

# Länsförsäkringar Hypotek

*Interim report January–September 2015*

## THE PERIOD IN BRIEF

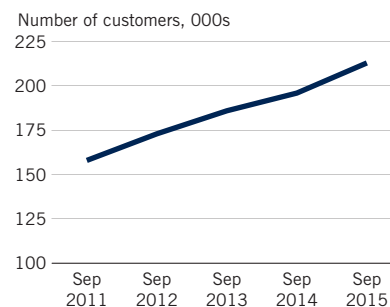
- Operating profit rose 25% to SEK 355 M (283) and return on equity was 5.7% (5.2).
- Net interest income increased 35% to SEK 968 M (720).
- Loan losses amounted to SEK -10 M (-11), net, corresponding to a loan loss of -0.01% (-0.01).
- Lending increased 18% to SEK 142 bn (120).
- The Core Tier 1 ratio amounted to 37.3 (38.2\*) on 30 September 2015.
- The number of customers rose 9% to 213,000.

Figures in parentheses pertain to the same period in 2014. \*Pertains to 30 June 2015.

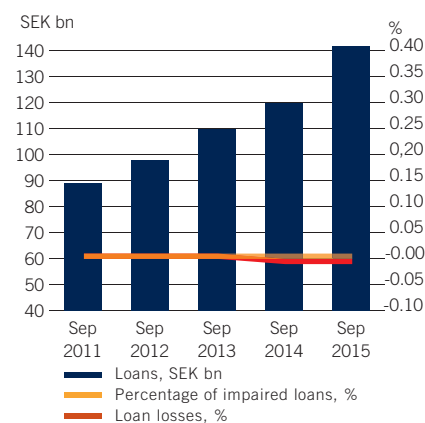
**ANDERS BORGCRANTZ**, PRESIDENT OF LÄNSFÖRSÄKRINGAR HYPOTEK:

“Länsförsäkringar Hypotek continued its stable growth in the third quarter. Business volumes and operating profit performed very well, at the same time as we had good control of costs. We are closely following the trend in housing prices together with the rising indebtedness of households. Several measures will probably be needed from society, particularly to increase the construction of new housing.

## CUSTOMER TREND



## LOANS TO THE PUBLIC



## KEY FIGURES

	Q 3 2015	Q 2 2015	Q 3 2014	Jan-Sep 2015	Jan-Sep 2014	Full-Year 2014
Return on equity, %	6.3	6.2	5.2	5.7	5.2	5.5
Return on total capital, %	0.34	0.34	0.28	0.30	0.27	0.29
Investment margin, %	0.85	0.86	0.73	0.83	0.69	0.71
Cost/income ratio before loan losses	0.15	0.16	0.21	0.17	0.20	0.19
Cost/income ratio after loan losses	0.13	0.14	0.19	0.15	0.17	0.17
Core Tier 1 ratio, %	37.3	38.2	22.1	37.3	22.1	21.9
Total capital ratio, %	42.9	44.0	24.0	42.9	24.0	23.8
Percentage of impaired loans, gross, %	0.00	0.00	0.00	0.00	0.00	0.00
Reserve ratio in relation to loans, %	0.02	0.02	0.03	0.02	0.03	0.03
Loan losses, %	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01

\* According to Basel II

## INCOME STATEMENT, QUARTERLY

SEK M	Q 3 2015	Q 2 2015	Q 1 2015	Q 4 2014	Q 3 2014
Net interest income	339.0	333.0	296.3	281.6	255.5
Net commission	-199.3	-231.9	-173.0	-171.6	-139.5
Net gains/losses from financial items	15.8	49.8	-12.9	33.6	-6.5
Other operating income	0.0	0.0	0.0	0.3	0.1
<b>Total operating income</b>	<b>155.5</b>	<b>150.9</b>	<b>110.4</b>	<b>143.9</b>	<b>109.6</b>
Staff costs	-3.1	-4.2	-3.8	-3.2	-3.9
Other administration expenses	-20.5	-19.9	-19.7	-18.7	-19.4
<b>Total operating expenses</b>	<b>-23.6</b>	<b>-24.2</b>	<b>-23.5</b>	<b>-21.9</b>	<b>-23.3</b>
<b>Profit before loan losses</b>	<b>131.9</b>	<b>126.7</b>	<b>86.9</b>	<b>122.0</b>	<b>86.3</b>
Loan losses, net	3.2	3.2	3.1	0.0	2.8
<b>Operating profit</b>	<b>135.1</b>	<b>129.9</b>	<b>90.0</b>	<b>122.0</b>	<b>89.1</b>

### Market commentary

The third quarter was characterised by turmoil in the financial markets with falling stock markets, resulting from such factors as fears of a slowdown in the Chinese economy. However, in general the US economy continued to perform well. The strong USD impacted the US export industry, which is expected to bring down growth in GDP slightly. The US services sector, comprising the main part of the economy, continued to report a strong trend. The Federal Reserve did not raise interest rates in September but announced that it continued to expect a first increase before the end of the year.

The European economy continued to recover and confidence among households and companies remained stable despite concern in the financial markets. However, there were some elements of uncertainty,

mainly due to the strengthening of the EUR, since both the real economy and core inflation have been significantly boosted by the weak EUR in the past year. The ECB refrained from further measures at its September meeting but communicated that it is not pleased with the current rate of recovery and that the risk profile for both growth and inflation has shifted in a negative direction.

For Sweden, economic statistics were stronger than expected, primarily regarding the labour market. Although unemployment is at a high level, the employment rate remained very strong and lowered unemployment, despite a growing labour force. Confidence among companies remained strong and is increasing, while households have become more cautious. The Riksbank did not take any additional expansive measures in September. Inflation is now in line

with the Riksbank's forecast, while low inflation expectations continue to present a problem.

Housing prices in Sweden rose 5.2% during the third quarter. According to Valueguard's HOX index, prices of single-family homes rose 4.3%, while prices of tenant-owned apartments increased 6.7%. Household indebtedness reported an increase of 7.1% in August compared with the year-earlier period.

Global stock markets declined in general during the quarter. The current share-price falls, since the pre-summer peaks, totalled 10-15% for developed market and about 20% for emerging markets. The upswing on the Stockholm Stock Exchange earlier in the year has thus been erased and most foreign stock markets have now been on the minus side since year-end. In addition, several currencies in emerging markets declined sharply and prices of commodities are falling. Long-term interest rates, in line with the economic climate and stock-market turmoil, fell slightly during the quarter, while credit spreads for corporate bonds, bonds issued by financial institutions and covered bonds widened.

