



LANDSHYPOTEK

Interim Report 1999

January – September



Landshypotek AB
Organisation number 556500-2762 hereby submits its interim report
FOR THE PERIOD January 1 - September 30, 1999

Organisation and accounting principles

This report covers the financial corporate group Landshypotek AB (Parent Company) with its subsidiaries the General Mortgage Bank of Sweden, Landshypotek Jordbrukskredit AB and Lantbrukskredit AB (the Group).

Amounts in parentheses refer to the similar year-ago period.

Loan business

Lending to the public amounted to MSEK 29,592.9 at the end of the period, an increase from the beginning of the year of MSEK 779.0.

Credit losses continue to be low. Non-performing loans amounted to MSEK 467.2 (417.0). The increase during the year is mainly seasonal.

Problem loans amounted to MSEK 44.9 (72.4).

Liquidity and financing

Securities issued and outstanding at the end of the period amounted to MSEK 25,497.0. MSEK 10,032.2 hereof consisted of bonds issued by the General Mortgage Bank of Sweden.

Landshypotek is continually repurchasing these bonds as an element of phasing out the General Mortgage Bank. At the end of the period, the nominal value held amounted to MSEK 958.8.

Borrowing was raised on the German market during the third quarter against so-called "Schuldschein", in a total amount of 30 million Euro.

Negotiations have been initiated regarding establishment of an EMTN program (Euro Medium Term Note Programme) in the amount of 1 billion Euro. The program is expected to be in place during the fourth quarter.

Result

The period net interest income amounted to MSEK 273.2 (275.9). This development is seen as an indication that the decline of the last three years due to an adjustment to lower market interest rates is now ebbing. For the year as a whole, net interest income is expected to be on a par with last year's.

Operating profit amounted to MSEK 184.9 (189.6). For the year as a whole, the result is expected to be at the same level as for the year before.

Capital adequacy

The Group's capital adequacy was 12.97% at the end of the period (13.19%) and the core capital ratio was 7.51% (7.48%). Profit earned during the period has not been included in core capital.

Preparedness for the turn of the millennium

The work of making the Group's computing systems Y2K compliant has been completed. Functional tests conducted have revealed no deficiencies related to the turn of the millennium.

Stockholm, October 29, 1999

Ulf Fredrikson
Managing Director

This interim report has not been subject to examination by the Company's auditors.



STATEMENT OF INCOME (SEK THOUSAND)	Group			Parent Company		
	1999	1998	1998	1999	1998	1998
	Jan. 1 - Sept. 30	Jan. 1 - Sept. 30	Jan. 1 - Dec. 31	Jan. - Sept. 30	Jan. 1 - Sept. 30	Jan. 1 - Dec. 31
Interest income	1 523 673	1 778 653	2 338 192	1 431 231	1 557 251	2 062 115
Interest expense	-1 250 426	-1 502 697	-1 979 327	-1 187 045	-1 317 424	-1 747 630
Net interest income	273 247	275 956	358 865	244 186	239 827	314 485
Dividend income	174	155	155	172	153	153
Commission income	7 386	6 957	9 229	6 859	6 221	8 201
Commission expense	-6 307	-7 761	-10 460	-3 977	-5 235	-7 127
Net result of financial transactions	3 412	2 630	3 225	0	0	0
Other operating income	16 078	16 245	21 763	16 067	15 614	20 972
Total operating income	293 990	294 182	382 777	263 307	256 580	336 684
General administrative expense	-89 848	-85 829	-117 886	-81 104	-79 921	-109 856
Depreciation, amortisation and write-down of tangible and intangible fixed assets	-6 158	-5 667	-7 025	-6 276	-5 816	-7 304
Other operating expense	-11 197	-13 037	-18 562	-10 818	-12 720	-17 959
Total expenses before credit losses	-107 203	-104 533	-143 473	-98 198	-98 457	-135 119
Result before credit losses	186 787	189 649	239 304	165 109	158 123	201 565
Credit losses net	-1 812	-10	550	-1 785	-523	-724
Operating profit	184 975	189 639	239 854	163 324	157 600	200 841
Appropriations	0	0	-175 000	0	0	-181 758
Taxes on the period's result	-51 506	-52 566	-18 225	-45 731	-43 883	-5 839
Period's result	133 469	137 073	46 629	117 593	113 717	13 244

BALANCE SHEET - SUMMARY (SEK THOUSAND)

	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
Loans to the public	29 592 958	28 815 644	28 813 974	27 272 419	25 524 177	26 017 066
Loans to credit institutions	67 148	282 800	227 971	915 468	565 624	447 610
Interest-bearing securities	726 946	151 879	150 664	1 535 961	1 092 569	914 776
Other assets	795 251	991 385	778 972	1 217 737	1 445 450	1 247 510
Total assets	31 182 303	30 241 708	29 971 581	30 941 585	28 627 820	28 626 962
Borrowing from the public	174 972	234 481	223 033	159 097	208 346	200 640
Due to credit institutions	348 270	187 335	172 980	12 636 092	15 844 800	14 988 414
Securities issued, etc.	25 497 007	24 653 478	24 266 268	14 474 895	9 196 600	9 989 760
Other liabilities	803 791	1 138 872	1 197 203	322 912	274 972	263 762
Subordinated liabilities	1 946 693	1 833 995	1 833 995	1 166 110	1 119 500	1 119 500
Untaxed reserves	0	0	0	100 632	93 875	100 632
Shareholder's equity	2 411 570	2 193 547	2 278 102	2 081 847	1 889 727	1 964 254
Total liabilities and shareholder's equity	31 182 303	30 241 708	29 971 581	30 941 585	28 627 820	28 626 962

