



Interim Report January–March 2007



# Landshypotek AB

company number 556500-2762 hereby submits its interim report for the period 1 January–31 March 2007.

Landshypotek offers financing in the form of first mortgage loans to Sweden's land and forest owners on the most favourable terms and conditions available in the marketplace. With an outstanding loan volume of almost SEK 38 billion, Landshypotek is the market leader with more than 40 percent of the market. Landshypotek's lending is characterised by adequate collateral in real property, which has meant very low loan losses. Landshypotek AB customers are members of Landshypotek, ekonomisk förening (incorporated association). Landshypotek's goal is to maintain as low interest rates as possible on a sustained basis to customers/members and to provide refunds of paid regular interest. Landshypotek has just under 100 employees at some twenty locations in Sweden.

## Result

Consolidated operating profit for the first quarter 2007 amounted to MSEK 37.4 (previous quarter MSEK 101.2). Net interest income for the first quarter 2007 amounted to MSEK 84.8, compared to MSEK 116.3 in the previous quarter. The lower net interest income by MSEK 31.5 is explained primarily by changes in market value of financial instruments in an amount of MSEK 33.7. The adoption of reporting in accordance with IFRS means that the earnings volatility will increase.

Compared to the first quarter of 2006 the result improved by MSEK 1.3. Net interest income declined by MSEK 19 compared to the first quarter of 2006. The decrease is explained primarily by changes in market value of financial instruments in an amount of MSEK 18. Increased competition in the mortgage market has also compressed margins compared to the first quarter of 2006. The volume of loans outstanding increased by 6 percent.

The result of purchases and sales of financial instruments is reported on the line "Result of fair value valuation." For the first quarter this item amounted to MSEK 5.9, which means an improvement of the result by MSEK 32.5 compared to the first quarter of 2006. The result consists primarily of effects of repurchased own bonds.

Expenses increased by MSEK 5.4 compared to the first quarter of 2006.

The cost for loan losses amounted to MSEK -4.6 (first quarter of 2006 MSEK +0.5).

## Loan losses and doubtful credits

Loan losses for the period amounted to MSEK -4.6 (first quarter 2006 MSEK +0.5). Recoveries of previously realised loan losses, or previously probable losses, amounted to MSEK 0.2. Doubtful credits amounted to MSEK 23.6, which is equivalent to 0.06 percent of the volume of outstanding loans. At the end of the first quarter 2006 doubtful credits amounted to MSEK 28.7, equivalent to 0.08 percent.

## Financing

Financing during the first quarter was mainly conducted by issuing bonds under Landshypotek's Swedish MTN programme. Bonds

with longer maturities than the lending have been issued, which together with the holding of liquid investments contributes to a continued good liquid position.

Landshypotek has received permission by the Swedish Financial Supervisory Authority to issue covered bonds.

#### Rating

Landshypotek's rating was unchanged during the quarter as set forth below. S&P has a "positive outlook" on Landshypotek AB.

#### Capital adequacy

On 1 February 2007 new capital adequacy rules were introduced in Sweden, Basel II. According to the new rules, the capital requirement will be linked to the risk profile of the institution in question to a higher degree than before. The prior capital adequacy rules in force, Basel I, prescribed that the capital requirement should be computed based on credit and market risks. Credit risks were calculated with the aid of standards, which were the same for all banks.

According to Basel II, the minimum capital requirement is calculated based on credit, market and operational risks. In addition to the minimum requirement, the institute must also perform an internal capital evaluation. The internal capital evaluation must consider all risks and their capital requirement, among them for expansion and the assessment of the rating institutions of the capital requirement. The supervisory authorities expect institutions to maintain a higher capital base than required by the formal minimum capital requirement. The capital requirement changes will take effect gradually as transitional rules will apply over a period of three years.

#### Credit risks

For a majority of its assets (86%) Landshypotek has received permission to use the advanced Internal Ratings Based Approach (IRB) from the Swedish Financial Supervisory Authority for calculating its capital requirement; for the remaining credit exposures the capital requirement is measured in accordance with the Standardised method.

#### Operational risks

Landshypotek uses the Basic Indicator Approach in Basel II according to which the capital requirement is calculated based on the earnings of the business.

#### Market risks

The market risks are calculated in accordance with the standardised provisions of the Swedish Financial Supervisory Authority.

Stockholm, 31 May 2007



Kjell Stillman  
Managing director

#### Rating

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

#### Capital adequacy

	Basel II <sup>1</sup>	Transitional rules	Basel I
Capital requirement	637,939	2,883,682	3,147,080
Capital adequacy	44.7%	9.9%	9.3%
Core capital relationship	39.7%	8.8%	8.2%
Capital base relative to capital requirement	558%	124%	117%

<sup>1</sup>Basel II is based on what the minimum capital requirement will be in 2010, when the transitional rules no longer are in effect.

Capital base and capital adequacy data provided do not include profit earned during the quarter.

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.

This interim report was prepared in accordance with IAS 34 Interim Financial Reporting. Compared to the most recent Annual Report, the accounting rules have been adapted to International Financial Reporting Standards IFRS as adopted by EU. In addition, the amendments and limitations that follow from the provisions of the Swedish Annual Accounts Act for Financial Institutions and Securities Companies (ÅRKL) and practice provisions issued by the Swedish Financial Supervisory Authority also apply. Disclosures regarding the effects of these adjustments are provided on pages 8–23. In all other respects the accounting policies for this interim report are unchanged compared to the most recent Annual Report.