## JANUARY-SEPTEMBER 2015 COMPARED WITH JANUARY-SEPTEMBER 2014

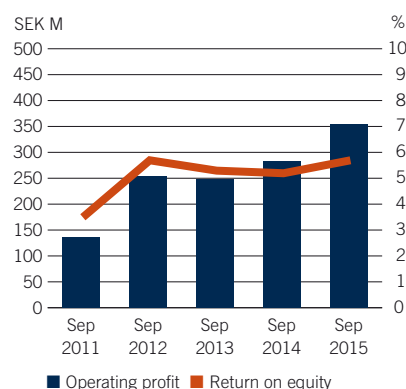
### Growth and customer trend

Loans to the public rose 18%, or SEK 22 bn, to SEK 142 bn (120), with continued very high credit quality. The number of customers rose 9%, or 17,000, to 213,000 (196,000), and 85% (85) of retail mortgage customers have Länsförsäkringar as their primary bank.

## Earnings and profitability

Operating profit rose 25% to SEK 355 M (283). The investment margin strengthened to 0.83% (0.69). Profit before loan losses rose 27% to SEK 346 M (273) due to higher net interest income. Return on equity amounted to 5.7% (5.2).

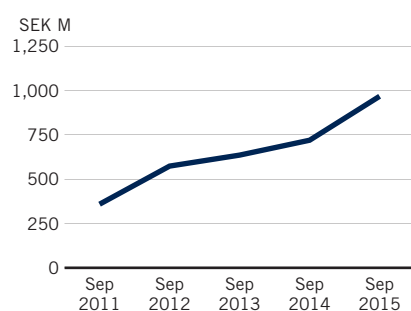
### OPERATING PROFIT AND RETURN ON EQUITY



## Income

Operating income increased 22% to SEK 417 M (342), due to higher net interest income as a result of increased volumes and improved margins. Net interest income increased 35% to SEK 968 M (720). Net gains from financial items amounted to SEK 53 M (15). Net commission amounted to an expense of SEK -604 M (-393), due to higher remuneration to the regional insurance companies related to higher business volumes and improved margins.

### NET INTEREST INCOME



## Expenses

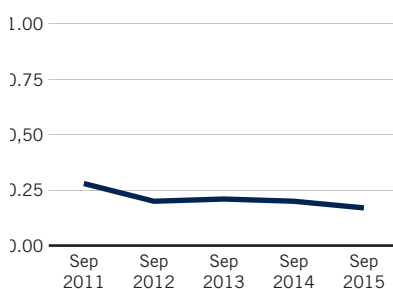
Operating expenses amounted to SEK 71 M (69). The cost/income ratio was 0.17 (0.20) before loan losses and 0.15 (0.17) after loan losses.

## Loan losses

Loan losses amounted to SEK -10 M (-11), net, corresponding to a loan loss of -0.01% (-0.01). Impaired loans, gross, amounted to SEK 2 M (1), corresponding to a percentage of impaired loans, gross, of 0.0% (0.0). The new settlement model, which was introduced on 1 January 2014, regarding the commitment that the regional insurance companies have for loan losses related to the business they have originated, entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by off-setting this against a buffer of accrued commission. The transition to the settlement model means that the credit reserves on the date of introduction will be gradually reversed by SEK 20 M. SEK 8 M was reversed during the period. Loan losses before reversal remained low at SEK 2 M (1), net. Reserves amounted to SEK 30 M (39), corresponding to a reserve ratio in relation to loans of 0.02% (0.03). In addition, SEK 13 M of the remuneration to the regional insurance companies is withheld, in accordance with the settlement model described above. The reserve ratio in relation to loans, including the held remuneration to the regional insurance companies, was 0.03% (0.04).

For more information regarding loan losses, reserves and impaired loans, see notes 8 and 10.

### COST/INCOME RATIO BEFORE LOAN LOSSES



## Loans

All loans are granted in Sweden and in SEK. Loans to the public rose 18%, or SEK 22 bn, to SEK 142 bn (120). The increase since year-end was 13% or SEK 15.8 bn. The credit quality of the loan

portfolio, comprising 73% (74) single-family homes, 21% (20) tenant-owned apartments and 6% (5) multi-family housing, remained favourable. On 31 August 2015, the market share for retail mortgages was 5.4% (5.0), according to data from Statistics Sweden.

## Cover pool

The cover pool contains 93% of the loan portfolio, corresponding to SEK 132.3 bn. The collateral comprises only private homes, of which 75% (77) are single-family homes, 23% (21) tenant-owned apartments and 2% (2) vacation homes. The geographic spread throughout Sweden is favourable and the average loan amount is only SEK 458,000 (424,000). The weighted average loan-to-value ratio, LTV, was 59% (61) and the nominal, current OC amounted to 37% (30).

A stress test of the cover pool based on a 20% price drop in the market value of the mortgages' collateral, resulted in a weighted average LTV of 66% (67) on 30 September 2015. No impaired loans are included in the cover pool. Länsförsäkringar Hypotek's cover pool has a healthy buffer to manage any downturns in housing prices. According to Moody's report from 25 August 2015, the assets in Länsförsäkringar Hypotek's cover pool continue to maintain the highest credit quality among all Swedish covered-bond issuers, and are among the best in Europe.

Cover pool	30 Sep 2015	30 Sep 2014
Cover pool, SEK billion	142	123
OC <sup>1)</sup> , nominal, current level, %	37	30
Weighted average LTV, %	59	61
Collateral	Private homes	Private homes
Seasoning, months	59	61
Number of loans	288,709	264,021
Number of borrowers	130,680	120,275
Number of properties	130,915	120,543
Average commitment, SEK 000s	1,010	913
Average loan, SEK 000s	458	424
Interest rate type, variable, %	60	60
Interest rate type, fixed, %	40	40
Impaired loans	None	None

<sup>1)</sup> OC is calculated using nominal values and excludes accrued interest rates. Debt securities in issue in other currencies than SEK are translated into SEK using the swap rate. Debt securities in issue include repurchase agreements.

## Funding

The funding structure is favourable and the maturity profile is well diversified.

Debt securities in issue rose 11% to SEK 107 bn (96). Issued covered bonds during the quarter totalled a nominal SEK 24 bn (18.5) and repurchases of a nominal SEK 3.5 bn (4.6) were executed. Matured covered bonds amounted to a nominal SEK 16.2 bn (16.6).

