



LANDSHYPOTEK

Interim Report January–September 2005

# Landshypotek AB

organisation number 556500-2762, hereby submits its interim report for the period 1 January – 30 September 2005.

## Business

Landshypotek offers favourable first mortgage loans to Sweden's land and forest owners. Landshypotek's goal is to keep interest rates as low as possible to its customers active in the following areas:

- forestry
- residential farms
- production farms

The market is cultivated via twelve sales and regional offices and through other means.

## Result

The Group's operating profit for the period amounted to MSEK 166.9 (99.1). An office building was sold during the period generating a capital gain of MSEK 26, which is included in other operating income. Provisions for loan losses were MSEK 63.2 lower than in the corresponding year-ago period. Due to a phase-out of loans in the subsidiaries, consolidated net interest income was slightly lower than during the corresponding period one year ago. Expenses were slightly higher, but within budgeted levels.

In Landshypotek AB operating profit amounted to MSEK 180.1 (158.9). This result includes the capital gain on the office building sold. Net interest income has improved compared to the preceding year due to increased lending.

## Lending and financing

The Group's lending at the end of the period amounted to MSEK 35,655.7, an increase by 2.6 percent compared to the equivalent period last year. Lending in the Parent Company increased by 4.0 percent, while the phase-out of loans in the subsidiaries subdued the rate of increase in the Group.

The Group's single largest exposure refers to credits to ESS Group in a total amount of MSEK 620. MSEK 40 has already been set aside as provision for these credits.

Strong demand for securities issued by Landshypotek made for a further slight decline in the cost of borrowing. Investors have been buying bonds with longer maturities, which have been swapped down to short maturities for financing of Landshypotek's variable rate lending. This has led to continued good liquidity.

At the end of the period the volume of issued securities was MSEK 33,128.5, which constitutes an increase by 10.2 percent since the beginning of the year.

## Rating

	Long	Short
Fitch	A	F1
Moody's	A2	P1
S&P	BBB+	A2, K1

## Loan loss provision

The Group reports loan loss provisions during the period in the amount of MSEK 11.7 (74.9). Lantbrukskredit AB has set aside MSEK 12 relating to an engagement in a sawmill in Norrbotten. The engagement is being phased out.

MSEK 115 has previously been set aside for loans outstanding to ESS Group. MSEK 75 hereof was reported as a realised loss during the period.

## Capital adequacy

The Group's capital adequacy at the end of the period was 10.13 (10.34) percent and the core capital ratio was 8.70 (8.30) percent. The capital adequacy in Landshypotek AB was 9.68 (10.05) percent and the core capital ratio was 8.23 (7.96) percent. Earned profit during the period is not included in core capital.

Stockholm, 11 November 2005



Kjell Stillman  
Managing Director

*This interim report has not been examined by the Company's auditors.*

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

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

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# Landshypotek AB

	Group			Parent Company		
	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31
<b>INCOME STATEMENT (SEK thousand)</b>						
Interest income	1,110,429	1,253,385	1,643,680	1,097,334	1,228,784	1,614,564
Interest expense	–834,574	–975,185	–1,254,661	–830,145	–971,423	–1,248,557
<b>Net interest income</b>	<b>275,855</b>	<b>278,200</b>	<b>389,019</b>	<b>267,189</b>	<b>257,361</b>	<b>366,007</b>
Commission income	6,878	4,897	7,153	6,842	4,844	7 083
Commission expense	–722	–1,030	–1,396	–662	–914	–1 241
Net result of financial transactions	0	4,400	4,399	0	2,944	2 943
Other operating income	46,594	21,456	28,175	46,594	21,456	28 175
<b>Total operating income</b>	<b>328,605</b>	<b>307,923</b>	<b>427,350</b>	<b>319,963</b>	<b>285,691</b>	<b>402,967</b>
General administrative income	–121,031	–106,900	–149,389	–111,432	–99,821	–139,105
Depreciation, amortisation and write-down of tangible and intangible non-current assets	–6,899	–7,914	–10,284	–6,859	–7,837	–10,224
Other operating expenses	–22,116	–19,153	–25,906	–22,086	–19,121	–25,864
<b>Total costs before loan losses</b>	<b>–150,046</b>	<b>–133,967</b>	<b>–185,579</b>	<b>–140,377</b>	<b>–126,779</b>	<b>–175,193</b>
<b>Profit before loan losses</b>	<b>178,559</b>	<b>173,956</b>	<b>241,771</b>	<b>179,586</b>	<b>158,912</b>	<b>227,774</b>
Loan losses, net	–11,682	–74,871	–75,510	473	4	–220
<b>Operating profit</b>	<b>166,877</b>	<b>99,085</b>	<b>166,261</b>	<b>180,059</b>	<b>158,916</b>	<b>227,554</b>
Appropriations	0	0	0	0	0	6,758
Taxes on profit for the period	–41,408	–26,941	–45,376	–51,460	–43,694	–64,528
<b>Profit for the period</b>	<b>125,469</b>	<b>72,144</b>	<b>120,885</b>	<b>128,599</b>	<b>115,222</b>	<b>169,784</b>

