. 31, 2010	Dec. 31, 2009
Subordinated debt	501.0	575.0
Total subordinated liabilities	**501.0**	**575.0**

	Dec. 31, 2010	Dec. 31, 2009	
Specification of subordinated debt from Länsförsäkringar Bank AB (publ)	**Carrying amount**	**Carrying amount**	**Coupon rate of interest**
Subordinated debt 2005/2015 LF Bank	–	30.0	variable 3 months
Subordinated debt 2005/2015 LF Bank	–	44.0	variable 3 months
Subordinated debt 2007/2017 LF Bank	150.0	150.0	variable 3 months
Subordinated debt 2008/2018 LF Bank	40.0	40.0	variable 3 months
Subordinated debt 2008/2018 LF Bank	150.0	150.0	variable 3 months
Subordinated debt 2009/2019 LF Bank	161.0	161.0	variable 3 months
	501.0	**575.0**	

Subordinated debt is subordinate to the mortgage company's other liabilities, which means that they carry entitlement to payment only after the other creditors have received payment.

NOTE 30 ASSETS AND LIABILITIES, FOREIGN CURRENCY

	Dec. 31, 2010		Dec. 31, 2009	
SEK M	**Foreign currency**	**SEK**	**Foreign currency**	**SEK**
Debt securities in issue, CHF	284.2	2,050.0	240.0	1,660.6
Debt securities in issue, EUR	996.0	8,982.6	350.2	3,592.2
Total		**11,032.6**		**5,252.8**

Currency exchange rates are hedged with cross-currency interest-rate swaps.

NOTE 31 EQUITY

SEK M	Dec. 31, 2010	Dec. 31, 2009
Restricted equity		
Share capital (70,335 shares, quotient value SEK 100 per share)	70.3	70.3
Statutory reserve	14.1	14.1
Total restricted equity	**84.4**	**84.4**
Non-restricted equity		
Fair value reserve	29.6	10.5
Retained earnings	3,403.5	2,689.6
Net profit for the year	104.8	99.9
Total non-restricted equity	**3,537.9**	**2,800.0**
Total equity	**3,622.3**	**2,884.4**

Conditional shareholders' contribution received totalled:	
During 2007	75.0
During 2008	125.0
During 2009	537.6
During 2010	745.0
Total	**1,482.6**

The disclosure requirement in accordance with Chapter 5, Section 14 of the Swedish Annual Accounts Act regarding specification of changes in shareholders' equity compared with the preceding year's balance sheet is presented on page 29.

Specification of balance-sheet item Fair value reserve	2010	2009
Opening reserve	**10.5**	–
Change in fair value of available-for-sale financial assets	25.9	14.3
Tax on available-for-sale financial assets	–6.8	–3.8
Closing reserve	**29.6**	**10.5**

NOTE 32 MEMORANDUM ITEMS

SEK M	Dec. 31, 2010	Dec. 31, 2009
For own liabilities, pledged assets		
Collateral paid due to repurchase agreement	2,975.2	10,076.9
Loan receivables, covered bonds	76,653.7	65,111.6
For own liabilities, pledged assets	**79,628.9**	**75,188.5**
Other pledged assets	**None**	**None**
Contingent liabilities		
Conditional shareholders' contribution	1,482.6	737,6
Early retirement at age 62 in accordance with pension agreement, 80%	0.7	0.7
Contingent liabilities	**1,483.3**	**738.3**
Other commitments		
Loans approved but not disbursed	3,226.3	3,064.8

Loans to the public were provided as collateral for 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.

An assumption regarding the number of employees likely to utilise the option of early retirement was made in determining the contingent liabilities for early retirement according to pension agreements. This assumption was based on historical information. The pension agreement expires in 2017.

From 2010, the item Loans approved by not disbursed includes previously unrecognised loan commitments. Accordingly, comparative figures as at December 31, 2009 have been adjusted.

