

INTERIM



REPORT

Landshypotek January – September 2006

Landshypotek AB

company number 556500-2762 hereby submits its interim report for the period 1 January – 30 September 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 through 17 sales and regional offices and through other means.

Result

The Group's operating profit amounted to MSEK 133.5 (166.9). The result for 2005 included a capital gain in the amount of MSEK 26 relating to an office property sold. Net interest income amounted to MSEK 228.1 (275.9). Competition on the mortgage market has put pressure on margins during the period, which has caused a decline in net interest income. The phase-out of loans in the subsidiaries has also contributed to lower net interest income. Overhead costs was somewhat lower than during the corresponding period in 2005. The loan loss level improved significantly.

The operating result in Landshypotek AB amounted to MSEK 108.7 (180.1). Aside from the above mentioned capital gain, 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 36,723, an increase by 3.0 percent compared to the corresponding period one year ago. Lending in the Parent Company increased by 5.4 percent, but the phase-out of loans in the subsidiaries subdued the rate of increase in the Group.

Continued 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 has led to a continued strong liquid position. Bonds have been swapped from fixed to variable interest to meet the variable rate lending. At the end of the period securities issued and outstanding amounted to MSEK 34,693, which represents and increase by 4.7 percent in the Group compared to the equivalent period one year ago.

Rating

	Long	Short
Fitch	A	F1
Moody's	A2	P1
Standard & Poor's	BBB+	A2, K1

Standard & Poor's has given Landshypotek "positive outlook."

Loan losses

The Group's loan losses for the period amounted to MSEK +20,8 (-11,7). Recovery of previously realised losses and previously probable losses amounted to MSEK 23.6. The Group's lending engagements to ESS-gruppen were phased out during the first quarter in connection with the sale of the production companies. Guarantee commitments were 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 9.71 (10.13) percent and the core capital ratio was 8.43 (8.70) percent. The capital adequacy in Landshypotek AB was 9.62 (9.68) percent and the core capital ratio was 8.34 (8.23) percent. Earned profit during the third quarter is not included in core capital.

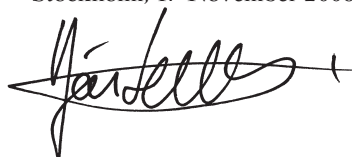
Significant events during the period

As an element of the phase-out of Lantbrukskredit AB's engagement in ESS-gruppen, the Company acquired Österåker Holding AB from ESS-gruppen. Österåker Holding's principal asset consists of a claim on Lantbrukskredit. Österåker Holding will be phased out as soon as possible and without further expenses.

Landshypotek has received approval from the Swedish Financial Supervisory Authority to issue covered bonds.

For the purpose of creating operations in even closer proximity to the customers, Landshypotek has decided on an organisational change for the lending side. From the turn of the year the regional sales organisation will be operated through five business areas.

Stockholm, 17 November 2006



Kjell Stillman
Managing Director

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.

<< Fold out the left tab to see the figures for Landshypotek AB.

The interim report has not been reviewed by the Company's auditors.

Landshypotek AB

	Group			Parent Company		
	2006 Jan,1–Sep, 30	2005 Jan,1–Sep, 30	2005 Jan,1–Dec, 31	2006 Jan,1–Sep, 30	2005 Jan,1–Sep, 30	2005 Jan,1–Dec, 31
INCOME STATEMENT (SEK thousand)						
Interest income	1,143,233	1,110,429	1,467,883	1,133,116	1,097,334	1,449,851
Interest expense	–915,174	–834,574	–1,102,584	–912,858	–830,145	–1,095,817
Net interest income	228,059	275,855	365,299	220,258	267,189	354,034
Commission income	7,181	6,878	8,740	7,152	6,842	8,692
Commission expense	–1,160	–722	–865	–1,160	–662	–785
Net result of financial transactions	0	0	0	0	0	0
Other operating revenue	20,826	46,594	53,584	20,784	46,594	53,584
Total operating revenue	254,906	328,605	426,758	247,034	319,963	415,525
General administrative expense	–113,922	–121,031	–172,706	–108,874	–111,432	–159,971
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–6,629	–6,899	–10,158	–6,629	–6,859	–10,069
Other operating expenses	–21,617	–22,116	–31,578	–21,596	–22,086	–31,539
Total expenses before loan losses	–142,168	–150,046	–214,442	–137,099	–140,377	–201,579
Result before loan losses	112,738	178,559	212,316	109,935	179,586	213,946
Loan losses, net	20,764	–11,682	–204,814	–1,248	473	432
Operating result	133,502	166,877	7,502	108,687	180,059	214,378
Appropriations	0	0	0	0	0	64,977
Taxes on the period's result	–36,579	–41,408	–4,632	–29,630	–51,460	–80,619
Net result for the period	96,923	125,469	2,870	79,057	128,599	198,736