	2005 Sep, 30	2004 Sep, 30	2004 Dec, 31	2005 Sep, 30	2004 Sep, 30	2004 Dec, 31
<b>BALANCE SHEET – SUMMARY (SEK thousand)</b>						
Loans to the public	35,655,660	34,761,674	34,790,735	34,481,943	33,156,272	33,381,859
Loans to credit institutions	63,530	100,339	127,871	565,419	860,133	785,875
Interest-bearing securities	1,953,655	389,734	299,688	1,953,655	389,734	299,688
Other assets	1,001,034	1,017,284	1,016,704	1,431,055	1,483,946	1,461,334
<b>Total assets</b>	<b>38,673,879</b>	<b>36,269,031</b>	<b>36,234,998</b>	<b>38,432,072</b>	<b>35,890,085</b>	<b>35,928,756</b>
Borrowing from the public	337,828	407,603	490,964	337,828	407,603	490,964
Due to credit institutions	476,908	1,278,864	1,094,283	1,138,308	2,516,205	2,391,128
Issued securities, etc.	33,128,458	30,098,640	30,058,918	32,494,990	28,775,802	28,749,308
Other liabilities	679,383	542,845	665,013	645,508	471,844	610,532
Subordinated debt	750,000	750,000	750,000	750,000	750,000	750,000
Untaxed reserves	0	0	0	64,977	71,735	64,977
Shareholder's equity	3,301,302	3,191,079	3,175,820	3,000,461	2,896,896	2,871,847
<b>Total liabilities and shareholder's equity</b>	<b>38,673,879</b>	<b>36,269,031</b>	<b>36,234,998</b>	<b>38,432,072</b>	<b>35,890,085</b>	<b>35,928,756</b>

