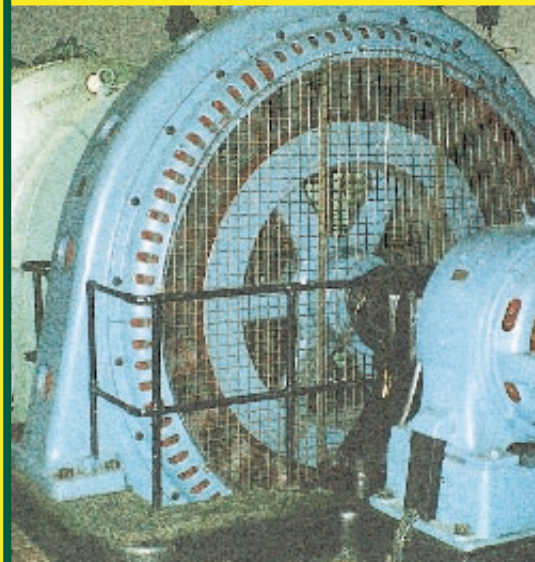


# Interim Report

January–June 2001  
Lantbrukskredit AB



Lantbrukskredit



# Higher loan volume and improved profit

Lantbrukskredit AB (publ), organization number 556095-2896, reports operating income of MSEK 13.4 (9.6) for the first six months of 2001. The capital adequacy ratio was 9.0 (10.7) percent at the end of the period. Loans outstanding, including corporate bonds in the amount of MSEK 180 (180), increased to MSEK 3,103 (2,421).

## Operations

Lantbrukskredit offers first mortgage loans to the processing industry of the agricultural and forestry sectors, for example to the food industry and consumer goods retail trade. Lantbrukskredit is also active as a lender outside the agricultural and forestry sectors, especially to companies in the energy sector.

Lantbrukskredit is a wholly owned subsidiary of Landshypotek AB, which is the country's leading first mortgage lender to agriculture and forestry. Lantbrukskredit has received an international rating of A- from Standard & Poor's and a domestic rating of K1.

## Result

Net interest income for the period amounted to MSEK 17.4 (12.8). The improvement of MSEK 4.6, or 36 percent, is explained primarily by increased lending.

The higher net interest income is the principal explanation for the improvement of operating profit by MSEK 3.8 during the period to MSEK 13.4 (9.6). No credit losses were sustained during the period. A small recovery of MSEK 0.1 (0.0) was recorded. The return on adjusted equity after taxes on a moving 12-month average basis was 10.0 (5.8) percent.

Operating profit for the second half of the year is expected to be on a par with profit for the first half of the year.

## Market

Loan demand was relatively strong during the first half of the year. We are assuming that the Swedish economy is now entering a period with lower growth, which is expected to dampen loan demand during the rest of the year.

Total loans outstanding increased by MSEK 682 to MSEK 3,103 (2,421) during the first half of the year, compared to an increase of 28 percent during the similar period one year ago. Problem credits amounted to MSEK 6.1 (13.9), equivalent to 0.2 (0.5) percent of the portfolio of outstanding loans.

The deliberate push into credits to the energy sector accounted for a significant portion of the increase in lending. The increase was particularly noticeable in the area of renewable energy, i.e. wind, hydro and bio energy.

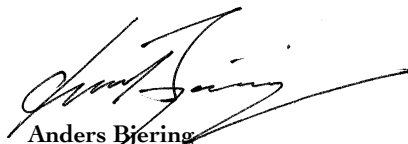
Our close relationship to Landshypotek gives us a strong market presence in our core areas, the ancillary industries to agriculture, forestry, and production and distribution of renewable energy. Landshypotek's ten regional offices function as our contact points and sales channels around the country. Personnel with special knowledge about our products and our business are placed at each branch office. Landshypotek, for its part, is able to satisfy its customers' needs of lending services outside its core business. Landshypotek's and our close cooperation with Länsförsäkringar Bank is also valuable in this context. This gives us an opportunity of offering customers a holistic concept in the area of banking services.