## Liquidity

On 30 September 2015, the liquidity reserve totalled SEK 10 bn (12), according to the Swedish Bankers' Association's definition. The liquidity situation remained healthy and the survival horizon was slightly more than 1.5 years. The liquidity reserve comprised 100% (88) Swedish covered bonds with the credit rating of AAA/Aaa.

## Rating

Länsförsäkringar Hypotek is one of three issuers in the Swedish market with the highest credit rating for covered bonds from both Standard & Poor's and Moody's. The Parent Company Länsförsäkringar Bank's credit rating is A/Stable from Standard & Poor's and A1/Stable from Moody's.

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

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

## Capital adequacy

Länsförsäkringar Hypotek AB (SEK M)	30 Sep 2015	30 June 2015
IRB Approach	12,917	12,692
retail exposures	9,467	9,233
exposures to corporates	3,450	3,459
Standardised Approach	2,811	2,564
Total REA	17,842	17,162
Core Tier 1 capital	6,651	6,555
Tier 1 capital	6,651	6,555
Total capital	7,652	7,556
Core Tier 1 ratio	37.3%	38.2%
Tier 1 ratio	37.3%	38.2%
Total capital ratio	42.9%	44.0%

REA on 30 September 2015 amounted to SEK 17,842 M (17,162). Growth in loans in the company continued during the third quarter, which impacted retail-related REA in the form of mortgages by SEK 236 M. REA under the Standardised Approach increased a total of SEK 248 M during the period, primarily due to increased exposures to institutions. In Pillar II, the risk weight floor for mortgages of 25% entailed an additional capital requirement of SEK 2,973 M (2,649).

During the third quarter, Core Tier 1 capital and Tier 1 capital were mainly positively impacted by generated profit.

This countercyclical capital buffer that is to be applied from 13 September 2015 (1.0% of REA) amounted to SEK 178 M.

This capital conservation buffer that is to correspond to 2.5% of REA amounted to SEK 446 M on 30 September 2015.

For more information on the calculation of capital adequacy, see note 14.

## Interest-rate risk

On 30 September 2015, an increase in market interest rates of 1 percentage point would have increased the value of interest-bearing assets and liabilities, including derivatives, by SEK 43 M (10).

## Risks and uncertainties

Länsförsäkringar Hypotek is exposed to a number of risks, primarily credit risks, liquidity risks and market risks. The macroeconomic situation in Sweden is critical for credit risk, since all loans are granted in Sweden. Market risks primarily comprise interest-rate risks which are restricted through narrow limits. The operations are characterised by a low risk profile.

Loan losses remain low and the refinancing of business activities was highly satisfactory during the period. A more detailed description of risks is available in the 2014 Annual Report. No significant changes in the allocation of risk have taken place compared with the description provided in the Annual Report.

## THIRD QUARTER OF 2015 COMPARED WITH SECOND QUARTER OF 2015

Operating profit increased 4% to SEK 135 M (130), due to higher operating income. Return on equity amounted to 6.3% (6.2). Operating income increased 3% to SEK 156 M (151), due to improved net interest income and lower commission expense. Net interest income rose 2% to SEK 339 M (333). Net gains from financial items amounted to SEK 16 M (50) as a result of changes in value of interest-bearing items. Commission expense amounted to SEK –199 M (–232). Operating expenses remained unchanged at SEK 24 M (24) and the cost/income ratio before loan losses amounted to 0.15% (0.16). Loan losses amounted to SEK –3 M (–3).

## Events after the end of the period

No significant events occurred after the end of the period.

## INCOME STATEMENT

SEK M	Note	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Interest income	3	1,180.8	1,149.9	3%	1,360.2	-13%	3,549.2	4,328.5	-18%	5,603.6
Interest expense	4	-841.8	-816.9	3%	-1,104.7	-24%	-2,580.9	-3,609.0	-28%	-4,602.6
<b>Net interest income</b>		<b>339.0</b>	<b>333.0</b>	<b>2%</b>	<b>255.5</b>	<b>33%</b>	<b>968.3</b>	<b>719.5</b>	<b>35%</b>	<b>1,001.0</b>
Commission income	5	0.5	0.6	-17%	0.4	25%	1.6	1.5	7%	2.0
Commission expense	6	-199.8	-232.5	-14%	-139.9	43%	-605.8	-394.3	54%	-566.4
Net gains/losses from financial items	7	15.8	49.8	-68%	-6.5		52.7	15.0		48.6
Other operating income		0.0	0.0		0.1		0.0	0.2		0.4
<b>Total operating income</b>		<b>155.5</b>	<b>150.9</b>	<b>3%</b>	<b>109.6</b>	<b>42%</b>	<b>416.8</b>	<b>341.9</b>	<b>22%</b>	<b>485.6</b>
Staff costs		-3.1	-4.2	-26%	-3.9	-21%	-11.1	-11.4	-3%	-14.6
Other administration expenses		-20.5	-19.9	3%	-19.4	6%	-60.1	-57.9	4%	-76.5
Depreciation and impairment of tangible assets		0.0	-0.1		-		-0.1	-0.1		-0.1
<b>Total operating expenses</b>		<b>-23.6</b>	<b>-24.2</b>	<b>-2%</b>	<b>-23.3</b>	<b>1%</b>	<b>-71.3</b>	<b>-69.4</b>	<b>3%</b>	<b>-91.2</b>
<b>Profit before loan losses</b>		<b>131.9</b>	<b>126.7</b>	<b>4%</b>	<b>86.3</b>	<b>53%</b>	<b>345.5</b>	<b>272.5</b>	<b>27%</b>	<b>394.4</b>
Loan losses, net	8	3.2	3.2		2.8	14%	9.5	10.7	-11%	10.7
<b>Operating profit</b>		<b>135.1</b>	<b>129.9</b>	<b>4%</b>	<b>89.1</b>	<b>52%</b>	<b>355.0</b>	<b>283.2</b>	<b>25%</b>	<b>405.1</b>
Allocation fund		-	-		-		-	-		-116.8
Tax		-29.7	-28.6	4%	-19.4	53%	-64.7	-62.3	4%	-77.1
<b>Profit for the period</b>		<b>105.4</b>	<b>101.3</b>	<b>4%</b>	<b>69.7</b>	<b>51%</b>	<b>290.3</b>	<b>220.9</b>	<b>31%</b>	<b>211.2</b>

## STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
<b>Profit for the period</b>	<b>105.4</b>	<b>101.3</b>	<b>4%</b>	<b>69.7</b>	<b>51%</b>	<b>290.3</b>	<b>220.9</b>	<b>31%</b>	<b>211.2</b>
<b>Other comprehensive income</b>									
<b>Items that may subsequently be reclassified to the income statement</b>									
Cash-flow hedges	-6.7	59.6		27.5		78.8	17.8		63.9
Change in fair value from available-for-sale financial assets	-12.5	-19.4	-36%	27.2		-61.5	11.3		-14.3
Reclassification realised securities	0.0	-23.3		-2.8		-6.0	-4.1	46%	11.1
Tax attributable to items that are rerouted or can be rerouted as income for the period	4.2	-3.7		-11.4		-2.5	-5.5	-55%	-13.3
<b>Total other comprehensive income for the period, net after tax</b>	<b>-15.0</b>	<b>13.2</b>		<b>40.5</b>		<b>8.8</b>	<b>19.5</b>	<b>-55%</b>	<b>47.4</b>
<b>Total comprehensive income for the period</b>	<b>90.4</b>	<b>114.5</b>	<b>-21%</b>	<b>110.2</b>	<b>-18%</b>	<b>299.1</b>	<b>240.4</b>	<b>24%</b>	<b>258.6</b>

## BALANCE SHEET

SEK M	Note	30 Sep, 2015	31 Dec, 2014	30 Sep, 2014
<b>Assets</b>				
Treasury bills and other eligible bills				1,480.0
Loans to credit institutions	9	3,924.5	2,488.8	3,522.4
Loans to the public	10	141,924.3	126,127.9	120,445.0
Bonds and other interest-bearing securities		9,954.5	12,391.9	10,714.5
Derivatives	11	4,990.9	4,827.5	3,496.9
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		883.4	980.7	876.4
Tangible assets		0.6	0.5	0.4
Deferred tax assets		–	–	–
Other assets		17.7	53.9	51.0
Prepaid expenses and accrued income		685.2	1,372.6	896.6
<b>Total assets</b>		<b>162,381.1</b>	<b>148,243.8</b>	<b>141,483.2</b>
<b>Liabilities, provisions and equity</b>				
Due to credit institutions	9	40,965.0	32,637.1	32,483.6
Debt securities in issue		106,511.8	100,888.0	95,766.8
Derivatives	11	1,634.1	1,747.1	1,787.2
Fair value changes of interest-rate-risk hedged items in the portfolio hedge		3,418.4	3,634.3	2,936.5
Other liabilities		72.6	122.3	134.6
Accrued expenses and deferred income		1,876.6	2,611.6	1,906.0
Provisions		0.9	0.8	0.8
Subordinated liabilities		1,001.0	501.0	501.0
<b>Total liabilities and provisions</b>		<b>155,480.4</b>	<b>142,142.2</b>	<b>135,516.5</b>
<b>Untaxed reservs</b>		<b>181.8</b>	<b>181.8</b>	<b>65.0</b>
<b>Equity</b>				
Share capital, 70,335 shares		70.3	70.3	70.3
Statutory reserve		14.1	14.1	14.1
Fair value reserve		118.7	109.9	82.0
Retained earnings		6,225.5	5,514.3	5,514.4
Profit for the year		290.3	211.2	220.9
<b>Total equity</b>		<b>6,718.9</b>	<b>5,919.8</b>	<b>5,901.7</b>
<b>Total liabilities, provisions and equity</b>		<b>162,381.1</b>	<b>148,243.8</b>	<b>141,483.2</b>
<b>Memorandum items</b>				
For own liabilities, pledged assets	12	142,002.8	128,742	123,754.3
Other pledged assets		None	None	None
Contingent liabilities		3,860.6	3,360.6	3,360.6
Other commitments		9,066.0	7,276.6	7,790.2
<b>Other notes</b>				
Accounting policies	1			
Segment reporting	2			
Fair value valuation techniques	13			
Capital-adequacy analysis	14			
Disclosures on related parties	15			

## CASH-FLOW STATEMENT IN SUMMARY, INDIRECT METHOD

SEK M	Jan-Sep 2015	Jan-Sep 2014
<b>Cash and cash equivalents, 1 January</b>	<b>11.8</b>	<b>7.2</b>
Cash flow from operating activities	-1,007.3	-433.0
Cash flow from investing activities	0.0	0.0
Cash flow from financing activities	1,000.0	430.0
<b>Cash flow for the period</b>	<b>-7.3</b>	<b>-3.0</b>
<b>Cash and cash equivalents, 30 September</b>	<b>4.5</b>	<b>4.2</b>

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

The change in cash flow from operating activities is largely attributable to loans to the public amounting to SEK -16,540.9 M (-8,293.4), due to credit institutions to SEK 8,327.9 M (6,890.9) and debt securities in issue SEK 5,894.7 M (-4,407.7). Changes to the cash flow from the financing activities are largely attributable to shareholder's contribution received SEK 500.0 M (430.0) and subordinated loans 500.0 M (0.0).