# Landshypotek AB

	Group			Parent Company		
	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31
<b>LOAN LOSSES, NET (SEK thousand)</b>						
Year's write-down for realised loan losses	75,707	1,287	1,770	178	1,199	1,211
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts	–75,395	–1,199	–1,682	–178	–1,199	–1,211
Write-down for probable loan losses	12,849	77,710	28,477	819	2,710	3,005
Recovery of previous realised losses	–963	–1,680	–1,751	–917	–1,494	–1,526
Reversal of prior provisions for probable loan losses	–516	–1,247	–1,303	–375	–1,220	–1,259
<b>Total loan losses</b>	<b>11,682</b>	<b>74,871</b>	<b>25,511</b>	<b>–473</b>	<b>–4</b>	<b>220</b>
All loan losses are attributable to loans to the public						
Write-down of shares in ESS Group	0	0	49,999	0	0	0
<b>TOTAL LOAN LOSSES, NET</b>	<b>11,682</b>	<b>74,871</b>	<b>75,510</b>	<b>–473</b>	<b>–4</b>	<b>220</b>
<b>NONPERFORMING LOANS, ETC. (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Disclosures on nonperforming loans and doubtful credits</b>						
Nonperforming loans where interest is recognised as income	365,742	358,663	352,327	357,369	313,193	350,655
Nonperforming loans that are also doubtful	435,768	36,217	526,476	23,692	21,198	12,536
<b>Total nonperforming loans</b>	<b>801,510</b>	<b>394,880</b>	<b>878,803</b>	<b>381,061</b>	<b>334,391</b>	<b>363,191</b>
Doubtful credits that are not nonperforming	240,599	668,978	233,974	2,547	2,010	11,301
Less provisions set aside	–67,661	–130,546	–130,758	–1,723	–1,253	–1,482
Doubtful credits that are also nonperforming	435,768	36,217	526,476	23,692	21,198	12,536
<b>Total doubtful credits</b>	<b>608,706</b>	<b>574,649</b>	<b>629,692</b>	<b>24,516</b>	<b>21,955</b>	<b>22,355</b>
Shares taken over to protect claims	1	1	1	0	0	0
<b>CAPITAL ADEQUACY (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Capital requirement, risk-weighted assets</b>						
Group A	0	0	0	0	0	0
Group B	541,732	188,786	227,666	625,348	271,288	307,187
Group C	28,448	44,475	38,000	24,108	29,535	25,173
Group D	36,459,681	35,526,242	35,598,233	35,770,029	34,428,616	34,695,679
<b>Total risk-weighted assets</b>	<b>37,029,861</b>	<b>35,759,503</b>	<b>35,863,899</b>	<b>36,419,485</b>	<b>34,729,439</b>	<b>35,028,039</b>
<b>Capital base</b>						
Core capital	3,220,483	2,969,042	3,152,659	2,996,261	2,764,407	2,918,630
Supplementary capital						
Subordinated term loans	530,000	590,000	530,000	530,000	590,000	530,000
Revaluation reserve	0	137,557	0	0	137,557	0
Less shares in company for legal protection of name	0	0	0	–200	–200	–200
<b>Total capital base</b>	<b>3,750,483</b>	<b>3,696,599</b>	<b>3,682,659</b>	<b>3,526,061</b>	<b>3,491,764</b>	<b>3,448,430</b>
Core capital	8.70%	8.30%	8.79%	8.23%	7.96%	8.33%
Capital adequacy	10.13%	10.34%	10.27%	9.68%	10.05%	9.84%
<b>DERIVATIVE INSTRUMENTS (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Positive values</b>						
Interest-based swaps	270,835	135,170	242,507	245,995	112,526	211,105
Currency-related swaps	237,654	283,595	269,190	237,654	283,595	269,190
Equity-related swaps	0	0	0	0	0	0
<b>Total</b>	<b>508,489</b>	<b>418,765</b>	<b>511,697</b>	<b>483,649</b>	<b>396,121</b>	<b>480,295</b>
<b>Negative values</b>						
Interest-based swaps	–224,297	–191,986	–261,562	–224,297	–191,986	–261,562
Currency-related swaps	–9,646	–48,901	–38,080	–9,646	–48,901	–38,080
Equity-related swaps	0	0	0	0	0	0
<b>Total</b>	<b>–233,943</b>	<b>–240,887</b>	<b>–299,642</b>	<b>–233,943</b>	<b>–240,887</b>	<b>–299,642</b>
Derivative instruments, net	274,546	177,878	212,055	249,706	155,234	180,653
<b>KEY FINANCIAL INDICATOR</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
Return on adjusted equity, moving 12 months	5.19%	3.97%	3.80%	5.97%	5.70%	5.70%

# Landshypotek ekonomisk förening (incorporated association)

organisation number 769600-5003, hereby submits its interim report for the period 1 January – 30 September 2005.

## Business

Landshypotek offers favourable first mortgage loans to Sweden's farm and forest owners. Landshypotek's goal is to keep interest rates as low as possible to its customers active in the following areas:

- forestry
- residential farms
- production farms

The market is cultivated via twelve sales and regional offices and through other means.

## Result

The Group's operating profit amounted to MSEK 160.4 (93.4). An office building was sold during the period generating a capital gain of MSEK 26, which is included in other operating income. Provisions for loan losses were MSEK 63.2 lower than in the corresponding year-ago period. Due to a phase-out of loans in the subsidiaries, consolidated net interest income was slightly lower than during the corresponding period one year ago. Expenses were slightly higher, but within budgeted levels.

## Lending and financing

The Group's lending at the end of the period amounted to MSEK 35,655.7, an increase by 2.6 percent compared to the equivalent period last year. Lending in the Parent Company increased by 4.0 percent, while the phase-out of loans in the subsidiaries subdued the rate of increase in the Group.

The Group's single largest exposure refers to credits to ESS Group in a total amount of MSEK 620. MSEK 40 has already been set aside as provision for these credits.

Strong demand for securities issued by Landshypotek made for a further slight decline in the cost of borrowing. Investors have been buying bonds with longer maturities, which have been swapped down to short maturities for financing of Landshypotek's variable rate lending. This has led to continued good liquidity.

At the end of the period the volume of issued securities was MSEK 33,128.5, which constitutes an increase by 10.2 percent since the beginning of the year.