# Income Statement

## LANDSHYPOTEK AB GROUP

SEK thousand	2007 Quarter 1	2006 Quarter 4	2007 Quarter 1	2006 Quarter 1	2006 Full year
Interest income	432,561	410,568	432,561	364,147	1,553,801
Interest expense	–347,733	–294,316	–347,733	–260,270	–1,100,988
<b>Net interest income</b>	<b>84,828</b>	<b>116,252</b>	<b>84,828</b>	<b>103,877</b>	<b>452,813</b>
Dividend income	0	0	0	0	0
Commission income	1,629	2,045	1,629	3,529	9,226
Commission expense	–86	–543	–86	–673	–1,703
Result of fair value valuation	5,903	23,248	5,903	–26 619	–40,778
Other operating income	6,572	35,966	6,572	6,941	56,792
<b>Total operating income</b>	<b>98,846</b>	<b>176,968</b>	<b>98,846</b>	<b>87,055</b>	<b>476,350</b>
General administrative expense	–43,008	–62,694	–43,008	–38,996	–173,134
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–8,712	–4,294	–8,712	–3,682	–15,369
Other operating expenses	–5,182	–9,113	–5,182	–8,838	–30,730
<b>Total expenses before loan losses</b>	<b>–56,902</b>	<b>76,101</b>	<b>–56,902</b>	<b>–51,516</b>	<b>–219,233</b>
<b>Profit before loan losses</b>	<b>41,944</b>	<b>100,867</b>	<b>41,944</b>	<b>35,539</b>	<b>257,117</b>
Loan losses, net <span style="float: right;">Note 1</span>	–4,589	377	–4,589	472	21,141
<b>Operating profit</b>	<b>37,355</b>	<b>101,244</b>	<b>37,355</b>	<b>36,011</b>	<b>278,258</b>
Appropriations	0	0	0	0	0
Taxes on the period's profit	–10,458	–28,598	–10,458	–9,816	–77,360
<b>Net profit for the period</b>	<b>26,897</b>	<b>72,646</b>	<b>26,897</b>	<b>26,195</b>	<b>200,898</b>

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2007 Quarter 1	2006 Quarter 4	2007 Quarter 1	2006 Quarter 1	2006 Full year
Interest income	430,958	408,590	430,958	365,090	1,541,706
Interest expense	–350,206	–296,466	–350,206	–262,416	–1,100,822
<b>Net interest income</b>	<b>80,752</b>	<b>112,124</b>	<b>80,752</b>	<b>102,674</b>	<b>440,884</b>
Dividend income	0	0	0	0	0
Commission income	1,621	2,037	1,621	3,519	9,189
Commission expense	–86	–543	–86	–673	–1,703
Result of fair value valuation	5,903	23,248	5,903	–26,619	–40,778
Other operating income	5,948	37,690	5,948	6,941	58,474
<b>Total operating income</b>	<b>94,138</b>	<b>174,556</b>	<b>94,138</b>	<b>85,842</b>	<b>466,066</b>
General administrative expense	–41,715	–62,637	–41,715	–37,743	–171,511
Depreciation, amortisation and impairment of tangible and intangible non-current assets	–8,689	–4,242	–8,689	–3,682	–15,317
Other operating expenses	–5,180	–9,106	–5,180	–8,834	–30,702
<b>Total expenses before loan losses</b>	<b>–55,584</b>	<b>–75,985</b>	<b>–55,584</b>	<b>–50,259</b>	<b>–217,530</b>
<b>Profit before loan losses</b>	<b>38,554</b>	<b>98,571</b>	<b>38,554</b>	<b>35,583</b>	<b>248,536</b>
Loan losses, net <span style="float: right;">Note 1</span>	–4,755	1,210	–4,755	437	–38
<b>Operating profit</b>	<b>33,799</b>	<b>99,781</b>	<b>33,799</b>	<b>36,020</b>	<b>248,498</b>
Appropriations	0	0	0	0	0
Taxes on the period's profit	–9,463	–27,934	–9,463	–9,818	–68,772
<b>Net profit for the period</b>	<b>24,336</b>	<b>71,847</b>	<b>24,336</b>	<b>26,202</b>	<b>179,726</b>

## Balance Sheet

SEK thousand	GROUP			PARENT COMPANY		
	2007 31 March	2006 31 Dec.	2006 31 March	2007 31 March	2006 31 Dec.	2006 31 March
<b>ASSETS</b>						
Cash and balances with central banks	1,057	750	708	1,057	650	708
Treasury bills and other eligible bills	0	0	0	0	0	0
Due from credit institutions	115,298	73,181	104,201	445,492	424,231	542,981
Loans to the public <span style="float:right">Note 2</span>	37,857,180	37,312,575	35,862,398	37,503,259	36,945,930	35,434,529
Bonds and other interest-bearing securities	3,839,365	3,701,569	4,262,186	3,839,365	3,701,569	4,262,186
Derivative financial instruments	128,721	40,809	99,216	128,721	40,809	99,216
Shares	70,038	70,038	1	0	0	0
Shares in Group companies	0	0	0	514,927	514,927	514,827
Intangible non-current assets	26,054	22,244	18,868	26,054	22,244	18,868
Tangible assets		0	0		0	0
Equipment	8,599	5,696	6,728	8,586	5,683	6,676
Buildings and land	353,542	356,524	372,096	348,084	351,208	372,084
Other assets	164,549	107,657	225,649	166,204	109,815	209,202
Prepaid expenses and accrued income	312,917	367,755	382,360	313,517	368,815	381,490
<b>TOTAL ASSETS</b>	<b>42,877,320</b>	<b>42,058,798</b>	<b>41,334,411</b>	<b>43,295,266</b>	<b>42,485,881</b>	<b>41,842,767</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>						
Due to credit institutions	1,444,956	458,295	486,612	1,815,526	836,270	1,085,740
Borrowing from the public	34,838	250,473	381,782	34,838	250,473	381,782
Debt securities in issue, etc.	36,626,145	36,511,663	35,842,575	36,576,145	36,461,663	35,608,707
Derivative instruments	94,740	106,027	101,751	94,740	106,027	101,751
Other liabilities	246,169	270,467	96,871	363,989	388,240	261,028
Accrued expenses and prepaid income	523,894	584,215	654,995	525,488	585,553	655,619
Provisions	85,808	90,147	65,150	52,946	56,759	29,768
Subordinated liabilities	650,000	650,000	650,000	650,000	650,000	650,000
<b>Total liabilities</b>	<b>39,706,550</b>	<b>38,921,287</b>	<b>38,279,736</b>	<b>40,113,672</b>	<b>39,334,985</b>	<b>38,774,395</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b> <span style="float:right">Note 3</span>	<b>3,170,770</b>	<b>3,137,511</b>	<b>3,054,675</b>	<b>3,181,594</b>	<b>3,150,896</b>	<b>3,199,872</b>
<b>Total liabilities, provisions and equity</b>	<b>42,877,320</b>	<b>42,058,798</b>	<b>41,334,411</b>	<b>43,295,266</b>	<b>42,485,881</b>	<b>41,974,267</b>

