

INTERIM



REPORT

Landshypotek January – March 2006

Landshypotek AB Group

company number 556500-2762 hereby submits its interim report for the period 1 January – 31 March 2006.

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 17 sales and regional offices and through other means.

Result

The Group's operating profit amounted to MSEK 32.7 (38.0). Competition in the mortgage lending market put pressure on margins during the first quarter, which manifests itself in the form of lower net interest income. Phasing out of loans in the subsidiaries has also contributed to lower net interest income.

MSEK +0.5 (–12.2) was recovered during the period on prior loan loss provisions, which constitutes an improvement of almost MSEK 13 compared with the corresponding period in 2005. Expenses were slightly higher than during the first quarter of 2005, but on a par with budget.

The operating result in Landshypotek AB amounted to MSEK 33.9 (50.8). The deterioration is explained primarily by margins being under pressure in the mortgage lending market.

Lending and financing

The Group's lending at the end of the period amounted to MSEK 35,862, an increase by 2.8 percent compared to the corresponding period one year ago. Lending in the Parent Company increased by 5.8 percent, but the phase-out of loans in the subsidiaries subdued the rate of increase in the Group.

Strong demand for securities issued by Landshypotek had the effect of lowering the cost of borrowing by another notch. Investors have been buying bonds with longer maturities, which have been swapped down to shorter maturities for financing of the variable rate lending. This has led to continued good liquidity.

At the end of the period securities issued and outstanding amounted to MSEK 35,721, which represents an increase by 8.0 percent since the beginning of the year.

Rating

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

Loan loss provisions

The Group reports recovery of prior loan loss provisions of MSEK +0.5 (–12.2) during the period. The Group's lending engagement to the ESS Group has been phased out. Guarantee commitments have been granted in an aggregate amount of MSEK 110 in connection therewith.

Capital adequacy

The Group's capital adequacy at the end of the period was 9.66 (10.21) percent and the core capital ratio was 8.36 (8.74) percent. The capital adequacy in Landshypotek AB was 9.62 (9.80) percent and the core capital ratio was 8.32 (8.29) percent. Earned profit during the period is included in core capital.

Stockholm, 17 May 2006



Kjell Stillman
Managing Director

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

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.

Landshypotek AB Group

	Group			Parent Company		
	2006	2005	2005	2006	2005	2005
INCOME STATEMENT (SEK thousand)	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31
Interest income	364,147	379,689	1,467,883	365,090	374,196	1,449,851
Interest expense	–290,525	–287,379	–1,102,584	–292,671	–284,436	–1,095,817
Net interest income	73,622	92,310	365,299	72,419	89,760	354,034
Commission income	3,529	2,011	8,740	3,519	2,000	8,692
Commission expense	–673	–465	–865	–673	–465	–785
Net result of financial transactions	0	0	0	0	0	0
Other operating revenue	6,941	6,689	53,584	6,941	6,689	53,584
Total operating revenue	83,419	100,545	426,758	82,206	97,984	415,525
General administrative expense	–40,157	–39,506	–172,706	–37,743	–36,242	–159,971
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–2,197	–2,293	–10,158	–2,197	–2,280	–10,069
Other operating expenses	–8,838	–8,485	–31,578	–8,834	–8,481	–31,539
Total expenses before loan losses	–51,192	–50,284	–214,442	–48,774	–47,003	–201,579
Result before loan losses	32,227	50,261	212,316	33,432	50,981	213,946
Loan losses, net	472	–12,226	–204,814	437	–218	432
Operating result	32,699	38,035	7,502	33,869	50,763	214,378
Appropriations	0	0	0	0	0	64,977
Taxes on the period's result	–8,889	–10,383	–4,632	–9,216	–13,947	–80,619
Net result for the period	23,810	27,652	2,870	24,653	36,816	198,736