## Loan loss provision

The Group reports loan loss provisions during the period in the amount of MSEK 11.7 (74.9). Lantbrukskredit AB has set aside MSEK 12 relating to an engagement in a sawmill in Norrbotten. The engagement is being phased out.

MSEK 115 has previously been set aside for loans outstanding to ESS Group. MSEK 75 hereof was reported as a realised loss during the period.

## Capital adequacy

The Group's capital adequacy at the end of the period was 10.32 (10.56) percent and the core capital ratio was 8.89 (8.52) percent. Earned profit during the period is not included in core capital.

Stockholm, 11 November 2005



Kjell Stillman  
Managing Director

*This interim report has not been examined by the Association's auditors.*

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This report covers the Landshypotek Group, including Landshypotek ekonomisk förening (incorporated association), its subsidiary Landshypotek AB and its subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB and The General Mortgage Bank of Sweden.

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

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Landshypotek ekonomisk förening.

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# Landshypotek ekonomisk förening (incorporated association)

	Group			Parent Association		
	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31
<b>INCOME STATEMENT (SEK thousand)</b>						
Interest income	1,110,339	1,253,398	1,643,695	2,462	2,848	3,325
Interest expense	-832,137	-972,362	-1,251,380	-115	-12	-30
<b>Net interest income</b>	<b>278,202</b>	<b>281,036</b>	<b>392,315</b>	<b>2,347</b>	<b>2,836</b>	<b>3,295</b>
Commission income	6,878	4,897	7,153	0	0	0
Commission expense	-722	-1,030	-1,396	0	0	0
Net result of financial transactions	557	4,400	4,399	557	0	0
Other operating income	46,596	21,456	28,175	2	0	0
<b>Total operating income</b>	<b>331,511</b>	<b>310,759</b>	<b>430,646</b>	<b>2,906</b>	<b>2,836</b>	<b>3,295</b>
General administrative expense	-129,814	-115,050	-161,387	-8,783	-8,150	-11,998
Depreciation, amortisation and write-down of tangible and intangible non-current assets	-6,899	-7,914	-10,284	0	0	0
Other operating expenses	-22,678	-19,546	-26,355	-562	-393	-449
<b>Total costs before loan losses</b>	<b>-159,391</b>	<b>-142,510</b>	<b>-198,026</b>	<b>-9,345</b>	<b>-8,543</b>	<b>-12,447</b>
<b>Profit before loan losses</b>	<b>172,120</b>	<b>168,249</b>	<b>232,620</b>	<b>-6,439</b>	<b>-5,707</b>	<b>-9,152</b>
Loan losses, net	-11,682	-74,871	-75,510	0	0	0
<b>Operating profit</b>	<b>160,438</b>	<b>93,378</b>	<b>157,110</b>	<b>-6,439</b>	<b>-5,707</b>	<b>-9,152</b>
Appropriations	18	58	-148,251	18	58	54,532
Taxes on the year's profit	-37,812	-25,360	-1,462	1,562	0	-12,865
<b>Profit for the period</b>	<b>122,644</b>	<b>68,076</b>	<b>7,397</b>	<b>-4,859</b>	<b>-5,649</b>	<b>32,515</b>

	2005 Sep, 30	2004 Sep, 30	2004 Dec, 31	2005 Sep, 30	2004 Sep, 30	2004 Dec, 31
<b>BALANCE SHEET – SUMMARY (SEK thousand)</b>						
Loans to the public	35,655,660	34,761,674	34,790,735	0	0	0
Loans to credit institutions	64,792	101,232	130,724	75,140	78,771	195,731
Interest-bearing securities	1,953,655	390,734	300,688	0	1,000	1,000
Other assets	1,007,402	1,028,116	1,017,139	1,876,860	1,800,369	1,870,907
<b>Total assets</b>	<b>38,681,509</b>	<b>36,281,756</b>	<b>36,239,286</b>	<b>1,952,000</b>	<b>1,880,140</b>	<b>2,067,638</b>
Borrowing from the public	263,828	329,603	297,964	0	0	0
Due to credit institutions	476,908	1,278,864	1,094,283	0	0	0
Securities issued, etc.	33,128,458	30,098,640	30,058,918	0	0	0
Other liabilities	691,708	554,330	786,438	3,417	389	110,463
Subordinated liabilities	750 000	750 000	750 000	0	0	0
Untaxed reserves	0	0	0	39,486	42,269	39,486
Shareholders' equity	3,370,607	3,270,319	3,251,683	1,909,097	1,837,482	1,917,689
<b>Total liabilities and shareholders' equity</b>	<b>38,681,509</b>	<b>36,281,756</b>	<b>36,239,286</b>	<b>1,952,000</b>	<b>1,880,140</b>	<b>2,067,638</b>