## Cash Flow Statement

SEK thousand SEK	GROUP			PARENT COMPANY		
	2007 Jan.–March	2006 Jan.–March	2006 Full year	2007 Jan.–March	2006 Jan.–March	2006 Full year
<b>Liquid funds at beginning of period</b>	<b>750</b>	<b>616</b>	<b>616</b>	<b>650</b>	<b>616</b>	<b>616</b>
Cash flow from current operations	7,193	18,811	151,159	7,293	18,811	55,217
Cash flow from investing activities	–6,886	–18,719	–70,385	–6,886	–18,719	5,457
Cash flow from financing activities	0	0	–80,640	0		–60,640
<b>Cash flow during the period</b>	<b>307</b>	<b>92</b>	<b>134</b>	<b>407</b>	<b>92</b>	<b>34</b>
<b>Liquid funds at end of period</b>	<b>1,057</b>	<b>708</b>	<b>750</b>	<b>1,057</b>	<b>708</b>	<b>650</b>

# Notes

NOTE 1 LOAN LOSSES NET

GROUP

SEK thousand	2007 Quarter 1	2006 Quarter 4	2007 Quarter 1	2006 Quarter 1	2006 Full year
The year's write-down for realised loan losses	3	15,734	3	70	198,761
Reversal of prior periods' provisions for probable loan losses, reported as realised losses in the year's accounts	0	-15,721	0	-70	-198,279
Year's provision for probable loan losses	4,794	2,360	4,794	960	4,760
Recovery of realised loan losses in prior years	-46	-1,560	-46	-114	-20,490
Reversal of provisions no longer required for probable loan losses	-162	-1,190	-162	-1,318	-5,893
<b>Total loan losses</b>	<b>4,589</b>	<b>-377</b>	<b>4 589</b>	<b>-472</b>	<b>-21,141</b>

All loan losses are attributable to loans to the public

PARENT COMPANY

SEK thousand	2007 Quarter 1	2006 Quarter 4	2007 Quarter 1	2006 Quarter 1	2006 Full year
The year's write-down for realised loan losses	3	320	3	70	924
Reversal of prior periods' provisions for probable loan losses, reported as realised losses in the year's accounts	0	-323	0	-70	-442
Year's provision for probable loan losses	4,794	210	4,794	960	2,610
Recovery of realised loan losses in prior years	-42	-248	-42	-79	-512
Reversal of provisions no longer required for probable loan losses	0	-1,169	0	-1,318	-2,542
<b>Total loan losses</b>	<b>4,589</b>	<b>-378</b>	<b>4,589</b>	<b>-472</b>	<b>38</b>

All loan losses are attributable to loans to the public

NOTE 2 NONPERFORMING LOANS, ETC.

GROUP

PARENT COMPANY

SEK thousand	2007 31 March	2006 31 Dec.	2006 31 March	2007 31 March	2006 31 Dec.	2006 31 March
<b>Disclosures about nonperforming loans and doubtful credits</b>						
Nonperforming loans with revenue recognition	230,070	314,943	208,147	229,469	314,294	207,533
Nonperforming loans that are doubtful credits	44,387	39,289	61,812	14,620	9,022	9,087
<b>Total nonperforming loans</b>	<b>274,457</b>	<b>354,232</b>	<b>269,959</b>	<b>244,089</b>	<b>323,316</b>	<b>216,620</b>
Doubtful credits that are not nonperforming	12,073	11,523	12,675	12,073	10,955	12,027
Less provisions set aside	-32,819	-29,157	-45,770	-5,007	-1,327	-1,325
Doubtful credits that are nonperforming	44,387	39,289	61,812	14,620	9,022	9,087
<b>Total doubtful credits</b>	<b>23,641</b>	<b>21,655</b>	<b>28,717</b>	<b>21,686</b>	<b>18,650</b>	<b>19,789</b>
Shares taken over to protect claims	1	1	1			