## Capital Adequacy

Lantbrukskredit's capital base amounted to MSEK 269.1 (254.4) at the end of the period, of which MSEK 237.1 (214.4) was core capital. Relative to risk-weighted assets of MSEK 2,994.0 (2,379.8), which corresponds to a capital adequacy ratio of 9.0 (10.7) percent and a core capital ratio of 7.9 (9.0) percent.

The relatively high rate of lending has prompted our owner to increase the Company's capitalization later this year by MSEK 50, which will allow us to maintain our goal of a core capital adequacy ratio of not less than 8 percent.

Stockholm, August 22, 2001



Anders Bjering  
Managing Director

## Report of examination

We have reviewed the Company's interim report, in so doing following the recommendation of the Swedish Institute of Authorized Public Accountants (FAR). A review is significantly limited in scope compared to an audit. Nothing has come to light to indicate that the interim report does not comply with the requirements of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, August 23, 2001

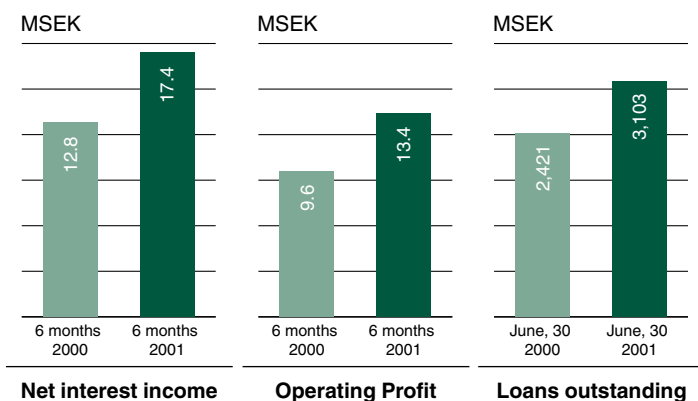
Göran Raspe  
Authorized  
Public Accountant

Bengt Fröander  
Authorized  
Public Accountant

Anders Engström

Authorized Public Accountant

appointed by the Swedish Financial Supervisory Authority



<b>STATEMENT OF INCOME (SEK thousand)</b>	2001 Jan, 1–Jun, 30	2000 Jan, 1–Jun, 30	2000 Jan, 1–Dec, 31
Interest income	81,089	59,320	130,572
Interest expense	–63,654	–46,527	–102,649
<b>Net interest income</b>	<b>17,435</b>	<b>12,793</b>	<b>27,923</b>
Dividend income	3	3	3
Commission income	15	11	24
Commission expense	–78	–147	–228
Other operating revenue	10	22	2
<b>Total other income</b>	<b>–50</b>	<b>–111</b>	<b>–199</b>
<b>Total operating revenue</b>	<b>17,385</b>	<b>12,682</b>	<b>27,724</b>
General administrative expense	–3,291	–2,408	–5,116
Depreciation, amortization and write-downs of tangible and intangible fixed assets	–460	–460	–922
Other operating expenses	–335	–259	–361
<b>Total operating expenses</b>	<b>–4,086</b>	<b>–3,127</b>	<b>–6,399</b>
<b>Result before credit losses</b>	<b>13,299</b>	<b>9,555</b>	<b>21,325</b>
Credit losses	120	9	6,610
Change in value of property taken over	0	0	–221
<b>Operating result</b>	<b>13,419</b>	<b>9,564</b>	<b>27,714</b>
Appropriations	0	0	4,551
<b>Profit before taxes</b>	<b>13,419</b>	<b>9,564</b>	<b>32,265</b>
Taxes on result for the period	–3,757	–2,678	–9,034
<b>Result for the period</b>	<b>9,662</b>	<b>6,886</b>	<b>23,231</b>

