



Landshypotek
January–September 2002



LANDSHYPOTEK

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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 34 376.7 (33 210.2) at the end of the period. The rate of increase in lending was somewhat lower than during the corresponding period last year. This was primarily due to lower new lending in subsidiary Lantbrukskredit AB.

Rating

Landshypotek AB has a rating of A– from Standard & Poor's and A from Fitch. During the beginning of 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 a large exposure in a single engagement in the Lantbrukskredit AB subsidiary. This was described in the company's annual report.

Liquidity and financing

During the third quarter Landshypotek noted particularly strong demand for bonds and notes. This has meant that issues have been made at ever more advantageous terms.

Landshypotek AB's frame agreement for its Swedish MTN program was increased from SEK 5 to 10 billion during the period.

A perpetual subordinated debenture loan in Landshypotek AB in the amount of USD 100 million was repaid. This was done according to the terms of the loan in connection with an interest rate adjustment after the loan had been outstanding for five years. At the same time new subordinated debenture term loan in the amount of MSEK 350 was raised.

Earnings performance

The consolidated operating profit amounted to MSEK 195.9 (190.8).

Earnings forecast

The consolidated operating profit for the full year is expected to amount to about MSEK 260.

Capital adequacy

The Group's capital adequacy was 10.52 percent at the end of the period. The core capital ratio was 7.95 percent. Earned profit during the period is not included in core capital.

Stockholm, October 30, 2002



Kjell Stillman
Managing Director

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

	Group			Landshypotek AB		
	2002	2001	2001	2002	2001	2001
STATEMENT OF INCOME (SEK thousand)	Jan, 1–Sep, 30	Jan, 1–Sep, 30	Jan, 1–Dec, 31	Jan, 1–Sep, 30	Jan, 1–Sep, 30	Jan, 1–Dec, 31
Interest income	1,530,258	1,495,869	1,984,833	1,465,469	1,427,070	1,894,488
Interest expense	–1,229,301	–1,203,627	–1,601,130	–1,208,037	–1,180,139	–1,570,870
Net interest income	300,957	292,242	383,703	257,432	246,931	323,618
Dividend income	39	233	233	38	230	50,230
Commission income	5,225	4,977	7,144	5,125	4,829	6,952
Commission expense	–520	–2,698	–8,680	–385	–2,582	–8,525
Net result of financial transactions	1,400	1,590	3,818	0	0	0
Other operating revenue	20,635	18,793	25,416	20,635	18,783	25,406
Total operating revenue	327,736	315,137	411,634	282,845	268,191	397,681
General administrative expense	–99,045	–101,333	–133,004	–84,796	–89,966	–115,807
Depreciation, amortization and writedowns of tangible and intangible fixed assets	–6,325	–5,111	–7,789	–5,630	–4,403	–6,669
Other operating expenses	–18,505	–17,583	–24,629	–18,063	–13,926	–20,856
Total expenses before credit losses	–123,875	–124,027	–165,422	–108,489	–108,295	–143,332
Result before credit losses	203,861	191,110	246,212	174,356	159,896	254,349
Credit losses, net	–7,903	–270	–18,243	–790	–265	–424
Writedown of financial fixed assets	–117	0	0	0	0	–50,000
Operating result	195,958	190,840	227,969	173,566	159,631	203,925
Appropriations	117	–84	–152,159	0	0	–190,999
Taxes on result for the period	–55,635	–54,255	–21,524	–48,585	–44,688	–3,818
Result for the period	140,440	136,501	54,286	124,981	114,943	9,108

	2002	2001	2001	2002	2001	2001
BALANCE SHEET – SUMMARY (SEK thousand)	Sep, 30	Sep, 30	Dec, 31	Sep, 30	Sep, 30	Dec, 31
Loans to the public	34,376,744	33,210,181	33,651,737	31,205,252	29,915,571	30,298,294
Loans to credit institutions	828,410	82,087	150,718	1,897,476	2,468,909	2,623,207
Interest-bearing securities	879,050	380,150	181,000	698,050	199,150	0
Other assets	685,690	2,233,081	1,698,691	1,122,109	2,550,204	1,987,295
Total assets	36,769,894	35,905,499	35,682,146	34,922,887	35,133,834	34,908,796
Borrowing from the public	377,716	213,696	195,482	479,716	339,596	379,382
Due to credit institutions	1,569,468	2,304,226	2,000,160	4,774,492	7,217,025	6,860,518
Securities issued, etc.	30,105,523	27,589,816	27,568,041	25,875,801	23,295,562	23,327,319
Other liabilities	652,555	600,417	805,648	479,098	349,936	452,957
Subordinated liabilities	1,052,390	2,324,709	2,238,867	700,000	1,418,080	1,399,820
Untaxed reserves	0	0	0	102,144	111,145	102,144
Shareholders equity	3,012,242	2,872,635	2,873,948	2,511,636	2,402,490	2,386,656
Total liabilities and shareholders' equity	36,769,894	35,905,499	35,682,146	34,922,887	35,133,834	34,908,796