NOTE 33 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

Dec. 31, 2010 SEK M	Loans and receivables	Financial assets at fair value through profit or loss: Financial assets according to fair value option	Financial assets at fair value through profit or loss: Held for trading	Derivatives used in hedge accounting	Available-for-sale financial assets	Non-financial assets	Total	Fair value
Assets								
Treasury bills and other eligible bills					2,820.7		2,820.7	2,820.7
Loans to credit institutions	8,155.8						8,155.8	8,155.8
Loans to the public	79,666.7						79,666.7	79,897.1
Bonds and other interest-bearing securities					12,483.3		12,483.3	12,483.3
Derivatives			1.9	994.0			995.9	995.9
Fair value changes of interest-rate-risk hedged items in portfolio hedge	126.4						126.4	126.4
Other assets	0.5					0.5	1.0	
Prepaid expenses and accrued income	22.3		21.8	977.3	396.9	1.4	1,419.7	
Total assets	**87,971.7**	–	**23.7**	**1,971.3**	**15,700.9**	**1.9**	**105,669.5**	

SEK M	Financial liabilities at fair value through profit or loss: Financial liabilities according to fair value option	Financial liabilities at fair value through profit or loss: Held for trading	Derivatives used in hedge accounting	Other financial liabilities	Non-financial liabilities	Total	Fair value
Liabilities							
Due to credit institutions				17,844.5		17,844.5	17,844.5
Debt securities in issue				79,695.4		79,695.4	80,664.4
Derivatives			1,864.8			1,864.8	1,864.8
Fair value changes of interest-rate-risk hedged items in portfolio hedge				–378.9		–378.9	–378.9
Deferred tax liabilities					10.5	10.5	
Other liabilities				144.3	1.9	146.2	
Accrued expenses and deferred income		23.0	499.4	1,737.6	103.5	2,363.5	
Provisions					0.2	0.2	
Subordinated liabilities				501.0		501.0	501.0
Total liabilities	–	**23.0**	**2,364.2**	**99,543.9**	**116.1**	**102,047.2**	

NOTE 33 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, cont.

Dec. 31, 2010 SEK M	Loans and receivables	Financial assets at fair value through profit or loss: Financial assets measured according to fair value option	Financial assets at fair value through profit or loss: Held for trading	Derivatives used in hedge accounting	Available-for-sale financial assets	Non-financial assets	Total	Fair value
Assets								
Loans to credit institutions	9,389.0						9,389.0	9,389.0
Loans to the public	67,535.9						67,535.9	68,449.9
Bonds and other interest-bearing securities					2,056.7		2,056.7	2,056.7
Derivatives			269.8	1,147.0			1,416.8	1,416.8
Fair value changes of interest-rate-risk hedged items in portfolio hedge	706.6						706.6	706.6
Other assets						0.1	0.1	
Prepaid expenses and accrued income	17.4		0.8	573.2	50.3	3.2	644.9	
Total assets	**77,648.9**	**–**	**270.6**	**1,720.2**	**2,107.0**	**3.3**	**81,750.0**	

SEK M	Financial liabilities at fair value through profit or loss: Financial liabilities according to fair value option	Financial liabilities at fair value through profit or loss: Held for trading	Derivatives used in hedge accounting	Other financial liabilities	Non-financial liabilities	Total	Fair value
Liabilities							
Due to credit institutions				20,476.2		20,476.2	20,476.2
Debt securities in issue				54,679.5		54,679.5	55,898.4
Derivatives		10.9	831.9			842.8	842.8
Fair value changes of interest-rate-risk hedged items in portfolio hedge				754.0		754.0	754.0
Deferred tax liabilities					3.7	3.7	
Other liabilities				127.0	0.6	127.6	
Accrued expenses and deferred income		0.8	420.7	931.1	54.0	1,406.6	
Provisions					0.2	0.2	
Subordinated liabilities				575.0		575.0	575.0
Total liabilities	**–**	**11.7**	**1,252.6**	**77,542.8**	**58.5**	**78,865.6**	

When calculating the fair value of fixed-rate deposits and lending, anticipated future cash flows have been discounted using a discount interest rate set at the current deposit and lending rates applied. For lending with variable interest rates, fair value corresponds to the carrying amount.

NOTE 34 FAIR VALUE VALUATION TECHNIQUES

Determination of fair value through published price quotations or valuation techniques
For information and determination of fair value, refer to the accounting policies..