<b>BALANCE SHEET – SUMMARY (SEK thousand)</b>	2001 Jun, 30	2000 Jun, 30	2000 Dec, 31
Loans to the public	2,922,950	2,241,146	2,637,511
Loans to credit institutions	24,505	7,884	5,035
Other assets	209,710	206,840	207,558
<b>Total assets</b>	<b>3,157,165</b>	<b>2,455,870</b>	<b>2,850,104</b>
Due to credit institutions	2,281,000	1,371,000	1,742,000
Borrowing from the public	2,350	10,875	4,050
Securities issued, etc.	567,492	791,784	789,030
Subordinated liabilities	40,000	40,000	40,000
Other liabilities	21,135	18,479	39,498
Untaxed reserves	28,766	33,317	28,766
Shareholder's equity	216,422	190,415	206,760
<b>Total liabilities and shareholder's equity</b>	<b>3,157,165</b>	<b>2,455,870</b>	<b>2,850,104</b>

<b>CREDIT LOSSES NET (SEK thousand)</b>	2001 Jan, 1–Jun, 30	2000 Jan, 1–Jun, 30	2000 Jan, 1–Dec, 31
The year's write-down for realized losses	0	0	0
Reversal of prior provisions for probable credit losses, reported as realized losses in this year's accounts	0	–959	0
Write-down for probable credit losses	0	950	2,160
Recovery of realized losses for prior years	–120	0	0
Reversal of provisions no longer required for probable credit losses	0	0	–8,770
<b>Net credit losses</b>	<b>–120</b>	<b>–9</b>	<b>–6,610</b>
Change in value of real estate taken over	0		221
<b>Total credit losses, net</b>	<b>–120</b>	<b>–9</b>	<b>–6,389</b>
<b>NON-PERFORMING LOANS, ETC. (SEK thousand)</b>	2001 Jun, 30	2000 Jun, 30	2000 Dec, 31
1 Non-performing loans which are not problem credits	15,137	6,309	13,155
2a Doubtful credits	3,200	4,446	3,200
2b Loans with reduced interest	0	0	0
3 Total problem credits (2a+2b)	3,200	4,446	3,200
4 Interest, etc. recognized as revenue on problem credits during the period	0	195	541
5 Annual percentage current return on problem credits	0.00%	6.25%	18.35%
6 Annual percentage current return on credits that are not problem credits	6.20%	5.16%	5.22%
7 Reserve for probable credit losses	2,891	9,491	2,891
8 Estimated value of problem credits before write-down for probable credit losses (3+7)	6,091	13,937	6,091
<b>CAPITAL ADEQUACY (SEK thousand)</b>	2001 Jun, 30	2000 Jun, 30	2000 Dec, 31
<b>Capital requirement, risk-weighted assets</b>			
Group A	0	0	0
Group B	11,703	8,800	8,231
Group C	100,821	23,050	66,341
Group D	2,881,915	2,347,910	2,660,875
<b>Risk-weighted assets</b>	<b>2,994,439</b>	<b>2,379,760</b>	<b>2,735,447</b>
<b>Capital base</b>			
Core capital	237,134	214,403	227,472
Supplementary capital			
Subordinated loans, dated	32,000	40,000	40,000
<b>Total capital base</b>	<b>269,134</b>	<b>254,403</b>	<b>267,472</b>
Core capital	7.92%	9.01%	8.32%
<b>Capital adequacy</b>	<b>8.99%</b>	<b>10.69%</b>	<b>9.78%</b>
<b>DERIVATIVE INSTRUMENTS (SEK thousand)</b>	2001 Jun, 30	2000 Jun, 30	2000 Dec, 31
<b>Instruments with positive values</b>			
Interest-rate-related contracts	433	1,100	2,855
<b>Instruments with negative values</b>			
Interest-rate-related contracts	0	–318	0
<b>Derivative instruments, net</b>	<b>433</b>	<b>782</b>	<b>2,855</b>
<b>RATIO</b>	2001 Jun, 30	2000 Jun, 30	2000 Dec, 31
Return on adjusted equity, revolving 12-month basis	10.07%	5.82%	9.17%



Lantbrukskredit

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