# Landshypotek ekonomisk förening (incorporated association)

	Group			Parent Association		
	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31	2005 Jan,1–Sep,30	2004 Jan,1–Sep,30	2004 Jan,1–Dec,31
<b>LOAN LOSSES, NET (SEK thousand)</b>						
Year's write-down for realised loan losses	75,707	1,287	1,770			
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts	–75,395	–1,199	–1,682			
Write-down for probable loan losses	12,849	77,710	28,477			
Recovery of previous realised losses	–963	–1,680	–1,751			
Reversal of prior provisions for probable loan losses	–516	–1,247	–1,303			
<b>Total loan losses</b>	<b>11,682</b>	<b>74,871</b>	<b>25,511</b>			
All loan losses are attributable to loans to the public						
Write-down of shares in ESS Group	0	0	49,999			
<b>TOTAL LOAN LOSSES, NET</b>	<b>11,682</b>	<b>74,871</b>	<b>75,510</b>			
<b>NONPERFORMING LOANS, ETC. (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Disclosures on nonperforming loans and doubtful credits</b>						
Nonperforming loans where interest is recognised as income	365,742	358,663	352,327			
Nonperforming loans that are also doubtful	435,768	36,217	526,476			
<b>Total nonperforming loans</b>	<b>801,510</b>	<b>394,880</b>	<b>878,803</b>			
Doubtful credits that are not nonperforming	240,599	668,978	233,974			
Less provisions set aside	–67,661	–130,546	–130,758			
Doubtful credits that are also nonperforming	435,768	36,217	526,476			
<b>Total doubtful credits</b>	<b>608,706</b>	<b>574,649</b>	<b>629,692</b>			
Shares taken over to protect claims	1	1	1			
<b>CAPITAL ADEQUACY (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Capital requirement, risk-weighted assets</b>						
Group A	0	0	0	0	0	0
Group B	541,732	188,786	227,666	14,800	15,600	38,600
Group C	28,448	44,475	38,000	0	0	0
Group D	36,467,233	35,539,023	35,602,404	1,877,930	1,801,578	1,874,549
<b>Total risk-weighted assets</b>	<b>37,037,413</b>	<b>35,772,284</b>	<b>35,868,070</b>	<b>1,892,730</b>	<b>1,817,178</b>	<b>1,913,149</b>
<b>Capital base</b>						
Core capital	3,290,944	3,049,312	3,228,400	1,937,527	1,867,916	1,946,119
Supplementary capital						
Subordinated term loans	530,000	590,000	530,000	0	0	0
Valuation reserve	0	137,557	0	0	0	0
Less shares in company for legal protection of name	0	0	0	0	0	0
<b>Total capital base</b>	<b>3,820,944</b>	<b>3,776,869</b>	<b>3,758,400</b>	<b>1,937,527</b>	<b>1,867,916</b>	<b>1,946,119</b>
Core capital	8.89%	8.52%	9.00%	102.37%	102.79%	101.72%
Capital adequacy	10.32%	10.56%	10.48%	102.37%	102.79%	101.72%
<b>DERIVATIVE INSTRUMENTS (SEK thousand)</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
<b>Positive values</b>						
Interest-based swaps	270,835	135,170	242,507			
Currency-related swaps	237,654	283,595	269,190			
Equity-related swaps	0	0	0			
<b>Total</b>	<b>508,489</b>	<b>418,765</b>	<b>511,697</b>			
<b>Negative values</b>						
Interest-based swaps	–224,297	–191,986	–261,562			
Currency-related swaps	–9,646	–48,901	–38,080			
Equity-related swaps	0	0	0			
<b>Total</b>	<b>–233,943</b>	<b>–240,887</b>	<b>–299,642</b>			
Derivative instruments, net	274,546	177,878	212,055			
<b>KEY FINANCIAL INDICATOR</b>	2005 Sep,30	2004 Sep,30	2004 Dec,31	2005 Sep,30	2004 Sep,30	2004 Dec,31
Return on adjusted equity, moving 12 months	4.86%	3.66%	3.50%			



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