## NOTE 3 CHANGE IN EQUITY

GROUP	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Minority	Total
<b>Equity as of 31 December 2005</b>	<b>1,927,000</b>	<b>1,021,606</b>			<b>230,084</b>		<b>3,178,690</b>
Effects of adopting IFRS							0
IAS 16 Property, plant and equipment					14,157		14,157
IAS 19 Employee benefits					-49,381		-49,381
IAS 39 Financial instruments: recognition and measurement			-11,087	-12,184	-85,545		-108,816
<b>Opening equity 2006 after adjustments</b>	<b>1,927,000</b>	<b>1,021,606</b>	<b>-11,087</b>	<b>-12,184</b>	<b>109,315</b>	<b>0</b>	<b>3 034,650</b>
Transfer to legal reserve		4,638			-4,638		0
Change in instruments available for sale, before taxes				-33,248			-33,248
Change in instruments cash flow hedging, before taxes			15,851				15,851
Translation differences							0
<b>Total change in equity not carried to income statement</b>	<b>0</b>	<b>4,638</b>	<b>15,851</b>	<b>-33,248</b>	<b>-4,638</b>	<b>0</b>	<b>-17,397</b>
Net profit for the year					200,898		200,898
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>4,638</b>	<b>15,851</b>	<b>-33,248</b>	<b>196,260</b>	<b>0</b>	<b>183,501</b>
Dividend/group contribution rendered					-112 000		-112 000
Taxes on group contribution rendered					31 360		31 360
<b>Equity 31 December 2006</b>	<b>1,927,000</b>	<b>1,026,244</b>	<b>4,764</b>	<b>-45,432</b>	<b>224,935</b>	<b>0</b>	<b>3,137,511</b>
Change in instruments available for sale, before taxes				7,730			7,730
Change in instruments for cash flow hedging, before taxes			-1,368				-1,368
Translation differences							0
<b>Total change in equity not carried to income statement</b>	<b>0</b>	<b>0</b>	<b>-1,368</b>	<b>7,730</b>	<b>0</b>	<b>0</b>	<b>6,362</b>
Net profit for the period					26,897		26,897
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-1,368</b>	<b>7,730</b>	<b>26,897</b>	<b>0</b>	<b>33,259</b>
Dividend/group contribution rendered							
Dividend/group contribution rendered							
<b>Equity 31 March 2007</b>	<b>1,927,000</b>	<b>1,026,244</b>	<b>3,396</b>	<b>-37,702</b>	<b>251,832</b>	<b>0</b>	<b>3,170,770</b>

  

PARENT COMPANY	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Minority	Total
<b>Equity 31 December 2005</b>	<b>1,927,000</b>	<b>990,000</b>			<b>226,865</b>		<b>3,143,865</b>
Effects of adopting IFRS							0
IAS 16 Property, plant and equipment					14,157		14,157
IAS 19 Employee benefits							0
IAS 39 Financial instruments: recognition and measurement			-11,087	-12,184	-85,544		-108,815
<b>Opening equity 2006 after adjustments</b>	<b>1,927,000</b>	<b>990,000</b>	<b>-11,087</b>	<b>-12,184</b>	<b>155,478</b>	<b>0</b>	<b>3,049,206</b>
Transfer to legal reserve		20,000					20,000
Change in instruments available for sale, before taxes				-33,247			-33,247
Change in instrument for cash flow hedging, before taxes			15,850				15,850
Translation differences							0
<b>Total change in equity not carried to income statement</b>	<b>0</b>	<b>20,000</b>	<b>15,850</b>	<b>-33,247</b>	<b>0</b>	<b>0</b>	<b>2,603</b>
Net profit for the period					179 726		179 726
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>20,000</b>	<b>15,850</b>	<b>-33,247</b>	<b>179,726</b>	<b>0</b>	<b>182,329</b>
Dividend/group contribution rendered					-112,000		-112,000
Taxes on group contribution rendered					31,360		31,360
<b>Equity 31 December 2006</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>4,763</b>	<b>-45,431</b>	<b>254,564</b>	<b>0</b>	<b>3,150,896</b>
Change in instruments available for sale, before taxes				7,730			7,730
Change in instrument for cash flow hedging, before taxes			-1,368				-1,368
Translation differences							0
<b>Total change in equity not carried to income statement</b>	<b>0</b>	<b>0</b>	<b>-1,368</b>	<b>7,730</b>	<b>0</b>	<b>0</b>	<b>6,362</b>
Net profit for the period					24,336		24,336
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-1,368</b>	<b>7,730</b>	<b>24,336</b>	<b>0</b>	<b>30,698</b>
Dividend/group contribution rendered							
Taxes on group contribution rendered							
<b>Equity 31 March 2007</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>3,395</b>	<b>-37,701</b>	<b>278,900</b>	<b>0</b>	<b>3,181,594</b>

# Adoption of IFRS

According to motive memorandum 5 of the Swedish Financial Supervisory Authority about amendments to accounting rules for 2005 and 2006 (30 December 2005) companies that only have listed debentures shall apply International Financial Reporting Standards (IFRS) in the consolidated financial reporting from the 2007 financial year. In their reporting for 2007, comparative data for 2006 should be restated in accordance with IFRS. The Landshypotek AB group applies these provisions, while the legal entities and the Landshypotek, ekonomisk förening group apply so-called limited IFRS.

The body of regulations governing adoption of and restatement in accordance with IFRS is found in “IFRS 1 First-time Adoption of International Financial Reporting Standards.” For Landshypotek the transition to IFRS mainly involves the following changes and adjustments. The effects on the income statement and balance sheet are presented on pages 10–23.

## **IAS 16 Property, Plant and Equipment**

Landshypotek’s tangible non-current assets primarily consist of properties used in operations. Landshypotek has elected to report these assets at acquisition value, less accumulated depreciation. Each part of a tangible fixed asset that is significant in relation to the aggregate acquisition value of the asset shall be depreciated separately. The method of depreciation used should reflect how the asset’s future economic benefits are expected to be consumed by the company. Landshypotek has reviewed the components of the properties and assigned separate depreciation plans for each significant component.