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

SEK M	Share capital	Statutory reserve	Fair value reserves		Retained earnings	Profit for the period	Total
			Fair value reserve	Hedge reserve			
<b>Opening balance, 1 January 2014</b>	<b>70.3</b>	<b>14.1</b>	<b>62.5</b>		<b>4,924.9</b>	<b>159.5</b>	<b>5,231.3</b>
Profit for the period						220.9	220.9
Other comprehensive income for the period			5.6	13.9			19.5
<i>Comprehensive income for the period</i>			<i>5.6</i>	<i>13.9</i>		<i>220.9</i>	<i>240.4</i>
Resolution by Annual General Meeting					159.5	-159.5	0.0
Conditional shareholders' contribution received					430.0		430.0
<b>Closing balance, 30 September 2014</b>	<b>70.3</b>	<b>14.1</b>	<b>68.1</b>	<b>13.9</b>	<b>5,514.4</b>	<b>220.9</b>	<b>5,901.7</b>
<b>Opening balance, 1 October 2014</b>	<b>70.3</b>	<b>14.1</b>	<b>68.1</b>	<b>13.9</b>	<b>5,514.4</b>	<b>220.9</b>	<b>5,901.7</b>
Profit for the period						-9.7	-9.7
Other comprehensive income for the period			-8.1	36.0			27.9
<i>Comprehensive income for the period</i>			<i>-8.1</i>	<i>36.0</i>		<i>-9.7</i>	<i>18.2</i>
Resolution by Annual General Meeting							
Conditional shareholders' contribution received							
<b>Closing balance, 31 December 2014</b>	<b>70.3</b>	<b>14.1</b>	<b>60.0</b>	<b>49.9</b>	<b>5,514.4</b>	<b>211.2</b>	<b>5,919.8</b>
<b>Opening balance, 1 January 2015</b>	<b>70.3</b>	<b>14.1</b>	<b>60.0</b>	<b>49.9</b>	<b>5,514.4</b>	<b>211.2</b>	<b>5,919.8</b>
Profit for the period						290.3	290.3
Other comprehensive income for the period			-52.6	61.4			8.8
<i>Comprehensive income for the period</i>			<i>-52.6</i>	<i>61.4</i>		<i>290.3</i>	<i>299.1</i>
Resolution by Annual General Meeting					211.2	-211.2	
Conditional shareholders' contribution received					500.0		500.0
<b>Closing balance, 30 September 2015</b>	<b>70.3</b>	<b>14.1</b>	<b>7.4</b>	<b>111.3</b>	<b>6,225.5</b>	<b>290.3</b>	<b>6,718.9</b>

## NOTES

### NOTE 1 ACCOUNTING POLICIES

Länsförsäkringar Hypotek AB prepares its accounts in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Securities Market Act (2007:528) and Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25). The company also applies the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued pertaining to listed companies. The regulations in RFR 2 stipulate that the company, in the annual accounts for the legal entity, is to apply all IFRS adopted by the EU and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and with consideration to the relationship between accounting and taxation. The recommendation stipulates the permissible exceptions from and additions to IFRS. This interim report was prepared in accordance with IAS 34 Interim Financial Reporting.

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

IFRS 9 will take effect on 1 January 2018. The part of the standard that pertains to provisions for expected loan losses will affect the institution's capital base. Länsförsäkringar Hypotek AB currently has an IFRS 9 project in progress, but believes that it is too early to assess the effect on the capital base.

#### **Changes that have impacted the financial statements in 2015**

No accounting standards, which have been published but not yet applied, came into effect during the period that have a significant effect on the company's financial statements or capital adequacy and large exposures. In all other respects, the interim report has been prepared in accordance with the same accounting policies and calculation methods applied in the 2014 Annual Report.

### NOTE 2 SEGMENT REPORTING

The business of the company represents one operating segment and reporting to the chief operating decision maker thus agrees with the interim report



### NOTE 3 INTEREST INCOME

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Loans to credit institutions	3.2	5.8	-45%	15.9	-80%	23.3 <sup>1</sup>	49.5	-53%	58.3
Loans to the public	735.7	745.1	-1%	819.0	-10%	2,244.2	2,495.0	-10%	3,285.8
Interest-bearing securities	45.2	45.2		57.1	-21%	141.6	250.3	-43%	306.1
Derivatives	396.7	353.8	12%	468.2	-15%	1,140.1	1,533.7	-26%	1,953.4
<b>Total interest income</b>	<b>1,180.8</b>	<b>1,149.9</b>	<b>3%</b>	<b>1,360.2</b>	<b>-13%</b>	<b>3,549.2</b>	<b>4,328.5</b>	<b>-18%</b>	<b>5,603.6</b>
of which interest income on impaired loans	-	0.5		0.1		0.7	-0.1		0.2
Average interest rate on loans to the public during the period, %	2.1	2.2	-6%	2.8	-99%	2.2	2.9	-24%	2.8

<sup>1</sup> Of which negative interest of SEK 0.5 M.

### NOTE 4 INTEREST EXPENSE

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Due to credit institutions	-94.6	-62.8	51%	-123.4	-23%	-244.9 <sup>1</sup>	-341.7	-28%	-445.0
Dept securities in issue	-515.9	-534.9	-4%	-595.8	-13%	-1,646.0	-1,953.9	-16%	-2,558.5
Subordinated liabilities	-4.6	-3.2	44%	-4.1	12%	-11.2	-14.4	-22%	-18.2
Derivatives	-216.3	-204.5	6%	-371.9	-42%	-646.1	-1,269.6	-49%	-1,542.1
Other interest expense	-10.4	-11.5	-10%	-9.5	9%	-32.7	-29.4	11%	-38.8
<b>Total interest expense</b>	<b>-841.8</b>	<b>-816.9</b>	<b>3%</b>	<b>-1,104.7</b>	<b>-24%</b>	<b>-2,580.9</b>	<b>-3,609.0</b>	<b>-28%</b>	<b>-4,602.6</b>

<sup>1</sup> Of which negative interest of SEK 0.7 M.

### NOTE 5 COMMISSION INCOME

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Loans	0.5	0.6	-17%	0.4	25%	1.6	1.5	7%	2.0
<b>Total commission income</b>	<b>0.5</b>	<b>0.6</b>	<b>-17%</b>	<b>0.4</b>	<b>25%</b>	<b>1.6</b>	<b>1.5</b>	<b>7%</b>	<b>2.0</b>

### NOTE 6 COMMISSION EXPENSE

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Remuneration to regional insurance companies	-199.7	-232.2	-14%	-139.7	43%	-605.2	-393.5	54%	-565.4
Other commission	-0.1	-0.3	-67%	-0.2	-50%	-0.6	-0.8	-25%	-1.0
<b>Total commission expense</b>	<b>-199.8</b>	<b>-232.5</b>	<b>-14%</b>	<b>-139.9</b>	<b>43%</b>	<b>-605.8</b>	<b>-394.3</b>	<b>54%</b>	<b>-566.4</b>

### NOTE 7 NET GAINS / LOSSES FROM FINANCIAL ITEMS

SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
Interest-bearing assets and liabilities and related derivatives	2.9	33.1	-91%	-21.6		11.2	-26.9		-12.0
Other financial assets and liabilities	-0.5	0.4		-0.9	-44%	0.1	-1.1		-0.3
Interest compensation	13.4	16.3	-18%	16.0	-16%	41.4	43.0	-4%	60.9
<b>Total net gains / losses from financial items</b>	<b>15.8</b>	<b>49.8</b>	<b>-68%</b>	<b>-6.5</b>		<b>52.7</b>	<b>15.0</b>		<b>48.6</b>

