

Landshypotek January-June, 2002



Organization and accounting principles

This report covers the Landshypotek Group, including the Parent Company, Landshypotek incorporated association, and subsidiary Landshypotek AB, with subsidiaries The General Mortgage Bank of Sweden, Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. In addition hereto Landshypotek AB is reported separately.

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

Loan business

The Group's loans outstanding to the public amounted to MSEK 34 080.5 (32 841.8) at the end of the period. The rate of increase in lending was slightly lower during the first six months of 2002 than during the second half of 2001. The main reason for this was lower new lending in subsidiary Lantbrukskredit AB.

Non-performing loans as well as problem credits remained at low levels.

Rating

Landshypotek AB has a rating of A– from Standard & Poor's and A from Fitch. During the period under review, Standard & Poor's has amended its outlook for Landshypotek's rating from stable to negative. The reason for the change is increased lending to a single engagement in the Lantbrukskredit AB subsidiary. This was described in the company's annual report.

Liquidity and financing

The frame amount for Landshypotek AB's Swedish MTN program was raised from SEK 5 to SEK 10 billion during the period.

During June, a perpetual subordinated debenture loan in the amount of MUSD 100 was repaid. The repayment was made in accordance with the terms of the loan in conjunction with an interest rate adjustment after a term of five years. At the same time a fixed maturity subordinated loan in the amount of MSEK 350 was raised. The reduction of the subordinated loan portfolio was made against the background of the Group's core capital situation and an endeavor to reduce borrowing costs.



Earnings performance

The Group's operating profit amounted to MSEK 132.8 (118.8) and in Landshypotek AB to MSEK 113.7 (98.9).

Earnings forecast

Earnings performance for the second half of the year is expected to be on a par with the development during the first six months.

Capital adequacy

The Group's capital adequacy was 10.59 percent at the end of the period. The core capital ratio was 8.09 percent. The capital adequacy ratio in Landshypotek AB was 9.43 (11.96) percent. The core capital ratio was 7.53 (7.59) percent. Earned profit during the period is included in core capital.

Stockholm, August 21, 2002

Kjell Stillman Managing Director

The interim financial statements for each company have been reviewed by the Company's auditors. Complete interim reports are available upon request from Landshypotek's customer service, telephone +46-8-459 04 00.

STATEMENT OF INCOME (SEK thousand)	2002 Jan, 1– Jun, 30	2001 Jan,1-Jun,30	2001 Jan, 1 – Dec, 31	2002 Jan, 1–Jun, 30	2001 Jan, 1 – Jun, 30	2001 Jan, 1 – Dec, 31	
Interest income	1,005,271	989,830	1,984,833	962,089	942,888	1,894,488	
Interest expense	-801,737	-797,927	-1,601,130	-788,967	-781,501	-1,570,870	
Net interest income	203,534	191,903	383,703	173,122	161,387	323,618	
Dividend income	39	233	233	38	230	50,230	
Commission income	3,351	3,573	7,144	3,280	3,464	6,952	
Commission expense	-370	-2,101	-8,680	-256	-2,023	-8,525	
Net result of financial transactions	384	1,590	3,818	0	0	0	
Other operating income	13,636	12,554	25,416	13,636	12,544	25,406	
Total operating income	220,574	207,752	411,634	189,820	175,602	397,681	
General administrative expense	-69,682	-71,117	-133,004	-58,875	-62,506	-115,807	
Depreciation, amortization and writedowns of tangible and intangible fixed assets	-3,828	-3,315	-7,789	-3,365	-2,843	-6,669	
Other operating expenses	-13,331	-14,552	-24,629	-12,942	-11,492	-20,856	
Total expenses before credit losses	-86,841	-88,984	-165,422	-75,182	-76,841	-143,332	
Result before credit losses	133,733	118,768	246,212	114,638	98,761	254,349	
Credit losses, net	-951	36	-18,243	-901	116	-424	
Writedown of financial fixed assets	0	0	0	0	0	-50,000	
Operating result	132,782	118,804	227,969	113,737	98,877	203,925	
Appropriations	117	-84	-152,159	0	0	-190,999	
Taxes on result for the period	-37,822	-33,929	-21,524	-31,832	-27,664	-3,818	
Result for the period	95,077	84,791	54,286	81,905	71,213	9,108	

BALANCE SHEET – SUMMARY (SEK thousand)	2002 Jun, 30	2001 Jun, 30	2001 Dec, 31	2002 Jun, 30	2001 Jun, 30	2001 Dec, 31
Loans to the public	34,080,490	32,841,750	33,651,737	30,860,604	29,621,668	30,298,294
Loans to credit institutions	84,408	88,026	150,718	2,486,182	2,479,290	2,623,207
Interest-bearing securities	1,245,581	181,000	181,000	1,064,581	0	0
Other assets	1,643,186	2,167,070	1,698,691	2,070,244	2,516,825	1,987,295
Total assets	37,053,665	35,277,846	35,682,146	36,481,611	34,617,783	34,908,796
Borrowing from the public	346,065	362,016	195,482	451,065	494,666	379,382
Due to credit institutions	1,813,501	2,313,630	2,000,160	4,992,750	7,631,872	6,860,518
Securities issued, etc.	29,857,525	26,519,307	27,568,041	26,913,617	21,879,645	23,327,319
Other liabilities	1,025,878	965,773	805,648	853,475	706,375	452,957
Subordinated liabilities	1,043,253	2,295,456	2,238,867	700,000	1,435,320	1,399,820
Untaxed reserves	0	0	0	102,144	111,145	102,144
Shareholders' equity	2,967,443	2,821,664	2,873,948	2,468,560	2,358,760	2,386,656
Total liabilities and shareholders' equity	37,053,665	35,277,846	35,682,146	36,481,611	34,617,783	34,908,796