The acquisition cost of Landshypotek’s properties is MSEK 404 and accumulated depreciation in accordance with the above described method was MSEK 28 as of 1 January 2006. This means that the opening value of the properties is MSEK 20 higher than previously reported. The difference between the opening value of the properties in accordance with IFRS and book value has increased equity by MSEK 14, after deduction of deferred taxes.

## **IAS 19 Employee Benefits**

Landshypotek’s pension obligation under the BTP plan is a defined benefit plan. Landshypotek has funded its obligation via SPK, who manages the assets and handles the pension disbursements for account of Landshypotek. According to IAS 19, the opening liability for defined benefit plans shall consist of the present value of the obligations after deduction of the fair value of managed assets. Landshypotek’s net liability as of 1 January 2006 amounted to approximately MSEK 55. This liability has been entered in the balance sheet and, after deduction of deferred taxes and taking the special payroll tax into account, has been charged to equity in an amount of MSEK 49. Actuarial gains and losses that arise as a consequence of changed actuarial assumptions, and the difference between actual and expected return on managed assets, will be amortised based on the remaining service time of the employees, to the extent the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10 percent



of the present value of the obligations, or 10 percent of the fair value of the managed assets.

The above described principle can only be applied to the consolidated financial statements of Landshypotek AB. In the accounting for the Parent Company, the accounting rules set forth under the heading Accounting Policies in the Annual Report are applied.

**IAS 32/39 Financial Instruments, disclosure and presentation/  
recognition and measurement**

IAS 32 and 39 contain recommendations for presentation, recognition and measurement of financial instruments. Among other things, IAS 39 provides that certain financial instruments, among them derivatives, must be reported at fair value in the balance sheet and that any change must be reported in the income statement. This means increased volatility in the income statement. Landshypotek uses derivative instruments to achieve a certain period of fixed interest and currency balance in the loan portfolio. Landshypotek has established hedging relationships for interest derivatives in accordance with the cash flow method as well as the fair value hedging method. Landshypotek has also utilised the option of applying fair value for identifiable items to counteract earnings volatility in those cases when it has not been possible to establish hedging relationships. IAS 39 states that repurchased own bonds shall be accounted for as a reduction of outstanding liabilities. Since repurchases are made at market value and the corresponding liability is carried at amortised cost, the difference between these two amounts will affect earnings. This will impact the volatility of Landshypotek's earnings in the future.

Landshypotek has parts of its liquidity reserve invested in bonds issued by borrowers with a high credit rating. Such holdings will be classified as available-for-sale financial assets. A revaluation of a financial asset in the category available-for-sale financial assets should be carried directly to equity. These assets have previously been reported at amortised cost.

The total effect of a transition to reporting in accordance with IAS 39 is an increase in financial assets of MSEK 118, increased financial liabilities in an amount of MSEK 260 and a decrease in equity of MSEK 109 after taking deferred taxes into account.

# Balance Sheet

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported closing balance 2005	IAS 16	IAS 19	IAS 39	IFRS Opening balance 2006
<b>ASSETS</b>					
Cash and balances with central banks	616				616
Treasury bills and other eligible bills	0				0
Due from credit institutions	90,983			–12,184	78,799
Loans to the public	35,953,582				35,953,582
Bonds and other interest-bearing securities	1,390,106				1,390,106
Derivative financial instruments	0			130,548	130,548
Shares	1				1
Shares in Group companies	0				0
Intangible non-current assets	12,661				12,661
Tangible assets					
Equipment	7,069				7,069
Buildings and land	355,656	19,663			375,319
Other assets	202,456				202,456
Prepaid expenses and accrued income	338,259				338,259
<b>TOTAL ASSETS</b>	<b>38,351,389</b>	<b>19,663</b>		<b>118 364</b>	<b>38,489,416</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	481,445				481,445
Borrowing from the public	303,724				303,724
Debt securities in issue, etc.	33,082,743			165,568	33,248,311
Derivative financial instruments				94,879	94,879
Other liabilities	51,609		13,390		64,999
Accrued expenses and prepaid income	545,984				545,984
Provisions	57,194	5,506	35,991	–33,267	65,424
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>35,172,699</b>	<b>5,506</b>	<b>49,381</b>	<b>227,180</b>	<b>35,454,766</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,178,690</b>	<b>14,157</b>	<b>–49,381</b>	<b>–108,816</b>	<b>3,034,650</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>38,351,389</b>	<b>19,663</b>	<b>0</b>	<b>118,364</b>	<b>38,489,416</b>

# Balance Sheet

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported closing balance 2005	IAS 16	IAS 19	IAS 39	IFRS Opening balance 2006
<b>ASSETS</b>					
Cash and balances with central banks	616				616
Treasury bills and other eligible bills	0				0
Due from credit institutions	555,653			–12,184	543,469
Loans to the public	35,047,439				35 047,439
Bonds and other interest-bearing securities	1,390,106				1 390,106
Derivative financial instruments				130,548	130,548
Shares	0				0
Shares in Group companies	514,827				514,827
Intangible non-current assets	12,661				12,661
Tangible assets					
Equipment	7,017				7,017
Buildings and land	355,644	19,663			375,307
Other assets	191,346				191,346
Prepaid expenses and accrued income	315,934				315,934
<b>TOTAL ASSETS</b>	<b>38,391,243</b>	<b>19,663</b>	<b>0</b>	<b>118,364</b>	<b>38,529,270</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	991,754				991,754
Borrowing from the public	303,724				303,724
Debt securities in issue, etc.	32,449,437			165,568	32,615,005
Derivative financial instruments				94,879	94,879
Other liabilities	265,407				265,407
Accrued expenses and prepaid income	529,862				529,862
Provisions	57,194	5,506		–33,267	29,433
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>35,247,378</b>	<b>5,506</b>	<b>0</b>	<b>227,180</b>	<b>35,480,064</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,143,865</b>	<b>14,157</b>		<b>–108,816</b>	<b>3,049,206</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>38,391,243</b>	<b>19,663</b>	<b>0</b>	<b>118,364</b>	<b>38,529,270</b>