	2006	2005	2005	2006	2005	2005
BALANCE SHEET – SUMMARY (SEK thousand)	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Loans to the public	35,862,398	34,890,696	35,953,582	35,434,529	33,481,247	35,047,439
Loans to credit institutions	126,011	52,325	90,983	564,791	783,564	555,653
Interest-bearing securities	4,262,186	369,677	1,390,106	4,262,186	369,677	1,390,106
Other assets	988,232	1,064,285	916,718	1,485,677	1,516,197	1,398,045
Total assets	41,238,827	36,376,983	38,351,389	41,747,183	36,150,685	38,391,243
Borrowing from the public	381,782	484,781	303,724	381,782	484,781	303,724
Due to credit institutions	486,612	772,821	481,445	1,085,740	1,618,016	991,754
Securities issued, etc.	35,721,435	30,447,687	33,082,743	35,487,567	29,625,683	32,449,437
Other liabilities	795,630	718,219	654,787	973,574	698,558	852,463
Subordinated liabilities	650,000	750,000	650,000	650,000	750,000	650,000
Untaxed reserves	0	0	0	0	64,977	0
Shareholder's equity	3,203,368	3,203,475	3,178,690	3,168,520	2,908,670	3,143,865
Total liabilities and shareholders' equity	41,238,827	36,376,983	38,351,389	41,747,183	36,150,685	38,391,243

Landshypotek AB Group

	Group			Parent Company		
	2006 Jan, 1–Mar, 31	2005 Jan, 1–Mar, 31	2005 Jan, 1–Dec, 31	2006 Jan, 1–Mar, 31	2005 Jan, 1–Mar, 31	2005 Jan, 1–Dec, 31
LOAN LOSSES NET (SEK thousand)						
The year's impairment for realised losses	70	139	108,177	70	3	483
Reversal of prior periods provisions for probable loan losses, reported as realised losses in the year's accounts	–70	–139	–88,700	–70	–3	–483
Impairment for probable loan losses	960	12,393	187,031	960	363	1,066
Recovery of realised loan losses in prior years	–114	–138	–1,014	–79	–116	–964
Reversal of provisions no longer required for probable loan losses	–1,318	–29	–680	–1,318	–29	–534
Total loan losses	–472	12,226	204,814	–437	218	–432
All loan losses are attributable to loans to the public.						
NON-PERFORMING LOANS, ETC. (SEK thousand)	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31
Disclosures about non-performing loans and doubtful credits						
Non-performing loans with revenue recognition	208,147	244,408	340,360	207,533	239,921	330,538
Non-performing loans that are doubtful credits	61,812	590,084	386,975	9,087	15,207	20,509
Total non-performing loans	269,959	834,492	727,335	216,620	255,128	351,047
Doubtful credits that are not non-performing	12,675	169,929	228,382	12,027	11,293	2,122
Less provisions set aside	–45,770	–130,611	–228,455	–1,325	–1,482	–1,588
Doubtful credits that are non-performing	61,812	590,084	386,975	9,087	15,207	20,509
Total doubtful credits	28,717	629,402	386,902	19,789	25,018	21,043
Shares taken over to protect claims	1	1	1	0	0	0
Shares taken over to protect claims	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	1,002,390	236,331	406,381	990,064	324,281	442,631
Group C	41,922	38,988	31,311	37,723	26,236	27,058
Group D	36,668,773	35,735,824	36,707,186	36,746,587	34,845,358	36,290,221
Risk-weighted assets	37,713,085	36,011,143	37,144,878	37,774,374	35,195,875	36,759,910
Capital base						
Core capital	3,151,339	3,148,452	3,151,665	3,143,867	2,918,637	3,143,865
Supplementary capital						
Dated subordinated loans	490,000	530,000	490,000	490,000	530,000	490,000
Less shares in company for legal protection of name	0	0	0	–200	–200	–200
Total capital base	3,641,339	3,678,452	3,641,665	3,633,667	3,448,437	3,633,665
Core capital	8.36%	8.74%	8.48%	8.32%	8.29%	8.55%
Capital adequacy	9.66%	10.21%	9.80%	9.62%	9.80%	9.88%
DERIVATIVE INSTRUMENTS (SEK thousand)	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31
Positive values						
Interest-based swaps	246,302	282,341	229,192	195,184	265,795	203,633
Exchange-rate-related swaps	193,281	281,299	156,442	193,281	281,299	156,442
Equity-related swaps	0	0	0	0	0	0
Total	439,583	563,640	385,634	388,465	547,094	360,075
Negative values						
Interest-based swaps	–190,660	–270,273	–204,923	–190,660	–270,273	–204,923
Exchange-rate-related swaps	–20,333	–15,919	–25,774	–20,333	–15,919	–25,774
Equity-related swaps	0	0	0	0	0	0
Summa	–210,993	–286,192	–230,697	–210,993	–286,192	–230,697
Derivative instruments, net	228,590	277,448	154,937	177,472	260,902	129,378
RATIO	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31	2006 Mar, 31	2005 Mar, 31	2005 Dec, 31
Return on adjusted equity	2.95%	3.43%	0.17%	3.09%	4.98%	5.09%

Landshypotek ekonomisk förening (incorporated association)

organisation number 769600-5003 hereby submits its interim report for the period 1 January – 31 March 2006.