Dec. 31, 2010 SEK M	Instruments with published price quotations (Level 1)	Valuation techniques based on observable market prices (Level 2)	Valuation techniques based on unobservable market prices (Level 3)	Total
Assets				
Treasury bills and other eligible bills	2,820.7			**2,820.7**
Bonds and other interest-bearing securities	12,483.3			**12,483.3**
Derivatives		995.9		**995.9**
Liabilities				
Derivatives		1,864.8		**1,864.8**

Dec. 31, 2009 SEK M	Instruments with published price quotations (Level 1)	Valuation techniques based on observable market prices (Level 2)	Valuation techniques based on unobservable market prices (Level 3)	Total
Assets				
Bonds and other interest-bearing securities	2,056.7			**2,056.7**
Derivatives		1,416.8		**1,416.8**
Liabilities				
Derivatives		842.8		**842.8**

NOTE 35 DISCLOSURES ON RELATED PARTIES, PRICING AND AGREEMENTS

Related parties

Related legal entities include the Länsförsäkringar AB Group's and the Länsförsäkringar Liv Group's companies, all associated companies, Länsförsäkringar Fastighetsförmedling AB and the 24 regional insurance companies with subsidiaries.

From 2006, the local insurance companies that hold shares in Länsförsäkringar AB are considered to be legal entities related to the Alliance.

Related key persons are Board members, senior executives and close family members to these individuals.

Pricing

The pricing level of the goods and services that Länsförsäkringar Hypotek AB purchases and sells within the Länsförsäkringar Alliance is determined by Länsförsäkringar AB's company management once a year in conjunction with the adoption of the business plan.

Agreement

Significant agreements for the company are primarily assignment agreements whit the 24 regional insurance companies and assignment agreements with Länsförsäkringar AB for development, service, financial services and IT. The company has agreements with the other companies in the Bank Group for Group-wide services.

Transactions

	Receivables		Liabilities		Income		Expenses	
SEK M	**Dec 31, 2010**	**Dec 31, 2009**	**Dec 31, 2010**	**Dec 31, 2009**	**2010**	**2009**	**2010**	**2009**
Länsförsäkringar Bank AB (Parent Company)	8,133.0	9,506.8	17,374.6	20,524.5	107.5	103.9	181.6	276.5
Other companies in the Bank Group	1.0	1.9	0.1	0.2			1.7	1.5
Other companies in the Länsförsäkringar AB Group			140.1	0.2			0.3	0.6
Regional insurance companies			65.1	27.5			196.2	161.3

For information regarding remuneration to related key persons such as members of the Board and senior executives, refer to note 10 concerning staff costs. In all other respects, no transactions took place between these individuals and their family members apart from normal customer transactions.

NOT 36 EVENTS AFTER BALANCE-SHEET DATE

It was announced in January that Mats Ericsson would leave his position of Board Chairman of Länsförsäkringar Hypotek and President of Länsförsäkringar Bank on March 1, 2011 and become the President of Länsförsäkringar Fastighetsförmedling. Anders Borgcrantz took office as President of Länsförsäkringar Bank on March 1, 2011 and will serve until the newly appointed President, Rikard Josefson, takes up his position not later than after the summer. Anders Borgcrantz was appointed the new Chairman of the Board. Göran Laurén, Representative for the President and CFO, took office as President on March 1, 2011.

PROPOSED APPROPRIATION OF PROFIT

Proposed appropriation of profit for Länsförsäkringar Hypotek (SEK)

Fair value reserve	29,663,588
Retained earnings	2,789,449,070
Group contribution paid, net	–131,001,750
Shareholders' contribution received	745,000,000
Net profit for the year	104,782,398
Profit to be appropriated	**3,537,893,306**

The Board proposes that SEK 3,537,893,306 be carried forward, of which SEK 29,663,588 be allocated to the fair value reserve.

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 accounts were prepared in accordance with legally restricted IFRSs, meaning in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and the Council issued on July 19, 2002 on the application of international accounting standards, with the limitations stipulated by the Swedish Annual Accounts Act and regulations. The Annual Report gives a true and fair view of the company's position and earnings. The Board of Directors' Report provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainties to which the company is exposed.