	Group			Landshypotek AB		
CREDIT LOSSES NET (SEK thousand)	2002 Jan, 1–Jun, 30	2001 Jan, 1–Jun, 30	2001 Jan, 1-Dec, 31	2002 Jan, 1 – Jun, 30	2001 Jan, 1 – Jun, 30	2001 Jan, 1 – Dec, 31
The year's writedown for realized losses Reversal of prior provisions for probable credit losses,	5,241	2,135	21,666	3,560	1,874	2,309
reported as realized losses in this year's accounts	-5,145	-1,674	-3,356	-3,440	-1,656	-2,091
Writedown for the year for probable credit losses	3,824	2,558	5,538	3,679	2,558	5,504
Recovery of realized losses for prior years	-496	-730	-1,090	-425	-567	-778
Reversal of provisions no longer required for probable credit losses	-2,473	-2,325	-4,520	-2,473	-2,325	-4,520
Net cost for the year	951	-36	18,238	901	-116	424
Change in value of property taken over	0	0	5	0	0	0
Total credit losses net	951	-36	18,243	901	-116	424
NON-PERFORMING LOANS, ETC. (SEK thousand)	2002 Jun, 30	2001 Jun, 30	2001 Dec, 31	2002 Jun, 30	2001 Jun, 30	2001 Dec, 31
Non-performing loans which are not problem credits	288,773	283,260	336,477	276,371	249,155	314,452
2a. Doubtful credits	21,488	31,992	27,292	20,119	27,802	23,335
2b. Loans with reduced interest	0	0	0	0	0	0
 Total problem credits (2a+2b) Interest, etc. recognized as revenue on problem credits 	21,488	31,992	27,292	20,119	27,802	23,335
during the period	790	752	4,693	790	752	4,693
5. Annual percentage current return on problem credits	6.48%	4.35%	13.14%	7.27%	4.28%	14.24%
Annual percentage current return on credits that are not problem credits	5.78%	6.16%	5.94%	5.81%	6.16%	5.97%
Reserve for probable credit losses	7,617	9,766	11,462	4,317	6,273	6,562
Reserve for probable credit losses Estimated value of problem credits before writedown	7,017	9,700	11,402	4,517	0,273	0,302
for probable credit losses (3+7)	29,105	41,758	38,754	24,436	34,075	29,897
Property taken over to protect claims	2,720	2,760	2,720	1,020	1,020	1,020
	2002	2001	2001	2002	2001	2001
CAPITAL ADEQUACY (SEK thousand)	Jun, 30	Jun, 30	Dec, 31	Jun, 30	Jun, 30	Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	207,040	289,974	276,426	188,643	239,668	222,950
Group C	112,084	131,006	134,603	37,099	27,913	29,586
Group D	36,352,461	34,689,970	35,141,267	33,531,628	31,881,312	32,133,564
Risk-weighted assets	36,671,585	35,110,950	35,552,296	33,757,370	32,148,893	3,238,6100
Capital base						
Core capital	2,967,107	2,689,198	2,873,612	2,542,104	2,438,784	2,460,200
Supplementary capital						
Subordinated loans, dated	664,000	362,000	342,000	640,000	320,000	300,000
Perpetual subordinated loans	253,253	1,361,976	1,324,522	0	1,085,320	1,049,820
Less		- 4 440 474	4.540.404	-200	-200	-200
Total capital base	3,884,360	4,413,174	4,540,134	3,181,904	3,843,904	3,809,820
Core capital	8.09%	7.66%	8.08%	7.53%	7.59%	7.60%
Capital adequacy The Group's capital adequacy June 30, 2001 refers to Landshypotek AB and operating subsidiaries.	10.59%	12.57%	12.77%	9.43%	11.96%	11.76%
DERIVATIVE INSTRUMENTS (SEK thousand)	2002 lup 30	2001	2001 Dec. 31	2002 lup 30	2001 lup 30	2001 Dec. 31
, ,	Jun, 30	Jun, 30	Dec, 31	Jun, 30	Jun, 30	Dec, 31
Instruments with positive values	100 474	00.054	04.070	120 474	00 404	00 545
Interest-rate-related swaps	129,471	86,854	81,873	129,471	86,421	80,545
Foreign-exchange-related swaps Equity-related swaps	433,802	1,095,098	1,076,501 0	385,301	893,439 0	862,808 0
Total	563,273	1,181,952	1,158,374	514,772	979,860	943,353
Instruments with negative values	303,273	1,101,332	1,130,374	314,772	373,000	343,333
Interest-rate-related swaps	-111,243	-31,955	-111,243	-111,243	-31,955	-111,243
Foreign-exchange-related swaps	-37,686	-46,921	-40,879	-9,614	-886	-3,033
Equity-related swaps	-7,442	0	-9,701	-7,442	0	-9,701
Total	-156,371	-78,876	-161,823	-128,299	-32,841	-123,977
Derivative instruments, net	406,902	1,103,076	996,551	386,473	947,019	819,376
	2002	2001	2001	2002	2001	2001
RATIO	Jun, 30	Jun, 30	Dec, 31	Jun, 30	Jun, 30	Dec, 31
Return on adjusted equity, revolving 12-month basis	6.02%	7.14%	5.84%	6.33%	6.67%	6.15%



