LANDSHYPOTEK

Interim Report 1999

January - June

Landshypotek ek. för.
Organization number 769600-5003 hereby submits its interim report
FOR THE PERIOD JANUARY 1 - JUNE 30, 1999

Organization and accounting principles
This report covers the Landshypotek Group, which includes the parent entity, Landshypotek ek. för. (Landshypotek incorporated association) with subsidiaries Landshypotek AB and its subsidiaries Sveriges Allmänna Hypoteksbank (The General Mortgage Bank of Sweden, Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Amounts in parentheses refer to the corresponding point in time one year earlier.

Lending operations
Lending to the public amounted to MSEK 29 198.4 at the end of the period, an increase for the period of MSEK 384.4.

The preference for short maturities remains high. More than half of all first mortgage loans still carry a term of fixed interest of five years or more.

Liquidity and financing
Securities issued by Landshypotek AB amounted to MSEK 13 557.2 at the end of the period. The General Mortgage Bank of Sweden had a total of MSEK 10 131.8 outstanding at the same time. The guarantee fund of The General Mortgage Bank of Sweden has been adapted to the lower level of indebtedness and stood at MSEK 900 as of June 30, 1999.

Landshypotek AB has issued Euro bonds in an amount of USD 100 million during the period.

Profit
Operating profit, MSEK 111.6 (117.6), has been charged with standard taxes art a rate of 28 percent.

The Group's credit losses continue to be low.

Non-performing loans and problem credits
Non-performing loans amount to MSEK 482.9 (480.7)and problem credits to MSEK 45.3 (77.6). Non-performing loans show a seasonal increase compared to the situation at the turn of the year.

A new lending system was put into operation at Landshypotek Jordbrukskredit during the period. Costs related to the change of system in an amount of MSEK 2.7 were expensed in their entirety during the period.

Profit forecast
Profit for the second half of the year is expected to be on a par with the development during the first half of the year, which means operating profit for the full year of approximately MSEK 220.0.

Capital adequacy
The capital adequacy ratio for the corporate group was 13.55 percent (13.01 percent) and the core capital relationship was 7.91 percent (7.31 percent). Profit earned has been included in core capital.

EDP preparedness before the turn of the millennium
The job of making all of the Group's computer systems Y2k-compliant has been completed. Functional tests performed have revealed no flaws related to the the millennium date change.

Stockholm, August 20, 1999

Ulf Fredrikson
Managing Director

Examination report
We have reviewed the interim report of the Association thereby following the recommendation issued by the Institute of Authorized Public Accountants (FAR). Nothing has come to light to indicate that the interim does not meet the requirements of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, August 20, 1999

Göran Raspe
Authorized Public Accountant

Peder Thott
Magnus Aaby-Ericsson

	Group			Parent Company		
STATEMENT OF INCOME SEK THOUSAND	1999	1998	1998	1999	1998	1998
	Jan 1 - June 30	Jan 1 - June 30	Jan 1 - Dec 31	Jan 1 - June 30	Jan 1 - June 30	Jan 1 - Dec 31
Interest income	1 023 386	1 203 331	2 338 251	2 794	5 466	9 132
Interest expense	-838 297	-1 017 790	-1 970 280	-16	-8	-29
Net interest income	185 089	185 541	367 971	2 778	5 458	9 103
Dividend income	174	155	155	0	0	0
Commission income	5 072	4 658	9 229	0	0	0
Commission expense	-4 282	-5 155	-10 460	0	0	0
Net result of financial transactions	844	1 132	3 225	0	0	0
Other operating income	10 701	10 819	21 768	0	0	0
Total operating income	197 848	197 195	391 888	2 778	5 458	9 103
General administrative expenses	-71 118	-64 828	-126 480	-5 510	-4 702	-8 544
Depreciation, amortization and						
writedown of tangible and intangible fixed assets	-3 948	-3 680	-7 088	-6	-6	-18
Other operating expenses	-10 685	-11 260	-20 516	-1 431	-911	-1 954
Total expenses before credit losses	-85 896	-79 768	-153 984	-6 947	-5 619	-10 511
Profit before credit losses	111 952	117 427	237 899	-4 169	-161	-1 408
Net credit losses	-340	155	550	0	0	0
Operating profit	111 612	117 582	238 449	-4 169	-161	-1 408
Appropriations	-192	-105	-159 933	-192	-105	12 284
Taxes on the year's profit	-32 226	-32 529	-22 122	0	0	-3 117
Profit for the period	79 194	84 948	56 394	-4 361	-266	7 759