Stockholm, March 23, 2011

Anders Borgcrantz
Chairman

Bengt Clemedtson
Board member

Bengt Jerning
Board member

Christer Malm
Board member

Göran Laurén
President

My audit report was submitted on March 24, 2011

Johan Bæckström
Authorised Public Accountant

Audit Report

To the annual meeting of the shareholders of Länsförsäkringar Hypotek AB (publ)
Corporate identity number 516401-9878

I have audited the annual accounts, the accounting records and the administration of the Board of Directors and the President of Länsförsäkringar Hypotek AB (publ) for 2010. The annual accounts are included in the printed version of this document on pages 14–46. The Board of Directors and the President are responsible for these accounts and the administration of the company and the application of the Annual Accounts Act of Credit Institutions and Securities Companies when preparing the annual accounts. My responsibility is to express an opinion on the annual accounts and the administration based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in Sweden. Those standards require that I plan and perform the audit to obtain reasonable assurance that the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting policies used and their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual accounts as well as evaluating the overall presentation of information in the annual accounts. As a basis for my opinion concerning discharge from liability, I examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the President. I also examined whether any Board member or the President has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Association. I believe that my audit provides a reasonable basis for my opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and thereby give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. A Corporate Governance Report has been prepared. The Board of Directors' Report and the Corporate Governance Report are consistent with the other parts of the annual accounts.

I recommend to the Annual Meeting of the Shareholders that the income statement and balance sheet be adopted, that the profit be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 24, 2011

Johan Bæckström
Authorised Public Accountant

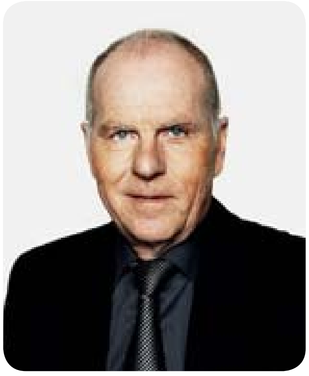
Board of Directors and auditors

BOARD OF DIRECTORS

Anders Borgcrantz, born 1961.
Board Chairman since March 1, 2011.
President of Länsförsäkringar Bank.
Other Board appointments: Chairman of Wasa Kredit. Board member of Länsförsäkringar Fondförvaltning, BGC Holding AB, Bankgirocentralen BGC AB and Devise Business Transaction Sweden AB.

Bengt Clemedtson, born 1964.
Board member since 2009.
Head of Products and Processes at Länsförsäkringar Bank.

Bengt Jerning, born 1953.
Board member since 1992.
Credit Manager and Executive Vice President of Länsförsäkringar Bank.



Christer Malm, born 1943.
Board member since 2005.
Other Board appointments: Board Chairman of IT-ledarna. Chairman of the Swedish Volleyball Association and Riksteatern. Board member of World Wide Fund for Nature.

Göran Laurén, born 1962.
Board member since 2011.
President since March 1, 2011.
Employed since 2007.

Mats Ericsson was Board Chairman during 2010 and Anders Borgcrantz was President during 2010.

AUDITOR

Johan Bæckström, Authorised Public Accountant, KPMG AB.

Definitions

Capital base
Comprises the sum of Tier 1 and Tier 2 capital and the difference between expected losses and reserves established for probable loan losses.

Capital adequacy ratio
Closing capital base in relation to the risk-weighted amount at year-end.

Cost/income ratio
Total expenses in relation to total income. The cost/income ratio is calculated before and after loan losses.

Fixed-interest term
The agreed period during which the interest rate on an asset or liability is fixed.

Investment margin
Net interest in relation to average total assets.

Impaired loans
Receivables for which payments are unlikely to be made in accordance with the agreed contractual terms and after deductions for the value of collateral. A loan receivable is considered impaired if a payment is more than 60 days past due or if the counterparty for other reasons cannot meet its undertaking.

Loan losses in relation to lending
Net loan losses in relation to the carrying amount of lending to the public and to credit institutions.