## NOTE 8 LOAN LOSSES AND IMPAIRED LOANS

Loan losses, SEK M	Q 3 2015	Q 2 2015	Change	Q 3 2014	Change	Jan-Sep 2015	Jan-Sep 2014	Change	Full-Year 2014
<b>Specific reserve for individually assessed loan receivables</b>									
Write-off of confirmed loan losses during the period	-0.5	-		-0.7	-29%	-1.1	-2.0	-45%	-3.0
Reversed earlier impairment of loan losses recognised as confirmed losses	0.7	0.1		0.3		1.2	1.2		2.1
Impairment of loan losses during the period	-1.1	-1.5	-27%	-1.7	-35%	-3.6	-4.4	-18%	-6.1
Payment received for prior confirmed loan losses	0.6	0.8	-25%	0.7	-14%	1.9	2.7	-30%	3.2
Reversed impairment of loan losses no longer required	0.7	3.7	-81%	4.2	-17%	8.3	12.8	-35%	10.5
<b>Net expense for the year for individually assessed loan receivables</b>	<b>0.4</b>	<b>3.1</b>	<b>-87%</b>	<b>2.8</b>	<b>14%</b>	<b>6.7</b>	<b>10.3</b>	<b>-35%</b>	<b>6.7</b>
<b>Collective assessed homogenous groups of loan receivables with limited value and similar credit risk</b>									
Provision / reversal of impairment of loan losses	2.8	0.1		0		2.8	0.4		4.0
<b>Net expense for the year for collectively loan receivables</b>	<b>-</b>	<b>0.1</b>		<b>0</b>		<b>-</b>	<b>0.4</b>		<b>4.0</b>
Annual net expense for lived up of guarantees				0					-
<b>Net expense of loan losses for the period</b>	<b>3.2</b>	<b>3.2</b>		<b>2.8</b>	<b>14%</b>	<b>9.5</b>	<b>10.7</b>	<b>-11%</b>	<b>10.7</b>

All information pertains to receivables from the public.

Impaired loans, SEK M	30 September 2015				31 December 2014				30 September 2014			
	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net	Gross	Individual impairments	Collective impairments	Net
Corporate sector					-	-	-	-	-	-	-	-
Retail sector	1.9	-4.6	-25.4	-28.1	0.3	-10.5	-28.2	-38.4	1.2	-11.0	-28.4	-38.2
<b>Total</b>	<b>1.9</b>	<b>-4.6</b>	<b>-25.4</b>	<b>-28.1</b>	<b>0.3</b>	<b>-10.5</b>	<b>-28.2</b>	<b>-38.4</b>	<b>1.2</b>	<b>-11.0</b>	<b>-28.4</b>	<b>-38.2</b>

The settlement model, which was introduced on January 1, 2014, regarding the commitment that the regional insurance companies have regarding loan losses related to business they have originated entails that the regional insurance companies cover 80% of the provision requirement on the date when an impairment is identified, by an off-set against accrued commissions. On September 30, 2015, the total credit reserve requirement amounted to SEK 43 M, of which Länsförsäkringar Hypotek ABs credit reserve amounted to SEK 30 M and the remainder amounting to SEK 13 M was offset against the regional insurance companies' held funds, according to the model described above. The transition to the model means that the Länsförsäkringar Hypotek ABs credit reserves on the date of introduction will be gradually reduced by SEK 21 M, while SEK 8 M was reversed during the period.

## NOTE 9 LOANS / DUE TO CREDIT INSTITUTIONS

Loans to credit institutions include deposits with the Parent Company of SEK 2,808.0 M (3,347.0).

Due to credit institutions includes borrowings from the Parent Company of SEK 40,386.2 M (31,696.2).

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

## NOTE 10 LOANS TO THE PUBLIC

Loan receivables are geographically attributable in their entirety to Sweden

SEK M	30 Sep, 2015	31 Dec, 2014	30 Sep, 2014
<b>Loans to the public before reservations</b>			
Public sector			
Corporate sector	7,227.7	6,468.5	6,078.6
Retail sector	134,726.6	119,698.1	114,405.8
Other	–	–	–
<b>Total</b>	<b>141,954.3</b>	<b>126,166.6</b>	<b>120,484.4</b>
<b>Reservations</b>	<b>–30.0</b>	<b>–38.7</b>	<b>–39.4</b>
<b>Loans to the public</b>	<b>141,924.3</b>	<b>126,127.9</b>	<b>120,445.0</b>
Remaining term of not more than 3 month	83,321.5	70,912.8	70,634.1
Remaining term of more than 3 months but not more than 1 year	13,633.3	14,749.5	11,540.5
Remaining term of more than 1 year but not more than 5 years	43,401.6	38,994.7	37,197.9
Remaining term of more than 5 years	1,567.9	1,470.9	1,072.5
<b>Total</b>	<b>141,924.3</b>	<b>126,127.9</b>	<b>120,445.0</b>

### Definition

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

## NOTE 11 DERIVATIVES

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 2014	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
<b>Derivatives with positive values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	71,300.0	2,710.1	65,485.0	2,818.0	63,165.0	2,290.6
Currency-related	13,606.6	2,280.8	14,442.0	2,009.5	12,964.5	1,206.3
<i>Other derivatives</i>						
Interest-related	–	–	7,000.0	0.0	–	–
<b>Total derivatives with positive values</b>	<b>84,906.6</b>	<b>4,990.9</b>	<b>86,927.0</b>	<b>4,827.5</b>	<b>76,129.5</b>	<b>3,496.9</b>
<b>Derivatives with negative values</b>						
<i>Derivatives in hedge accounting</i>						
Interest-related	66,555.0	1,241.1	62,765.0	1,313.6	60,623.0	1,169.3
Currency-related	7,606.2	393.0	13,547.9	433.3	14,040.5	617.3
<i>Other derivatives</i>						
Interest-related	–	–	7,000.0	0.2	9,750.0	0.6
<b>Total derivatives with negative values</b>	<b>74,161.2</b>	<b>1,634.1</b>	<b>83,312.9</b>	<b>1,747.1</b>	<b>84,413.5</b>	<b>1,787.2</b>

Länsförsäkringar Hypotek AB enters into financial hedging agreements to hedge against the interest-rate risk and currency risk that the Group's funding programmes give rise to. By using derivatives, the company can hedge both the fair value of the bonds issued due to changes in the market interest rate, and hedge cash flows attributable to future flows in foreign currency. Hedging instruments primarily comprise interest and currency interest-rate swaps.

