

interim
report

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LANDSHYPOTEK

Landshypotek AB
organization number 556500-2762 hereby submits its interim report
FOR THE PERIOD January 1 – June 30, 2000

ORGANIZATION AND ACCOUNTING PRINCIPLES

This report covers the Landshypotek AB Group (the Parent Company), with subsidiaries The General Mortgage Bank of Sweden, Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Amounts in parentheses refer to the corresponding year-ago period.

LOAN BUSINESS

Loans outstanding to the public amounted to MSEK 31,123.4, (29,198.4) an increase of MSEK 866.7 during the period. During the corresponding period one year ago, the increase was MSEK 384.4.

MSEK 714.0 of the increase refers to Landshypotek AB and MSEK 226.3 to Lantbrukskredit AB. The lending in Landshypotek Jordbrukskredit AB, which at the end of the period amounted to MSEK 446.1, continues to be phased out according to plan.

LIQUIDITY AND FINANCING

Securities issued and outstanding at the end of the period, not including subordinated debt, amounted to MSEK 16,351.9 (13,557.2) in Landshypotek and to MSEK 9,033.3 (10,131.8) in The General Mortgage Bank of Sweden.

The guarantee fund of Landshypotek AB is continuing to be adjusted to the lower borrowing. A reduction of MSEK 200.0 to MSEK 700.0 was made as of June 30, 2000.

Landshypotek AB introduced during May an EMTN (Euro Medium Term Note) loan in the amount of 1 billion Euro. A first borrowing of 200 million Euro was made under the facility in May.

The borrowing limit for Landshypotek AB's commercial paper program, which until now has been SEK 8 billion, will be increased to SEK 10 billion in August. At the same time there will be a change to an account-based system for handling the commercial paper through VPC.

All remaining securities issued by Landshypotek Jordbrukskredit AB were redeemed according to plan during the period.

RESULT

Net interest income for the period amounted to MSEK 175.1, which is MSEK 7.2 lower than during the corresponding period one year ago. The main explanation is that net interest income in Landshypotek Jordbrukskredit AB, which amounted to MSEK 3.9, is MSEK 6.0 lower than during the corresponding period one year ago, which has to do with the phasing out of loans outstanding.

The Group's credit losses continue to be low. Nonperforming loans amount to MSEK 363.6 (482.9), of which MSEK 46.8 (45.3) is classified as problem credits.

The operating profit, MSEK 115.3 (115.8) has been charged with standard taxes of 28 percent.

FORECAST

Profit for the second half of the year is expected to develop in line with that of the first six months, which means a profit of about MSEK 230 for the year as a whole.

CAPITAL ADEQUACY

The Group's capital adequacy was 12.83 percent at the end of the period (13.55). The core capital ratio was 7.78 percent (7.91). Earned profit is included in core capital.

Stockholm, August 21, 2000



Ulf Fredrikson
Managing Director

REPORT OF EXAMINATION

I have reviewed this semi-annual report in accordance with the recommendation issued by the Swedish Institute of Authorized Public Accountants (FAR). A review is significantly limited in comparison to an audit. Nothing has come to light to indicate that the semi-annual report does not fulfill the requirements of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, August 22, 2000

Bengt Fröander
Authorized Public Accountant

Anders Engström
Authorized Public Accountant

Göran Raspe
Authorized Public Accountant

Appointed by the Swedish Financial Supervisory Authority

(SEK Thousand)	Group			Parent Company		
	2000	1999	1999	2000	1999	1999
	Jan, 1– Jun, 30	Jan, 1– Jun, 30	Jan, 1– Dec, 31	Jan, 1– Jun, 30	Jan, 1– Jun, 30	Jan, 1– Dec, 31
STATEMENT OF INCOME						
Interest income	988,910	1,023,381	1,973,528	950,351	957,981	1,918,199
Interest expense	–813,780	–841,073	–1,598,116	–791,935	–795,829	–1,579,898
Net interest income	175,130	182,308	375,412	158,416	162,152	338,301
Dividend income	194	174	174	191	172	172
Commission income	4,111	5,072	9,892	4,216	4,591	9,316
Commission expense	–2,751	–4,232	–8,250	–3,069	–2,649	–5,174
Net result of financial transactions	47	844	3,413	8	0	9
Other operating revenue	11,323	10,701	21,718	11,301	10,690	21,700
Total operating revenue	188,054	194,867	402,359	171,063	174,956	364,324
General administrative expense	–59,494	–65,603	–125,604	–55,564	–58,079	–114,066
Depreciation, amortization and write-downs of tangible and intangible fixed assets	–4,071	–3,942	–7,356	–3,594	–4,020	–7,593
Other operating expenses	–8,454	–9,204	–16,534	–8,146	–8,850	–16,076
Total expenses before credit losses	–72,019	–78,749	–149,494	–67,304	–70,949	–137,735
Result before credit losses	116,035	116,118	252,865	103,759	104,007	226,589
Credit losses, net	–776	–340	–4,944	–349	–267	–3,561
Operating result	115,259	115,778	247,921	103,410	103,740	223,028
Appropriations	0	0	–200,000	0	0	–201,724
Taxes on result for the period	–32,349	–32,225	–12,666	–28,982	–29,047	–5,601
Result for the period	82,910	83,553	35,255	74,428	74,693	15,703