	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
BALANCE SHEET – SUMMARY (SEK thousand)						
Loans to the public	36,723,282	35,655,660	35,953,582	36,344,896	34,481,943	35,047,439
Loans to credit institutions	84,283	63,530	90,983	460,466	565,419	555,653
Interest-bearing securities	3,113,264	1,953,655	1,390,106	3,113,264	1,953,655	1,390,106
Other assets	916,957	1,001,034	916,718	1,342,975	1,431,055	1,398,045
Total assets	40,837,786	38,673,879	38,351,389	41,261,601	38,432,072	38,391,243
Borrowing from the public	333,872	337,828	303,724	333,872	337,828	303,724
Due to credit institutions	1,191,101	476,908	481,445	1,590,865	1,138,308	991,754
Securities issued, etc.	34,693,047	33,128,458	33,082,743	34,639,179	32,494,990	32,449,437
Other liabilities	694,161	679,383	654,787	824,771	645,508	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	3,275,605	3,301,302	3,178,690	3,222,914	3,000,461	3,143,865
Total liabilities and shareholders' equity	40,837,786	38,673,879	38,351,389	41,261,601	38,432,072	38,391,243

Landshypotek AB

	Group			Parent Company		
	2006 Jan, 1–Sep, 30	2005 Jan, 1–Sep, 30	2005 Jan, 1–Dec, 31	2006 Jan, 1–Sep, 30	2005 Jan, 1–Sep, 30	2005 Jan, 1–Dec, 31
LOAN LOSSES NET (SEK thousand)						
The year's impairment for realised losses	183,027	75,707	108,177	604	178	483
Reversal of prior periods provisions for probable loan losses, reported as realised losses in the year's accounts	–182,558	–75,395	–88,700	–119	–178	–483
Impairment for probable loan losses	2,400	12,849	187,031	2,400	819	1,066
Recovery of realised loan losses in prior years	–18,931	–963	–1,014	–264	–917	–964
Reversal of provisions no longer required for probable loan losses	–4,702	–516	–680	–1,373	–375	–534
Total loan losses	–20,764	11,682	204,814	1,248	–473	–432
All loan losses are attributable to loans to the public.						
NON-PERFORMING LOANS, ETC. (SEK thousand)	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Disclosures about non-performing loans and doubtful credits						
Non-performing loans with revenue recognition	341,216	365,742	340,360	340,439	357,369	330,538
Non-performing loans that are doubtful credits	64,482	435,768	386,975	20,050	23,692	20,509
Total non-performing loans	405,698	801,510	727,335	360,489	381,061	351,047
Doubtful credits that are not non-performing	6,918	240,599	228,382	6,345	2,547	2,122
Less provisions set aside	–43,680	–67,661	–228,455	–2,579	–1,723	–1,588
Doubtful credits that are non-performing	64,482	435,768	386,975	20,050	23,692	20,509
Total doubtful credits	27,720	608,706	386,902	23,816	24,516	21,043
Shares taken over to protect claims	1	1	1	0	0	0
Shares taken over to protect claims	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	702,393	541,732	406,381	690,221	625,348	442,631
Group C	28,785	28,448	31,311	24,645	24,108	27,058
Group D	37,494,890	36,459,681	36,707,186	37,548,563	35,770,029	36,290,221
Risk-weighted assets	38,226,068	37,029,861	37,144,878	38,263,429	36,419,485	36,759,910
Capital base						
Core capital	3,220,862	3,220,483	3,151,665	3,190,368	2,996,261	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	3,710,862	3,750,483	3,641,665	3,680,168	3,526,061	3,633,665
Core capital	8.43%	8.70%	8.48%	8.34%	8.23%	8.55%
Capital adequacy	9.71%	10.13%	9.80%	9.62%	9.68%	9.88%
DERIVATIVE INSTRUMENTS FAIR VALUE (SEK thousand)	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Positive values						
Interest-based swaps	108,832	270,835	237,237	57,714	245,995	203,633
Exchange-rate-related swaps	87,136	237,654	156,442	87,136	237,654	156,442
Equity-related swaps	0	0	0	0	0	0
Total	195,968	508,489	393,679	144,850	483,649	360,075
Negative values						
Interest-based swaps	–105,836	–224,297	–204,923	–105,836	–224,297	–204,923
Exchange-rate-related swaps	–56,947	–9,646	–25,774	–56,947	–9,646	–25,774
Equity-related swaps	0	0	0	0	0	0
Total	–162,783	–233,943	–230,697	–162,783	–233,943	–230,697
Derivative instruments, net	33,185	274,546	162,982	–17,933	249,706	129,378
RATIO	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Return on adjusted equity	3.97%	4.95%	0.17%	3.28%	5.79%	5.09%

Landshypotek ekonomisk förening (incorporated association)

organisation number 769600-5003 hereby submits its interim report for the period 1 January – 30 September 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 through 17 sales and regional offices and through other means.