## NOTE 12 MEMORANDUM ITEMS

SEK M	30 Sep 2015	31 Dec 2014	30 Sep 2014
<b>For own liabilities, pledged assets</b>			
Collateral pledged due to repurchase agreements	378.8	–	404.5
Loan receivables, covered bonds	132,299.0	117,267.0	112,024.8
Loan receivables, substitute collateral	9,325.0	11,475.0	11,325.0
<b>Total for own liabilities, pledged assets</b>	<b>142,002.8</b>	<b>128,742.0</b>	<b>123,754.3</b>
<b>Other pledged assets</b>			
	None	None	None
<b>Contingent liabilities</b>			
Conditional shareholders' contribution	3,860.6	3,360.6	3,360.6
<b>Total contingent liabilities</b>	<b>3,860.6</b>	<b>3,360.6</b>	<b>3,360.6</b>
<b>Commitments</b>			
Loans approved but not disbursed	9,066.0	7,276.6	7,790.2

## NOTE 13 FAIR VALUE VALUATION TECHNIQUES

Determination of fair value through published price quotations or valuation techniques. Level 1 includes Instruments with published price quotations, Level 2 includes Valuation techniques based on observable market prices and Level 3 includes Valuation techniques based on unobservable market price.

SEK M	Level 1	Level 2	Level 3	Total
<b>30 Sep 2015</b>				
<b>Assets</b>				
Treasury bills and other eligible bills				
Bonds and other interest-bearing securities	9,954.5			9,954.5
Derivatives		4,990.9		4,990.9
<b>Liabilities</b>				
Derivatives		1,634.1		1,634.1
<b>SEK M</b>				
<b>31 December 2014</b>				
<b>Assets</b>				
Treasury bills and other eligible bills				
Bonds and other interest-bearing securities	12,391.9			12,391.9
Derivatives		4,827.5		4,827.5
<b>Liabilities</b>				
Derivatives		1,747.1		1,747.1
<b>SEK M</b>				
<b>30 Sep 2014</b>				
<b>Assets</b>				
Treasury bills and other eligible bills	1,480.1			1,480.1
Bonds and other interest-bearing securities	10,714.5			10,714.5
Derivatives		3,496.9		3,496.9
<b>Liabilities</b>				
Derivatives		1,787.2		1,787.2

## NOTE 13 FAIR VALUE VALUATION TECHNIQUES, CONTINUED

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
<b>Assets</b>						
Treasury bills and other eligible bills	–	–	–	–	1,480.1	1,480.1
Loans to credit institutions	3,924.5	3,924.5	2,488.8	2,488.8	3,522.5	3,522.5
Loans to the public	141,924.3	142,788.8	126,127.9	127,341.6	120,445.0	121,458.0
Bonds and other interest-bearing securities	9,954.5	9,954.5	12,391.9	12,391.9	10,714.5	10,714.5
Derivatives	4,990.9	4,990.9	4,827.5	4,827.5	3,496.9	3,496.9
<b>Total assets</b>	<b>160,794.2</b>	<b>161,658.7</b>	<b>145,836.1</b>	<b>147,049.8</b>	<b>139,659.0</b>	<b>140,672.0</b>
<b>Liabilities</b>						
Due to credit institutions	40,965.0	40,965.0	32,637.1	32,637.1	32,483.5	32,483.5
Debt securities in issue	106,511.8	110,555.8	100,888.0	106,719.8	95,766.8	101,131.0
Derivatives	1,634.1	1,634.1	1,747.1	1,747.1	1,787.2	1,787.2
Other liabilities	46.8	46.8	6.7	6.7	0.4	0.4
Subordinated liabilities	1,001.0	1,033.4	501.0	525.3	501.0	528.1
<b>Total Liabilities</b>	<b>150,158.7</b>	<b>154,235.1</b>	<b>135,779.9</b>	<b>141,636.0</b>	<b>130,538.9</b>	<b>135,930.2</b>

There were no transfers between Level 1 and Level 2 during the period. There were no transfers from Level 3 during the period. The fair value of loans to credit institutions, due to credit institutions and other liabilities comprises a reasonable approximation of the fair value based on the cost of the assets and liabilities.

When calculating the fair value of loans to the public, anticipated future cash flows have been discounted using a discount rate set at the current lending rate applied (including discounts).

The main principle for measuring the fair value of debt securities in issue is that the value is measured at prices from external parties at the closing date or the most recent trading date. If external prices are not available or are deemed to deviate from market levels, and for measuring the fair value of subordinated liabilities, a standard method or valuation technique based on the estimated or original issue spread has been utilised.

Derivatives essentially refer to swaps for which fair value has been calculated by discounting expected future cash flows.

Gains and losses are recognised in profit and loss under "net gains/losses from financial items." For information on the determination of fair value, valuation techniques and inputs, see also note Accounting policies.

## NOT 14 CAPITAL-ADEQUACY ANALYSIS

SEK M	30 Sep 2015	31 Dec 2014	30 Sep 2014
Total Equity	6,718.9	5,919.8	5,901.7
78 % of untaxed reserves	141.8	141.8	50.7
<b>Own funds eligible for capital- adequacy</b>	<b>6,860.7</b>	<b>6,061.6</b>	<b>5,952.4</b>
Adjustment for cash flow hedge	-111.3	-49.9	-13.9
IRB shortfall	-	-60.0	-68.1
Adjustment for prudent valuation	-82.0	-156.2	-156.6
Deferred tax assets	-16.6	-18.8	-17.4
<b>Common Equity Tier 1 capital</b>	<b>6,650.8</b>	<b>5,776.7</b>	<b>5,696.3</b>
Tier 2 instruments	1,001.0	501.0	501.0
IRB excess	-	5.8	8.0
<b>Tier 2 capital</b>	<b>1,001.0</b>	<b>506.8</b>	<b>509.0</b>
<b>Own funds</b>	<b>7,651.8</b>	<b>6,283.5</b>	<b>6,205.3</b>
<b>Risk exposure amount according to CRD IV</b>	<b>17,842.0</b>	<b>26,419.5</b>	<b>25,807.6</b>
<b>Total Capital requirement according to CRD IV</b>	<b>1,427.4</b>	<b>2,113.6</b>	<b>2,064.6</b>
Capital requirement for creditrisk according to Standardised Approach	224.9	248.2	235.8
Capital requirement for creditrisk according to IRB Approach	1,033.3	1,680.5	1,634.9
Capital requirement for operational risk	52.0	43.1	43.1
Capital requirement according to credit valuation adjustment	117.1	141.7	150.9
<b>Core Tier 1 ratio according to CRD IV</b>	<b>37.3%</b>	<b>21.9%</b>	<b>22.1%</b>
<b>Tier 1 ratio according to CRD IV</b>	<b>37.3%</b>	<b>21.9%</b>	<b>22.1%</b>
<b>Capital adequacy ratio according to CRD IV</b>	<b>42.9%</b>	<b>23.8%</b>	<b>24.0%</b>
<b>Special disclosures</b>			
<b>IRB Provisions surplus (+) / deficit (-)</b>	<b>-82.0</b>	<b>-150.4</b>	<b>-148.6</b>
- IRB Total provisions (+)	42.7	46.6	49.2
- IRB Anticipated loss (-)	-124.7	-197.0	-197.9
<b>Capital adequacy Basel I floor</b>	<b>5,847.6</b>	<b>5,180.5</b>	<b>4,945.7</b>
Capital requirement Basel I floor	7,733.8	6,433.9	6,353.9
<b>Surplus of capital according to Basel I floor</b>	<b>1,886.3</b>	<b>1,253.4</b>	<b>1,408.2</b>