# Income Statement

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported Jan.–March 2006	IAS 16	IAS 19	IAS 39	IFRS Jan.–March 2006
Interest income	364,147				364,147
Interest expense	–290,525			30,255	260,270
<b>Net interest income</b>	<b>73,622</b>	<b>0</b>	<b>0</b>	<b>30,255</b>	<b>103,877</b>
Dividend income	0				0
Commission income	3,529				3,529
Commission expense	–673				–673
Result of fair value valuation	0			–26,619	–26,619
Other operating income	6,941				6,941
<b>Total operating income</b>	<b>83,419</b>	<b>0</b>	<b>0</b>	<b>3,636</b>	<b>87,055</b>
General administrative expenses	–40,157		1,161		–38,996
Depreciation, amortisation and impairment of tangible	–2,197	–1,485			–3,682
Other operating expenses	–8,838				–8,838
<b>Total expenses before loan losses</b>	<b>–51,192</b>	<b>–1,485</b>	<b>1,161</b>	<b>0</b>	<b>–51,516</b>
<b>Profit before loan losses</b>	<b>32,227</b>	<b>–1,485</b>		<b>3,636</b>	<b>35,539</b>
Loan losses, net	472		1,161		472
<b>Operating income</b>	<b>32,699</b>	<b>–1,485</b>	<b>1,161</b>	<b>3,636</b>	<b>36,011</b>
Appropriations	0				0
Taxes on profit for the period	–8,889	416	–325	–1,018	–9,816
<b>Net profit for the period</b>	<b>23,810</b>	<b>–1,069</b>	<b>836</b>	<b>2,618</b>	<b>26,195</b>

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported Jan.–March 2006	IAS 16	IAS 19	IAS 39	IFRS Jan.–March 2006
Interest income	365,090				365,090
Interest expense	–292,671			30,255	–262,416
<b>Net interest income</b>	<b>72,419</b>	<b>0</b>	<b>0</b>	<b>30,255</b>	<b>102,674</b>
Dividend income	0				0
Commission income	3,519				3,519
Commission expense	–673				–673
Result of fair value valuation	0			–26,619	–26,619
Other operating income	6,941				6,941
<b>Total operating income</b>	<b>82,206</b>	<b>0</b>	<b>0</b>	<b>3,636</b>	<b>85,842</b>
General administrative expenses	–37,743				–37,743
Depreciation, amortisation and impairment of tangible	–2,197	–1,485			–3,682
Other operating expenses	–8,834				–8,834
<b>Total expenses before loan losses</b>	<b>–48,774</b>	<b>–1,485</b>	<b>0</b>	<b>0</b>	<b>–50,259</b>
<b>Profit before loan losses</b>	<b>33,432</b>	<b>–1,485</b>		<b>3,636</b>	<b>35,583</b>
Loan losses, net	437				437
<b>Operating income</b>	<b>33,869</b>	<b>–1,485</b>	<b>0</b>	<b>3,636</b>	<b>36,020</b>
Appropriations	0				0
Taxes on profit for the period	–9,216	416		–1,018	–9,818
<b>Net profit for the period</b>	<b>24,653</b>	<b>–1,069</b>	<b>0</b>	<b>2,618</b>	<b>26,202</b>



# Balance Sheet

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported March 2006	IAS 16	IAS 19	IAS 39	IFRS March 2006
<b>ASSETS</b>					
Cash and balances with central banks	708				708
Treasury bills and other eligible bills	0				0
Due from credit institutions	126,011			–21,810	104,201
Loans to the public	35,862,398				35,862,398
Bonds and other interest-bearing securities	4,262,186				4,262,186
Derivative financial instruments				99,216	99,216
Shares	1				1
Shares in Group companies	0				0
Intangible non-current assets	18,868				18,868
Tangible assets					
Equipment	6,728				6,728
Buildings and land	353,918	18,178			372,096
Other assets	225,649				225,649
Prepaid expenses and accrued income	382,360				382,360
<b>TOTAL ASSETS</b>	<b>41,238,827</b>	<b>18,178</b>	<b>0</b>	<b>77,406</b>	<b>41,334,411</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	486,612				486,612
Borrowing from the public	381,782				381,782
Debt securities in issue, etc.	35,721,435			121,140	35,842,575
Derivative financial instruments				101,751	101,751
Other liabilities	83,708		13,163		96,871
Accrued expenses and prepaid income	654,995				654,995
Provisions	56,927	5,090	35,382	–32,249	65,150
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>38,035,459</b>	<b>5,090</b>	<b>48,545</b>	<b>190,642</b>	<b>38,279,736</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,203,368</b>	<b>13,088</b>	<b>–48,545</b>	<b>–113,236</b>	<b>3,054,675</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>41,238,827</b>	<b>18,178</b>	<b>0</b>	<b>77,406</b>	<b>41,334,411</b>