Result

The Group's operating profit amounted to MSEK 123.1 (160.4). The result for 2005 included a capital gain in the amount of MSEK 26 relating to an office property sold. Net interest income amounted to MSEK 228.4 (278.2). Competition on the mortgage market has put pressure on margins during the period, which has caused a decline in net interest income. The phase-out of loans in the sub-subsidiaries has also contributed to lower net interest income. Overhead costs was somewhat lower than during the corresponding period in 2005. The loan loss level improved significantly.

Lending and financing

The Group's lending at the end of the period amounted to MSEK 36,723, an increase by 3.0 percent compared to the corresponding period one year ago. The phase-out of loans in the sub-subsidiaries subdued the rate of increase in the Group.

Continued 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 has led to a continued strong liquid position. Bonds have been swapped from fixed to variable interest to meet the variable rate lending. At the end of the period securities issued and outstanding amounted to MSEK 34,693, which represents and increase by 4.7 percent compared to the equivalent period one year ago.

Loan losses

The Group's loan losses for the period amounted to MSEK +20,8 (-11,7). Recovery of previously realised losses and previously probable losses amounted to MSEK 23.6. The Group's lending engagements to ESS-gruppen were phased out during the first quarter in connection with the sale of the production companies. Guarantee commitments were 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 9.71 (10.32) percent and the core capital ratio was 8.43 (8.89) percent. Earned profit during the third quarter is not included in core capital.

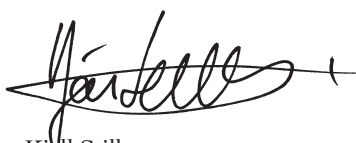
Significant events during the period

As an element of the phase-out of Lantbrukskredit AB's engagement in ESS-gruppen, the Company acquired Österåker Holding AB from ESS-gruppen. Österåker Holding's principal asset consists of a claim on Lantbrukskredit. Österåker Holding will be phased out as soon as possible and without further expenses.

Landshypotek has received approval from the Swedish Financial Supervisory Authority to issue covered bonds.

For the purpose of creating operations in even closer proximity to the customers, Landshypotek has decided on an organisational change for the lending side. From the turn of the year the regional sales organisation will be operated through five business areas.

Stockholm, 17 November 2006



Kjell Stillman
Managing Director

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.

The interim report has not been reviewed by the Association's auditors.

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–Sep, 30	Jan, 1–Sep, 30	Jan, 1–Dec, 31	Jan, 1–Sep, 30	Jan, 1–Sep, 30	Jan, 1–Dec, 31
Interest income	1,143,104	1,110,339	1,467,787	467	2,462	2,762
Interest expense	–914,731	–832,137	–1,099,929	–153	–115	–204
Net interest income	228,373	278,202	367,858	314	2,347	2,558
Commission income	7,181	6,878	8,740	0	0	0
Commission expense	–1,160	–722	–865	0	0	0
Net result of financial transactions	0	557	557	0	557	557
Other operating income	20,826	46,596	53,586	0	2	2
Total operating revenue	255,220	331,511	429,876	314	2,906	3,117
General administrative expenses	–122,334	–129,814	–184,815	–8,412	–8,783	–12,126
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–6,629	–6,899	–10,158	0	0	0
Other operating expenses	–23,939	–22,678	–32,204	–2,322	–562	–609
Total expenses before loan losses	–152,902	–159,391	–227,177	–10,734	–9,345	–12,735
Result after loan losses	102,318	172,120	202,699	–10,420	–6,439	–9,618
Loan losses, net	20,764	–11,682	–204,814	0	0	0
Operating result	123,082	160,438	–2,115	–10,420	–6,439	–9,618
Appropriations	–1	18	–42,443	–1	18	–2,957
Taxes on the period's result	–33,661	–37,812	9,470	2,918	1,562	3,046
Net result for the period	89,420	122,644	–35,088	–7,503	–4,859	–9,529