Minimum capital requirements and buffers	Minimum capital requirements	Capital conservation buffer	Countercyclical buffert	Systemic risk buffer	Total
Core Tier 1 capital	4.5%	2.5%	1.0%	n/a	8.0%
Tier 1 capital	6.0%	2.5%	1.0%	n/a	9.5%
Capital base	8.0%	2.5%	1.0%	n/a	11.5%

SEK M	Minimum capital requirements	Capital conservation buffer	Countercyclical buffert	Systemic risk buffer	Total
Core Tier 1 capital	802.9	446.1	178.4	n/a	1,427.4
Tier 1 capital	1,070.5	446.1	178.4	n/a	1,695.0
Capital base	1,427.4	446.1	178.4	n/a	2,051.8
Core Tier 1 capital available for use as buffer					31,3%

## NOT 14 CAPITAL-ADEQUACY ANALYSIS, CONTINUED

SEK M	30 Sep 2015		31 Dec 2014		30 Sep 2014	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit risk according to Standardised Approach</b>						
Exposures to institutions	143.7	1,796.3	146.2	1,827.0	147.9	1,849.2
Exposures to corporates	–	–	–	–	–	–
Covered bonds	80.8	1,009.6	100.9	1,260.6	87.1	1,088.3
Other items	0.4	5.3	1.2	15.2	0.8	9.8
<b>Total capital requirement and risk exposure amount</b>	<b>224.9</b>	<b>2,811.2</b>	<b>248.2</b>	<b>3,102.9</b>	<b>235.8</b>	<b>2,947.3</b>
<b>Credit risk according to IRB Approach</b>						
<i>Retail exposures</i>						
Exposures secured by real estate collateral	754.8	9,434.5	1,383.1	17,288.2	1,352.8	16,910.0
Other retail exposures	2.6	32.5	1.5	18.8	2.1	26.3
<b>Total retail exposures</b>	<b>757.4</b>	<b>9,467.0</b>	<b>1,384.6</b>	<b>17,307.0</b>	<b>1,354.9</b>	<b>16,936.3</b>
Exposures to corporates	276.0	3,449.8	296.0	3,699.6	280.0	3,499.6
<b>Total capital requirement and risk exposure amount</b>	<b>1,033.3</b>	<b>12,916.9</b>	<b>1,680.5</b>	<b>21,006.6</b>	<b>1,634.9</b>	<b>20,435.9</b>
<b>Operational risk</b>						
Standardised Approach	52.0	649.9	43.1	538.4	43.1	538.4
<b>Total capital requirement for operational risk</b>	<b>52.0</b>	<b>649.9</b>	<b>43.1</b>	<b>538.4</b>	<b>43.1</b>	<b>538.4</b>
Total capital requirement for credit valuation adjustments	117.1	1,464.0	141.7	1,771.7	150.9	1,886.0

### Internally assessed capital requirement

The internally assessed capital requirement for Länsförsäkringar Hypotek AB on 30 September 2015 amounted to SEK 1,737 M. The capital meeting the internal capital requirement, meaning the capital base, amounted to SEK 7,652 M. The bank bases its calculation on the methods used to calculate the capital requirement under the framework of Pillar I. For risks not included in Pillar I, known as Pillar II risks, internal models are used to allocate a capital requirement to each risk. In addition to this capital requirement, there is a capital conservation buffer that is used to cover the stress test buffer and business risk.

## NOTE 15 DISCLOSURES ON RELATED PARTIES

Significant agreements for Länsförsäkringar Hypotek AB are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. Normal business transactions took place between Group companies as part of the outsourced operations.

This interim report is a translation of the Swedish interim report that has been reviewed by the company's auditors.

The Board of Directors and President affirm that this interim report provides a true and fair view of the company's operations, financial position and earnings and describes the significant risks and uncertainties to which the company is exposed.

Stockholm, 21 October 2015

Anders Borgcrantz  
*President*



## AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM REPORT PREPARED IN ACCORDANCE WITH CHAPTER 9 OF THE SWEDISH ANNUAL ACCOUNTS ACT

To the Board of Directors of Länsförsäkringar Hypotek AB (publ)  
Corporate Registration Number 556244-1781

### **Introduction**

I have reviewed the interim financial information (interim report) of Länsförsäkringar Hypotek AB (publ) as per 30 September 2015 and the nine-month period then ended. The Board of Directors and the President are responsible for preparing and presenting this interim report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. My responsibility is to express a conclusion on this interim report based on my review.

### **Focus and scope of the review**

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

### **Conclusion**

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

Stockholm, 21 October 2015

Dan Beitner  
*Authorised Public Accountant*

# Financial calendar

Year-end report Länsförsäkringar Hypotek ..... **10 February 2016**  
Interim report Länsförsäkringar Bank ..... **10 February 2016**

This report contains such information that Länsförsäkringar Hypotek AB (publ) must publish in accordance with the Securities Market Act. The information was submitted for publication on 22 October 2015 at 11:00 a.m. Swedish time.

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## FOR FURTHER INFORMATION, PLEASE CONTACT:

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