# Balance Sheet

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported March 2006	IAS 16	IAS 19	IAS 39	IFRS March 2006
<b>ASSETS</b>					
Cash and balances with central banks	708				708
Treasury bills and other eligible bills	0				0
Due from credit institutions	564,791			-21,810	542,981
Loans to the public	35,434,529				35,434,529
Bonds and other interest-bearing securities	4,262,186				4,262,186
Derivative financial instruments				99,216	99,216
Shares	0				0
Shares in Group companies	514,827				514,827
Intangible non-current assets	18,868				18,868
Tangible assets					
Equipment	6,676				6,676
Buildings and land	353,906	18,178			372,084
Other assets	209,202				209,202
Prepaid expenses and accrued income	381,490				381,490
<b>TOTAL ASSETS</b>	<b>41,747,183</b>	<b>18,178</b>	<b>0</b>	<b>77,406</b>	<b>41,842,767</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	1,085,740				1,085,740
Borrowing from the public	381,782				381,782
Debt securities in issue, etc.	35,487,567			121,140	35,608,707
Derivative financial instruments				101,751	101,751
Other liabilities	261,028				261,028
Accrued expenses and prepaid income	655,619				655,619
Provisions	56,927	5,090		-32,249	29,768
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>38,578,663</b>	<b>5,090</b>	<b>0</b>	<b>190,642</b>	<b>38,774,395</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,168,520</b>	<b>13,088</b>		<b>-113,236</b>	<b>3,068,372</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>41,747,183</b>	<b>18,178</b>	<b>0</b>	<b>77,406</b>	<b>41,842,767</b>

# Income Statement

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported	IAS 16	IAS 19	IAS 39	IFRS
	Jan.–June 2006				Jan.–June 2006
Interest income	745,331				745,331
Interest expense	–594,692			83,197	–511,495
<b>Net interest income</b>	<b>150,639</b>	<b>0</b>	<b>0</b>	<b>83,197</b>	<b>233,836</b>
Dividend income	0				0
Commission income	5,564				5,564
Commission expense	–1,015				–1,015
Result of fair value valuation	0			–74,072	–74,072
Other operating income	14,082				14,082
<b>Total operating income</b>	<b>169,270</b>	<b>0</b>	<b>0</b>	<b>9,125</b>	<b>178,395</b>
General administrative expenses	–83,410		2,322		–81,088
Depreciation, amortisation and impairment of tangible	–4,386	–2,969			–7,355
Other operating expenses	–17,567				–17,567
<b>Total expenses before loan losses</b>	<b>–105,363</b>	<b>–2,969</b>	<b>2,322</b>	<b>0</b>	<b>–106,010</b>
<b>Profit before loan losses</b>	<b>63,907</b>	<b>–2,969</b>	<b>2,322</b>	<b>9,125</b>	<b>72,385</b>
Loan losses, net	21,805				21,805
<b>Operating income</b>	<b>85,712</b>	<b>–2,969</b>	<b>2,322</b>	<b>9,125</b>	<b>94,190</b>
Appropriations	0				0
Taxes on profit for the period	–23,468	831	–650	–2,555	–25,842
<b>Net profit for the period</b>	<b>62,244</b>	<b>–2,138</b>	<b>1,672</b>	<b>6,570</b>	<b>68,348</b>

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported	IAS 16	IAS 19	IAS 39	IFRS
	Jan.–June 2006				Jan.–June 2006
Interest income	744,875				744,875
Interest expense	–598,530			83,197	–515,333
<b>Net interest income</b>	<b>146,345</b>	<b>0</b>	<b>0</b>	<b>83,197</b>	<b>229,542</b>
Dividend income	0				0
Commission income	5,546				5,546
Commission expense	–1,015				–1,015
Result of fair value valuation	0			–74,072	–74,072
Other operating income	14,040				14,040
<b>Total operating income</b>	<b>164,916</b>	<b>0</b>	<b>0</b>	<b>9,125</b>	<b>174,041</b>
General administrative expenses	–79,183				–79,183
Depreciation, amortisation and impairment of tangible	–4,386	–2,969			–7,355
Other operating expenses	–17,552				–17,552
<b>Total expenses before loan losses</b>	<b>–101,121</b>	<b>–2,969</b>	<b>0</b>	<b>0</b>	<b>–104,090</b>
<b>Profit before loan losses</b>	<b>63,795</b>	<b>–2,969</b>	<b>0</b>	<b>9,125</b>	<b>69,951</b>
Loan losses, net	48				48
<b>Operating income</b>	<b>63,843</b>	<b>–2,969</b>	<b>0</b>	<b>9,125</b>	<b>69,999</b>
Appropriations	0				0
Taxes on profit for the period	–17,345	831		–2,555	–19,069
<b>Net profit for the period</b>	<b>46,498</b>	<b>–2,138</b>	<b>0</b>	<b>6,570</b>	<b>50,930</b>

# Balance Sheet

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported June 2006	IAS 16	IAS 19	IAS 39	IFRS June 2006
<b>ASSETS</b>					
Cash and balances with central banks	706				706
Treasury bills and other eligible bills	0				0
Due from credit institutions	101,557			–38,305	63,252
Loans to the public	36,237,985				36,237,985
Bonds and other interest-bearing securities	3,358,107				3,358,107
Derivative financial instruments				67,230	67,230
Shares	66,457				66,457
Shares in Group companies	0				0
Intangible non-current assets	21,985				21,985
Tangible assets					
Equipment	6,292				6,292
Buildings and land	352,178	16,694			368,872
Other assets	103,763				103,763
Prepaid expenses and accrued income	470,835				470,835
<b>TOTAL ASSETS</b>	<b>40,719,865</b>	<b>16,694</b>	<b>0</b>	<b>28,925</b>	<b>40,765,484</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	520,061				520,061
Borrowing from the public	325,691				325,691
Debt securities in issue, etc.	34,981,119			43,782	35,024,901
Derivative financial instruments				138,506	138,506
Other liabilities	80,513		12,937		93,450
Accrued expenses and prepaid income	864,887				864,887
Provisions	56,660	4,674	34,772	–30,713	65,393
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>37,478,931</b>	<b>4,674</b>	<b>47,709</b>	<b>151,575</b>	<b>37,682,889</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,240,934</b>	<b>12,020</b>	<b>–47,709</b>	<b>–122,650</b>	<b>3,082,595</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>40,719,865</b>	<b>16,694</b>	<b>0</b>	<b>28,925</b>	<b>40,765,484</b>