	2006	2005	2005	2006	2005	2005
BALANCE SHEET – SUMMARY (SEK thousand)	Sep, 30	Sep, 30	Dec, 31	Sep, 30	Sep, 30	Dec, 31
Loans to the public	36,723,282	35,655,660	35,953,582	0	0	0
Loans to credit institutions	66,383	64,792	92,571	1,977	75,140	67,465
Interest-bearing securities	3,113,264	1,953,655	1,390,106	0	0	0
Other assets	943,657	1,007,402	925,927	1,897,486	1,876,860	1,879,926
Total assets	40,846,586	38,681,509	38,362,186	1,899,463	1,952,000	1,947,391
Borrowing from the public	333,872	263,828	237,724	0	0	0
Due to credit institutions	1,191,101	476,908	481,445	20,000	0	0
Securities issued, etc.	34,693,047	33,128,458	33,082,743	0	0	0
Other liabilities	694,011	691,708	712,049	258	3,417	57,601
Subordinated liabilities	650,000	750,000	650,000	0	0	0
Untaxed reserves	0	0	0	0	39,486	0
Shareholders' equity	3,284,555	3,370,607	3,198,225	1,879,205	1,909,097	1,889,790
Total liabilities and shareholders' equity	40,846,586	38,681,509	38,362,186	1,899,463	1,952,000	1,947,391

Landshypotek ekonomisk förening (incorporated association)

	Group			Parent Association		
	2006 Jan, 1–Sep, 30	2005 Jan, 1–Sep, 30	2005 Jan, 1–Dec, 31	2006 Jan, 1–Sep, 30	2005 Jan, 1–Sep, 30	2005 Jan, 1–Dec, 31
LOAN LOSSES, NET (SEK thousand)						
The year's impairment for realised loan losses	183,027	75,707	108,177	0	0	0
Reversal of prior periods provisions for probable loan losses, reported as realised losses in the year's accounts	–182,558	–75,395	–88,700	0	0	0
Impairment of probable loan losses	2,400	12,849	187,031	0	0	0
Recovery of realised losses in prior years	–18,931	–963	–1,014	0	0	0
Reversal of provisions no longer required for probable loan losses	–4,702	–516	–680	0	0	0
Total loan losses	–20,764	11,682	204,814	0	0	0
All loan losses are attributable to loans to the public.						
NON-PERFORMING LOANS, ETC. (SEK thousand)	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Disclosures about non-performing loans and doubtful loans						
Non-performing loans with revenue recognition	341,216	365,742	340,360	0	0	0
Non-performing loans that are doubtful loans	64,482	435,768	386,975	0	0	0
Total non-performing loans	405,698	801,510	727,335	0	0	0
Doubtful credits that are not non-performing	6,918	240,599	228,382	0	0	0
Less provisions set aside	–43,680	–67,661	–228,455	0	0	0
Doubtful loans that are non-performing	64,482	435,768	386,975	0	0	0
Total doubtful credits	27,720	608,706	386,902	0	0	0
Shares taken over to protect claims	1	1	1	0	0	0
CAPITAL ADEQUACY (SEK thousand)	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Capital requirement, risk-weighted assets						
Group A	0	0	0	0	0	0
Group B	702,393	541,732	406,381	0	14,800	13,200
Group C	28,785	28,448	31,311	0	0	0
Group D	37,523,027	36,467,233	36,718,125	1,898,515	1,877,930	1,881,317
Risk-weighted assets	38,254,205	37,037,413	37,155,817	1,898,515	1,892,730	1,894,517
Capital base						
Core capital	3,225,207	3,290,944	3,168,031	1,873,242	1,937,527	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	3,715,207	3,820,944	3,658,031	1,873,242	1,937,527	1,886,744
Core capital	8.43%	8.89%	8.53%	98.67%	102.37%	99.59%
Capital adequacy	9.71%	10.32%	9.84%	98.67%	102.37%	99.59%
DERIVATIVE INSTRUMENTS FAIR VALUE (SEK thousand)	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Positive values						
Interest-based swaps	108,832	270,835	237,237	0	0	0
Exchange-rate-related swaps	87,136	237,654	156,442	0	0	0
Equity-related swaps	0	0	0	0	0	0
Total	195,968	508,489	393,679	0	0	0
Negative values						
Interest-based swaps	–105,836	–224,297	–204,923	0	0	0
Exchange-rate-related swaps	–56,947	–9,646	–25,774	0	0	0
Equity-related swaps	0	0	0	0	0	0
Total	–162,783	–233,943	–230,697	0	0	0
Derivative instruments, net	33,185	274,546	162,982	0	0	0
RATIO	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31	2006 Sep, 30	2005 Sep, 30	2005 Dec, 31
Return on adjusted equity	3.65%	4.65%	–0.05%			



Strandvägen 1, P.O. Box 14092, SE-104 41 Stockholm, Sweden. Telephone +46-8-459 04 00. Telefax +46-8-459 04 21. www.landshypotek.se