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 17 sales and regional offices and through other means.

Result

The Group's operating profit amounted to MSEK 30.4 (37.6). Competition in the mortgage lending market put pressure on margins during the first quarter, which manifests itself in the form of lower net interest income. Phasing out of loans in the subsidiaries has also contributed to lower net interest income.

Expenses were slightly higher than during the first quarter of 2005, but on a par with budget.

Lending and financing

The Group's lending at the end of the period amounted to MSEK 35,862, an increase by 2.8 percent compared to the equivalent period one year ago. The phase-out of loans in the subsidiaries subdued the rate of increase in the Group.

Strong demand for securities issued by Landshypotek had the effect of lowering the cost of borrowing by another notch. Investors have been buying bonds with longer maturities, which have been swapped down to shorter maturities for financing of the variable rate lending. This has led to continued good liquidity.

At the end of the period securities issued and outstanding amounted to MSEK 35,721, which represents an increase by 8.0 percent since the beginning of the year.

Loan loss provisions

The Group reports recovery of prior loan loss provisions of MSEK +0.5 (-12.2) during the period. The Group's lending engagement to the ESS Group has been phased out. Guarantee commitments have been granted in an aggregate amount of MSEK 110 in connection therewith.

Capital adequacy

The Group's capital adequacy at the end of the period was 9.69 (10.42) percent and the core capital ratio was 8.39 (8.95) percent. Earned profit during the period is included in core capital.

Stockholm, 17 May 2006



Kjell Stillman
Managing Director

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

This report covers the Landshypotek Group, including the 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.

Fold out the right tab to see the figures for
Landshypotek ekonomisk förening.

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Landshypotek ekonomisk förening (incorporated association)

	Group			Parent Association		
	2006	2005	2005	2006	2005	2005
INCOME STATEMENT (SEK thousand)	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31
Interest income	364,144	379,691	1,467,787	303	1,005	2,762
Interest expense	–290,229	–286,382	–1,099,929	–10	–7	–204
Net interest income	73,915	93,309	367,858	293	998	2,558
Commission income	3,529	2,011	8,740	0	0	0
Commission expense	–673	–465	–865	0	0	0
Net result of financial transactions	0	557	557	0	557	557
Other operating income	6,941	6,689	53,586	0	0	2
Total operating revenue	83,712	102,101	429,876	293	1,555	3,117
General administrative expenses	–42,016	–41,460	–184,815	–1,859	–1,954	–12,126
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–2,197	–2,293	–10,158	0	0	0
Other operating expenses	–9,543	–8,564	–32,204	–705	–79	–609
Total expenses before loan losses	–53,756	–52,317	–227,177	–2,564	–2,033	–12,735
Result after loan losses	29,956	49,784	202,699	–2,271	–478	–9,618
Loan losses, net	472	–12,226	–204,814	0	0	0
Operating result	30,428	37,558	–2,115	–2,271	–478	–9,618
Appropriations	0	0	–42,443	0	0	–2,957
Taxes on the period's result	–8,253	–10,249	9,470	636	134	3,046
Net result for the period	22,175	27,309	–35,088	–1,635	–344	–9,529