	Group			Landshypotek AB		
	2002 Jan, 1–Sep, 30	2001 Jan, 1–Sep, 30	2001 Jan, 1–Dec, 31	2002 Jan, 1–Sep, 30	2001 Jan, 1–Sep, 30	2001 Jan, 1–Dec, 31
CREDIT LOSSES NET (SEK thousand)						
The year's writedown for realized losses	5,806	2,135	21,666	4,125	1,874	2,309
Reversal of prior provisions for probable credit losses, reported as realized losses in this year's accounts	–5,725	–1,674	–3,356	–4,004	–1,656	–2,091
The year's provision for probable credit losses	11,600	3,443	5,538	4,350	3,443	5,504
Recovery of realized losses for prior years	–640	–869	–1,090	–543	–631	–778
Reversal of provisions no longer required for probable credit losses	–3,138	–2,765	–4,520	–3,138	–2,765	–4,520
Net credit losses	7,903	270	18,238	790	265	424
Change in value of real estate taken over	0	0	5	0	0	0
Total credit losses, net	7,903	270	18,243	790	265	424
NON-PERFORMING LOANS, ETC. (SEK thousand)						
	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31
1. Non-performing loans which are not problem credits	333,866	374,291	336,477	297,237	314,805	314,452
2a. Doubtful credits	32,824	32,121	27,292	25,085	27,937	23,335
2b. Loans with reduced interest	0	0	0	0	0	0
3. Total problem credits (2a+2b)	32,824	32,121	27,292	25,085	27,937	23,335
4. Interest, etc. recognized as revenue on problem credits during the period	102	752	4,693	102	752	4,693
5. Annual percentage current return on problem credits	0.45%	2.89%	13.14%	0.56%	2.84%	14.24%
6. Annual percentage current return on credits that are not problem credits	5.81%	6.16%	5.94%	5.84%	6.16%	5.97%
7. Reserve for probable credit losses	11,573	10,155	11,462	3,763	6,662	6,562
8. Estimated value of problem credits before writedown for probable credit losses (3+7)	44,397	42,276	38,754	28,848	34,599	29,897
9. Properties taken over to protect claims	2,720	2,760	2,720	1,020	1,020	1,020
CAPITAL ADEQUACY (SEK thousand)						
	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	255,774	362,342	276,426	159,363	306,281	222,950
Group C	102,075	135,246	134,603	42,768	31,987	29,586
Group D	35,757,253	35,154,044	35,141,267	32,968,211	32,239,692	32,133,564
Risk-weighted assets	36,115,102	35,651,632	35,552,296	33,170,342	32,577,960	32,386,100
Capital base						
Core capital	2,871,472	2,601,881	2,873,612	2,460,199	2,367,571	2,460,199
Supplementary capital						
Subordinated loans, dated	664,000	362,000	342,000	640,000	320,000	300,000
Perpetual subordinated loans	262,390	1,351,366	1,324,522	0	1,068,080	1,049,820
Less	–	–	–	–200	–200	–200
Total capital base	3,797,862	4,315,247	4,540,134	3,099,999	3,755,451	3,809,819
Core capital	7.95%	7.30%	8.08%	7.42%	7.27%	7.60%
Capital adequacy	10.52%	12.10%	12.77%	9.35%	11.53%	11.76%
<i>Capital adequacy September 30, 2001 refers to Landshypotek AB and operating subsidiaries.</i>						
DERIVATIVE INSTRUMENTS (SEK thousand)						
	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31
Instruments with positive values						
Interest-related swaps	50,738	58,064	81,873	45,590	57,155	80,545
Foreign-exchange-related swaps	450,321	1,312,115	1,076,501	406,141	1,068,498	862,808
Equity-related swaps	0	0	0	0	0	0
Total	501,059	1,370,179	1,158,374	451,731	1,125,653	943,353
Instruments with negative values						
Interest-related swaps	–135,867	–58,030	–111,243	–135,867	–58,030	–111,243
Foreign-exchange-related swaps	–39,804	–42,741	–40,879	–15,021	0	–3,033
Equity-related swaps	–5,668	–11,008	–9,701	–5,668	–11,008	–9,701
Total	–181,339	–111,779	–161,823	–156,556	–69,038	–123,977
Derivative instruments, net	319,720	1,258,400	996,551	295,175	1,056,615	819,376
RATIO						
	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31	2002 Sep, 30	2001 Sep, 30	2001 Dec, 31
Return on adjusted equity, revolving 12-month basis	5.70%	6.87%	5.84%	6.19%	6.51%	6.15%