Percentage of impaired loans
Impaired loans in relation to the carrying amount of lending to the public and to credit institutions.

Reserve ratio in relation to loans
Reserves for impaired loans in relation to the total of loans to the public and loans to credit institutions.

Return on equity
Earnings for the period after appropriations and standard tax as a percentage of average equity, adjusted for new share issues and dividends.

Return on total capital
Operating profit in relation to average total assets.

Risk-weighted amount
Total assets in the balance sheet and off-balance sheet commitments valued in accordance with the Capital Adequacy and Large Exposures Act. Volumes are weighted taking into account assessed risk so that they are included in the risk-weighted amount by 0%, 20%, 50% or 100%.

Tier 1 capital
Comprises equity, excluding fair value reserve and Tier 1 capital contributions, which following approval from the Swedish Financial Supervisory Authority may be included in Tier 1 capital. Deductions are made for intangible assets and deferred tax assets and the difference between expected losses and reserves established for probable loan losses.

Tier 1 ratio
Tier 1 capital at year-end in relation to the closing risk-weighted amount.

Tier 2 capital
Primarily comprises fixed-term subordinated debt.

Financial Calendar 2011

First quarter:	
Interim report January–March	April 29, 2011
Second quarter:	
Interim report January–June	August 26, 2011
Third quarter:	
Interim report January–September	October 24, 2011

Addresses

Länsförsäkringar Blekinge
Box 24
SE-374 21 Karlshamn
Visit: Kyrkogatan 21
Phone: +46 (0)454-30 23 00
E-mail: info@lfblekinge.se

Dalarnas Försäkringsbolag
Box 3
SE-791 21 Falun
Visit: Slaggatan 9
Phone: +46 (0)23-930 00
E-mail: info@dalarnas.se

Länsförsäkringar Älvsborg
Box 1107
SE-462 28 Vänersborg
Visit: Vallgatan 21
Phone: +46 (0)521-27 30 00
E-mail: info@alvsborg.lansforsakringar.se

Länsförsäkringar Gävleborg
Box 206
SE-801 03 Gävle
Visit: Slottstorget 3
Phone: +46 (0)26-14 75 00
E-mail: info@lfgavleborg.se

Länsförsäkringar Göinge
Box 54
SE-281 21 Hässleholm
Visit: Andra Avenyen 14
Phone: +46 (0)451-489 00
E-mail: info@goinge.lansforsakringar.se

Länsförsäkringar Göteborg och Bohuslän
SE-404 84 Gothenburg
Visit: Lilla Bommen 8
Phone: +46 (0)31-63 80 00
E-mail: info@gbg.lansforsakringar.se

Länsförsäkringar Halland
Box 518
SE-301 80 Halmstad
Visit: Strandgatan 10
Phone: +46 (0)35-15 10 00
E-mail: info@halland.lansforsakringar.se

Länsförsäkringar Jämtland
Box 367
SE-831 25 Östersund
Visit: Prästgatan 18
Phone: +46 (0)63-19 33 00
E-mail: info@lfz.se

Länsförsäkringar Jönköping
Box 623
SE-551 18 Jönköping
Visit: Barnarpsgatan 22
Phone: +46 (0)36-19 90 00
E-mail: info@jonkoping.lansforsakringar.se

Länsförsäkringar Kalmar län
Box 748
SE-391 27 Kalmar
Visit: Norra Långgatan 17
Phone: +46 (0)20-66 11 00
E-mail: info@LFkalmar.se

Länsförsäkring Kronoberg
Box 1503
SE-351 15 Växjö
Visit: Kronobergsgatan 10
Phone: +46 (0)470-72 00 00
E-mail: info@lfkronoberg.se

Länsförsäkringar Norrbotten
Box 937
SE-971 28 Luleå
Visit: Köpmantorget
Phone: +46 (0)920-24 25 00
E-mail: info@LFnorrbotten.se

Länsförsäkringar Skaraborg
Box 600
SE-541 29 Skövde
Visit: Rådhusgatan 8
Phone: +46 (0)500-77 70 00
E-mail: info@skaraborg.lansforsakringar.se