	2006	2005	2005	2006	2005	2005
BALANCE SHEET – SUMMARY (SEK thousand)	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Loans to the public	35,862,398	34,890,696	35,953,582	0	0	0
Loans to credit institutions	127,435	54,412	92,571	58,301	191,965	67,465
Interest-bearing securities	4,262,186	369,677	1,390,106	0	0	0
Other assets	1,003,889	1,064,769	925,927	1,886,457	1,871,718	1,879,926
Total assets	41,255,908	36,379,554	38,362,186	1,944,758	2,063,683	1,947,391
Borrowing from the public	324,782	294,781	237,724	0	0	0
Due to credit institutions	486,612	772,821	481,445	0	0	0
Securities issued, etc.	35,721,435	30,447,687	33,082,743	0	0	0
Other liabilities	851,853	835,831	712,049	57,281	107,412	57,601
Subordinated liabilities	650,000	750,000	650,000	0	0	0
Untaxed reserves	0	0	0	0	39,486	0
Shareholders' equity	3,221,226	3,278,434	3,198,225	1,887,477	1,916,785	1,889,790
Total liabilities and shareholders' equity	41,255,908	36,379,554	38,362,186	1,944,758	2,063,683	1,947,391

Landshypotek ekonomisk förening (incorporated association)

	Group			Parent Association		
	2006	2005	2005	2006	2005	2005
	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31	Jan, 1–Mar, 31	Jan, 1–Mar, 31	Jan, 1–Dec, 31
LOAN LOSSES, NET (SEK thousand)						
The year's impairment for realised loan losses	70	139	108,177	0	0	0
Reversal of prior periods provisions for probable loan losses, reported as realised losses in the year's accounts	–70	–139	–88,700	0	0	0
Impairment of probable loan losses	960	12,393	187,031	0	0	0
Recovery of realised losses in prior years	–114	–138	–1,014	0	0	0
Reversal of provisions no longer required for probable loan losses	–1,318	–29	–680	0	0	0
Total loan losses	–472	12,226	204,814	0	0	0
All loan losses are attributable to loans to the public.						
NON-PERFORMING LOANS, ETC. (SEK thousand)						
	2006	2005	2005	2006	2005	2005
	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Disclosures about non-performing loans and doubtful loans						
Non-performing loans with revenue recognition	208,147	244,408	340,360	0	0	0
Non-performing loans that are doubtful loans	61,812	590,084	386,975	0	0	0
Total non-performing loans	269,959	834,492	727,335	0	0	0
Doubtful credits that are not non-performing	12,675	169,929	228,382	0	0	0
Less provisions set aside	–45,770	–130,611	–228,455	0	0	0
Doubtful loans that are also non-performing	61,812	590,084	386,975	0	0	0
Total doubtful credits	28,717	629,402	386,902	0	0	0
Shares taken over to protect claims	1	1	1	0	0	0
CAPITAL ADEQUACY (SEK thousand)						
	2006	2005	2005	2006	2005	2005
	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	1,002,390	236,331	406,381	11,400	38,000	13,200
Group C	41,922	38,988	31,311	0	0	0
Group D	36,686,050	35,738,286	36,718,125	1,887,655	1,872,840	1,881,317
Risk-weighted assets	37,730,362	36,013,605	37,155,817	1,899,055	1,910,840	1,894,517
Capital base						
Core capital	3,166,391	3,23,633	3,168,031	1,885,430	1,945,559	1,886,744
Supplementary capital						
Dated subordinated loans	490,000	530,000	490,000	0	0	0
Less shares in company for legal protection of name	0	0	0	0	0	0
Total capital base	3,656,391	3,753,633	3,658,031	1,885,430	1,945,559	1,886,744
Core capital	8.39%	8.95%	8.53%	99.28%	101.82%	99.59%
Capital adequacy	9.69%	10.42%	9.84%	99.28%	101.82%	99.59%
DERIVATIVE INSTRUMENTS (SEK thousand)						
	2006	2005	2005	2006	2005	2005
	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Positive values						
Interest-based swaps	246,302	282,341	229,192	0	0	0
Exchange-rate-related swaps	193,281	281,299	156,442	0	0	0
Equity-related swaps	0	0	0	0	0	0
Total	439,583	563,640	385,634	0	0	0
Negative values						
Interest-based swaps	–190,660	–270,273	–204,923	0	0	0
Exchange-rate-related swaps	–20,333	–15,919	–25,774	0	0	0
Equity-related swaps	0	0	0	0	0	0
Total	–210,993	–286,192	–230,697	0	0	0
Derivative instruments, net	228,590	277,448	154,937	0	0	0
RATIO						
	2006	2005	2005	2006	2005	2005
	Mar, 31	Mar, 31	Dec, 31	Mar, 31	Mar, 31	Dec, 31
Return on adjusted equity	2.73%	3.31%	–0.05%			



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