CREDIT LOSSES NET (SEK THOUSAND)	Group			Parent Company		
	1999	1998	1998	1999	1998	1998
	Jan. 1 - Sept. 30	Jan. 1 - Sept. 30	Jan. 1 - Dec. 31	Jan. 1 - Sept. 30	Jan. 1 - Sept. 30	Jan. 1 - Dec. 31
The year's write-down for realised losses	3 524	5 276	8 451	542	4 762	6 129
Reversal of prior provisions for probable credit losses,						
Reported as realised losses in this year's accounts	-3 226	-3 345	-5 328	-504	-2 882	-4 249
Write-down for probable credit losses	4 636	7 232	11 266	4 369	7 211	9 051
Recovery of realised losses for prior years	-1 187	-1 261	-2 124	-1 119	-1 230	-1 876
Reversal of provisions for probable credit losses no longer required	-2 128	-7 992	-12 415	-1 696	-7 438	-8 431
Net credit losses	1 619	-90	-150	1 592	423	624
Net result on sale of real estate taken over	193	100	-400	193	100	100
TOTAL CREDIT LOSSES, NET	1 812	10	-550	1 785	523	724

NON-PERFORMING LOANS, ETC. (SEK THOUSAND)	1999	1998	1998	1999	1998	1998
	Sept. 30	Sept. 30	Dec. 31	Sept.30	Sept. 30	Dec. 31
	Sept. 30	Sept. 30	Dec. 31	Sept.30	Sept. 30	Dec. 31
1. Non-performing loans which are not problem credits	467 223	417 007	295 814	417 311	313 018	258 690
2a. Doubtful credits	44 971	39 510	47 733	39 147	35 578	32 495
2b. Loans with reduced interest	0	32 931	0	0	0	0
3. Total problem credits (2a+2b)	44 971	72 441	47 733	39 147	35 578	32 495
4. Interest, etc., recognised as revenue on problem credits during the period	3 472	7 587	11 220	2 405	7 446	8 838
5. Annual percentage current return on problem credits	9,99%	12,60%	16,52%	8,95%	22,75%	20,99%
6. Annual percentage current return on credits that are not problem credits	6,67%	8,01%	7,90%	6,76%	7,94%	7,80%
7. Reserve for probable credit losses	23 596	27 223	24 394	9 730	8 418	7 641
8. Estimated value of problem credits before write-down for probable credit losses (3+7) (3+7)	68 567	99 664	72 127	48 877	43 996	40 136
9. Properties taken over to protect claims	4 820	8 620	3 720	1 020	1 020	2 020

CAPITAL ADEQUACY (SEK THOUSAND)	1999	1998	1998	1999	1998	1998
	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	151 460	137 391	144 976	303 222	206 970	177 325
Group C	22 111	43 779	44 120	4 248	3 702	4 187
Group D	30 161 626	29 125 277	28 978 520	28 152 854	26 464 184	26 766 296
Risk-weighted assets	30 335 197	29 306 447	29 167 616	28 460 324	26 674 856	26 947 808
Capital base						
Core capital	2 277 891	2 193 338	2 277 892	2 036 709	1 957 317	2 036 709
Supplementary capital						
Subordinated loans, dated	599 473	658 297	650 297	350 000	350 000	350 000
Perpetual subordinated loans	1 058 010	1 013 500	1 013 500	816 110	769 500	769 500
Less	0	0	0	-200	-200	-200
Total capital base	3 935 374	3 865 135	3 941 689	3 202 619	3 076 617	3 156 009
Core capital	7,51%	7,48%	7,81%	7,16%	7,34%	7,56%
Capital adequacy	12,97%	13,19%	13,51%	11,25%	11,53%	11,71%

DERIVATIVE INSTRUMENTS (SEK THOUSAND)	1999	1998	1998	1999	1998	1998
	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
Instruments with positive values						
Interest-based contracts	124 862	118 038	145 302	44 754	0	0
Foreign-exchange-related contracts	115 662	166 331	224 168	42 736	15 663	36 866
Total	240 524	284 369	369 470	87 490	15 663	36 866
Instruments with negative values						
Interest-based contracts	-51 274	-101 845	-56 685	-45 467	0	0
Foreign-exchange-related contracts	-65 852	-19 916	-28 381	-40 249	0	0
Total	-117 126	-121 761	-85 066	-85 716	0	0
Derivative instrument, net	123 398	162 608	284 404	1 774	15 663	36 866

RATIOS	1999	1998	1998	1999	1998	1998
	Sept. 30	Sept. 30	Dec. 31	Sept. 30	Sept. 30	Dec. 31
Return on adjusted equity revolving 12 months	7,35%	7,93%	7,97%	7,23%	8,40%	7,45%