Länsförsäkringar Stockholm
SE-115 97 Stockholm
Visit: Tegeluddsvägen 21
Phone: +46 (0)8-562 830 00
E-mail: info@sth.lansforsakringar.se

Länsförsäkringar Södermanland
Box 147
SE-611 24 Nyköping
Visit: V Storgatan 4
Phone: +46 (0)155-48 40 00
E-mail: info@lfs.se

Länsförsäkringar Uppsala
Box 2147
SE-750 02 Uppsala
Visit: Svartbäcksgatan 44
Phone: +46 (0)18-68 55 00
E-mail: info@uppsala.lansforsakringar.se

Länsförsäkringar Värmland
Box 367
SE-651 09 Karlstad
Visit: Köpmannagatan 2 A
Phone: +46 (0)54-775 15 00
E-mail: info@LFvarmland.se

Länsförsäkringar Kristianstad
Box 133
SE-291 22 Kristianstad
Visit: V Storgatan 49
Phone: +46 (0)44-19 62 00
E-mail: info@LFkristianstad.se

Länsförsäkringar Västerbotten
Box 153
SE-901 04 Umeå
Visit: Nygatan 19
Phone: +46 (0)90-10 90 00
E-mail: info@LFvasterbotten.se

Länsförsäkringar Västernorrland
Box 164
SE-871 24 Härnösand
Visit: Stora Torget 3
Phone: +46 (0)611-253 00
E-mail: info@vn.lansforsakringar.se

Länsförsäkringar Bergslagen
Box 1046
SE-721 26 Västerås
Visit: Stora Gatan 41
Phone: +46 (0)21-19 01 00
E-mail: info@lfbergslagen.se

Östgöta Brandstodsbolag
Box 400
SE-581 04 Linköping
Visit: Platensgatan 11
Phone: +46 (0)13-29 00 00
E-mail: info@lfostgota.se

Länsförsäkringar Gotland
Box 1224
SE-621 23 Visby
Visit: Österväg 17
Phone: +46 (0)498-28 18 50
E-mail: info@lfgotland.se

Länsförsäkringar Skåne
Box 742
SE-251 07 Helsingborg
Visit: Södergatan 15
Phone: +46 (0)42-633 80 00
E-mail: info@lfskane.se

JOINT COMPANIES

Länsförsäkringar AB
SE-106 50 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Liv
SE-106 50 Stockholm
Visit: Tegeluddsvägen 21
Phone: +46 (0)8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Sak
SE-106 50 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 400 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Bank
SE-106 50 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 416 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Hypotek
SE-106 50 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 416 00
E-mail: info@lansforsakringar.se

Länsförsäkringar Fondförvaltning
SE-106 50 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 400 00
E-mail: info@lansforsakringar.se

Wasa Kredit
Box 6740
SE-113 85 Stockholm
Visit: S:t Eriksgatan 115
Phone: +46 (0)8-635 38 00
E-mail: info@wasakredit.se

Agria Djurförsäkring
Box 70306
SE-107 23 Stockholm
Visit: Tegeluddsvägen 11–13
Phone: +46 (0)8-588 421 00
E-mail: info@agria.se

Humlegården Fastigheter
Box 5182
SE-102 44 Stockholm
Visit: Birger Jarlsgatan 25
Phone: +46 (0)8-678 92 00
E-mail: info@humlegarden.se

Länsförsäkringar Mäklarservice
Box 271 20
SE-102 52 Stockholm
Visit: Tegeluddsvägen 21
Phone: +46 (0)8-588 490 000
E-mail:
info.maklarservice@lansforsakringar.se

Länsförsäkringar Fastighetsförmedling
Box 742
SE-251 07 Helsingborg
Visit: Södergatan 15
Phone: +46 (0)42-633 98 10
E-mail: helsingborg@lanshem.se

Production: Länsförsäkringar Bank in cooperation with Hallvarsson & Halvarsson.
Photo: Länsförsäkringar's image bank. Print: TMG Sthlm., 2011. We print on environmentally friendly paper.
Translation: The Bugli Company AB.

Länsförsäkringar

LFAB 04897-06 eng.