(SEK Thousand)	Group			Parent Company		
	2000	1999	1999	2000	1999	1999
	Jun, 31	Jun, 30	Dec, 31	Jun, 30	Jun, 30	Dec, 31
BALANCE SHEET – SUMMARY						
Loans to the public	31,123,383	29,198,371	30,256,717	28,436,142	26,870,908	27,722,165
Loans to credit institutions	156,803	74,214	292,013	1,658,357	897,232	1,424,990
Interest-bearing securities	180,000	270,066	180,000	0	1,144,024	1,106,211
Other assets	994,904	814,003	907,384	1,438,135	1,266,997	1,290,621
Total assets	32,455,090	30,356,654	31,636,114	31,532,634	30,179,161	31,543,987
Borrowing from the public	312,729	196,479	319,610	301,854	179,054	306,910
Due to credit institutions	1,546,336	230,140	484,518	10,771,599	12,536,443	12,560,970
Securities issued, etc.	25,117,998	24,593,660	25,515,046	16,351,887	13,557,233	14,958,473
Other liabilities	974,642	1,003,716	921,720	607,312	573,962	320,820
Subordinated liabilities	2,007,128	1,971,005	1,981,863	1,231,250	1,192,890	1,202,500
Untaxed reserves				114,357	100,632	114,357
Shareholder's equity	2,496,257	2,361,654	2,413,357	2,154,375	2,038,947	2,079,957
Total liabilities and shareholder's equity	32,455,090	30,356,654	31,636,114	31,532,634	30,179,161	31,543,987

	Group			Parent Company		
CREDIT LOSSES NET (SEK Thousand)	2000 Jan, 1– Jun, 30	1999 Jan, 1– Jun, 30	1999 Jan, 1– Dec, 31	2000 Jan, 1– Jun, 30	1999 Jan, 1– Jun, 30	1999 Jan, 1– Dec, 31
The year's write-down for realized losses	1,175	3,094	9,675	281	321	3,775
Reversal of prior provisions for probable credit losses, reported as realized losses in this year's accounts	-1,643	-3,004	-9,125	-281	-282	-3,737
Write-down for probable credit losses	2,716	2,144	9,175	1,766	1,668	8,699
Recovery of realized losses for prior years	-979	-870	-1,728	-924	-848	-1,650
Reversal of provisions no longer required for probable credit losses	-493	-1,217	-4,446	-493	-785	-3,719
Net credit losses	776	147	3,551	349	74	3,368
Change in value of property taken over						
Change in value of real estate taken over	0	0	1,200	0	0	0
Net result on sale of real estate taken over	0	193	193	0	193	193
Total credit losses, net	776	340	4,944	349	267	3,561
NON-PERFORMING LOANS, ETC (SEK Thousand)	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31
1. Non-performing loans which are not problem credits	316,835	437,610	351,626	306,122	398,555	331,673
2a. Doubtful credits	46,756	45,315	37,228	39,087	39,125	30,878
2b. Loans with reduced interest	0	0	0	0	0	0
3. Total problem credits (2a+2b)	46,756	45,315	37,228	39,087	39,125	30,878
4. Interest, etc. recognized as revenue on problem credits during the period	2,188	2,460	2,225	1,993	1,717	837
5. Annual percentage current return on problem credits, %	9.26	10.58	5.24	11.14	9.59	5.42
6. Annual percentage current return on credits that are not problem credits, %	6.38	6.78	6.60	6.44	6.86	6.71
7. Reserve for probable credit losses	20,488	22,195	19,861	9,787	8120	8,747
8. Estimated value of problem credits before write-down for probable credit losses (3+7)	67,244	67,510	57,089	48,874	47,245	39,625
9. Properties taken over to protect claims	3,620	4,820	3,620	1,020	1,020	1,020
CAPITAL ADEQUACY (SEK Thousand)	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	103,130	88,134	108,255	72,861	239,039	280,745
Group C	38,213	18,088	27,264	11,480	4,498	4,175
Group D	31,960,585	29,738,144	31,020,419	29,627,669	27,780,684	28,776,313
Risk-weighted assets	32,101,928	29,844,366	31,155,938	29,712,010	28,024,221	29,061,233
Capital base						
Core capital	2,496,045	2,361,444	2,413,136	2,236,712	2,111,402	2,162,294
Supplementary capital						
Subordinated loans, dated	499,008	599,419	588,572	350,000	350,000	350,000
Perpetual subordinated loans	1,122,090	1,082,457	1,100,463	881,250	842,890	852,500
Less	-	-	-	-200	-200	-200
Total capital base	4,117,143	4,043,320	4,102,171	3,467,762	3,304,092	3,364,594
Core capital, %	7.78	7.91	7.75	7.53	7.53	7.44
Capital adequacy, %	12.83	13.55	13.17	11.67	11.79	11.58
Capital adequacy data refers to Landshypotek AB and its operating subsidiaries						
DERIVATIVE INSTRUMENTS (SEK Thousand)	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31	2000 Jun, 30	1999 Jun, 30	1999 Dec, 31
Instruments with positive values						
Interest-rate-related contracts	47,262	141,252	135,368	46,162	71,472	49,895
Foreign-exchange-related contracts	249,116	175,430	176,969	177,980	77,490	107,571
Total	296,378	316,682	312,337	224,142	148,962	157,466
Instruments with negative values						
Interest-rate-related contracts	-20,190	-46,099	-18,434	-19,872	-41,100	-11,898
Foreign-exchange-related contracts	-39,468	-31,836	-24,488	-21,519	-7,724	-8,679
Total	-59,658	-77,935	-42,922	-41,391	-48,824	-20,577
Derivative instruments, net	236,720	238,747	269,415	182,751	100,138	136,889
RATIO	2000	1999	1999	2000	1999	1999
Return on adjusted equity, revolving 12-month basis, %	7.33	7.61	7.61	7.38	7.43	7.65



LANDSHYPOTEK

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