BALANCE SHEET - SUMMARY SEK THOUSAND						
	June 30	June 30	Dec 31	June 30	June 30	Dec 31
Lending to the public	29 198 871	28 456 108	28 818 974	0	0	0
Lending to credit institutions	75 579	105 479	227 184	145 249	174 062	169 097
Interest-bearing securities	270 066	352 104	150 664	0	0	0
Other assets	798 102	1 216 789	779 801	1 199 985	1 047 242	1 222 307
Total assets	30 337 113	30 130 480	29 971 623	1 345 234	1 221 304	1 391 404
Borrowing from the public	52 479	69 941	56 088	0	0	0
Liabilities to credit institutions	230 140	358 876	172 980	0	0	3 000
Securities issued, etc.	24 593 660	24 424 923	24 266 268	0	0	0
Other liabilities	1 012 028	1 186 186	1 247 609	5 782	3 411	48 423
Subordinated liabilities	1 971 005	1 888 995	1 888 995	0	0	0
Untaxed reserves	0	0	0	11 007	8 224	11 007
Equity	2 477 811	2 812 009	2 394 783	1 328 495	1 209 669	1 328 974
Total liabilities and equity	30 337 113	30 130 480	29 971 623	1 345 234	1 221 304	1 391 404

NET CREDIT LOSSES (SEK THOUSAND)	Group 1999	1998	1998
	Jan 1 - June 30	Jan 1 - June 30	Jan 1 - Dec 31
Year's writedown for realized credit losses	3 094	2 969	8 451
Reversal of prior years' provisions for probable credit losses, which in this year's accounts are reported as realized credit losses	-3 004	-2 146	-5 328
Writedown for probable credit losses	2 144	1 244	11 266
Collection of realized credit losses of prior years	-870	-894	-2 124
Reversal of provisions for probable credit losses no longer required	-1 217	-1 428	-12 415
Net credit losses	147	-255	-150
Net result on sale of foreclosed properties	193	100	-400
TOTAL NET CREDIT LOSSES	340	-155	-550

NON-PERFORMING LOANS, ETC. (SEK THOUSAND)	1999	1998	1998
	June 30	June 30	Dec 31
1. Non-performing loans which are not problem credits	487 610	408 014	295 814
2a. Doubtful credits	45 315	77 642	47 733
2b. Loans with reduced interest	0	0	0
3. Total problem credits (2a+2b)	45 315	77 642	47 733
4. Interest, etc. recognized as revenue on problem credits during the period	2 460	3 124	11 220
5. Annual percentage current return on problem credits	10,58 %	7,54 %	16,52 %
6. Annual percentage current return credits that are not problem credits	6,78 %	8,18 %	7,90 %
7. Reserve for probable credit losses	22 195	32 009	24 394
8. Estimated value of problem credits before write-down for probable credit losses (3+7)	67 510	109 651	72 127
9. Properties taken over to protect claims	4 320	3 620	3 720

CAPITAL ADEQUACY (SEK THOUSAND)	1999	1998	1998
	June 30	June 30	Dec 31
Capital requirement, risk-weighted assets			
Group A	0	0	0
Group B	33 184	109 776	144 976
Group C	13 088	45 808	44 120
Group D	29 798 144	29 152 875	28 978 520
Risk-weighted assets	29 844 388	29 308 458	29 167 616
Capital base			
Core capital	2 361 444	2 141 475	2 277 892
Supplementary capital			
Subordinated loans, dated	599 419	658 297	650 297
Perpetual subordinated loans	1 082 457	1 018 500	1 018 500
Total capital base	4 043 320	3 818 272	3 941 688
Core capital	7,91 %	7,31 %	7,81 %
Capital adequacy	13,55%	13,01%	13,51%

Capital adequacy refers to Landshypotek AB and operating subsidiaries

DERIVATIVE INSTRUMENTS (SEK THOUSAND)	1999	1998	1998
	June 30	June 30	Dec 31
Intruments with positive values			
Interest-rate related contracts	141 252	105 767	145 302
Foreign-exchange related contracts	175 430	136 535	224 168
Total	316 682	242 302	369 470
Instruments with negative values			
Interest-rate related contracts	-46 099	-81 470	-56 685
Foreign-exchange related contracts	-31 836	-23 167	-28 381
Total	-77 935	-104 637	-85 066
Derivative intruments, net	238 747	137 665	284 404

RATIOS	1999	1998	1998
Return on adjusted equity moving 12 months	6,99 %	11,68 %	7,46 %

LANDSHYPOTEK

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