# Balance Sheet

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported June 2006	IAS 16	IAS 19	IAS 39	IFRS June 2006
<b>ASSETS</b>					
Cash and balances with central banks	706				706
Treasury bills and other eligible bills	0				0
Due from credit institutions	484,037			–38,305	445,732
Loans to the public	35,838,019				35,838,019
Bonds and other interest-bearing securities	3,358,107				3,358,107
Derivative financial instruments				67,230	67,230
Shares					0
Shares in Group companies	514,827				514,827
Intangible non-current assets	21,985				21,985
Tangible assets					
Equipment	6,240				6,240
Buildings and land	352,166	16,694			368,860
Other assets	89,317				89,317
Prepaid expenses and accrued income	472,077				472,077
<b>TOTAL ASSETS</b>	<b>41,137,481</b>	<b>16,694</b>	<b>0</b>	<b>28,925</b>	<b>41,183,100</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	921,007				921,007
Borrowing from the public	312,691				312,691
Debt securities in issue, etc.	34,927,251			43,782	34,971,033
Derivative financial instruments				138,506	138,506
Other liabilities	280,374				280,374
Accrued expenses and prepaid income	799,135				799,135
Provisions	56,660	4,674		–30,713	30,621
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>37,947,118</b>	<b>4,674</b>	<b>0</b>	<b>151,575</b>	<b>38,103,367</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,190,363</b>	<b>12,020</b>		<b>–122,650</b>	<b>3,079,733</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>41,137,481</b>	<b>16,694</b>	<b>0</b>	<b>28,925</b>	<b>41,183,100</b>

# Income Statement

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported Jan.–Sep. 2006	IAS 16	IAS 19	IAS 39	IFRS Jan.–Sep. 2006
Interest income	1,143,233				1,143,233
Interest expense	–915,174			108,502	–806,672
<b>Net interest income</b>	<b>228,059</b>	<b>0</b>	<b>0</b>	<b>108,502</b>	<b>336,561</b>
Dividend income	0				0
Commission income	7,181				7,181
Commission expense	–1,160				–1,160
Result of fair value valuation	0			–64,026	–64,026
Other operating income	20,826				20,826
<b>Total operating income</b>	<b>254,906</b>	<b>0</b>	<b>0</b>	<b>44,476</b>	<b>299,382</b>
General administrative expenses	–113,922		3,482		–110,440
Depreciation, amortisation and impairment of tangible	–6,629	–4,446			–11,075
Other operating expenses	–21,617				–21,617
<b>Total expenses before loan losses</b>	<b>–142,168</b>	<b>–4,446</b>	<b>3,482</b>	<b>0</b>	<b>–143,132</b>
<b>Profit before loan losses</b>	<b>112,738</b>	<b>–4,446</b>	<b>3,482</b>	<b>44,476</b>	<b>156,250</b>
Loan losses, net	20,764				20,764
<b>Operating income</b>	<b>133,502</b>	<b>–4,446</b>	<b>3,482</b>	<b>44,476</b>	<b>177,014</b>
Appropriations	0				0
Taxes on profit for the period	–36,579	1,245	–975	–12,453	–48,762
<b>Net profit for the period</b>	<b>96,923</b>	<b>–3,201</b>	<b>2,507</b>	<b>32,023</b>	<b>128,252</b>

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported Jan.–Sep. 2006	IAS 16	IAS 19	IAS 39	IFRS Jan.–Sep. 2006
Interest income	1,133,116				1,133,116
Interest expense	–912,858			108,502	–804,356
<b>Net interest income</b>	<b>220,258</b>	<b>0</b>	<b>0</b>	<b>108,502</b>	<b>328,760</b>
Dividend income	0				0
Commission income	7,152				7,152
Commission expense	–1,160				–1,160
Result of fair value valuation	0			–64,026	–64,026
Other operating income	20,784				20,784
<b>Total operating income</b>	<b>247,034</b>	<b>0</b>	<b>0</b>	<b>44,476</b>	<b>291,510</b>
General administrative expenses	–108,874				–108,874
Depreciation, amortisation and impairment of tangible	–6,629	–4,446			–11,075
Other operating expenses	–21,596				–21,596
<b>Total expenses before loan losses</b>	<b>–137,099</b>	<b>–4,446</b>	<b>0</b>	<b>0</b>	<b>–141,545</b>
<b>Profit before loan losses</b>	<b>109,935</b>	<b>–4,446</b>	<b>0</b>	<b>44,476</b>	<b>149,965</b>
Loan losses, net	–1,248				–1,248
<b>Operating income</b>	<b>108,687</b>	<b>–4,446</b>	<b>0</b>	<b>44,476</b>	<b>148,717</b>
Appropriations	0				0
Taxes on profit for the period	–29,630	1,245		–12,453	–40,838
<b>Net profit for the period</b>	<b>79,057</b>	<b>–3,201</b>	<b>0</b>	<b>32,023</b>	<b>107,879</b>

# Balance Sheet

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported Sep. 2006	IAS 16	IAS 19	IAS 39	IFRS Sep. 2006
<b>ASSETS</b>					
Cash and balances with central banks	518				518
Treasury bills and other eligible bills	0				0
Due from credit institutions	84,283			–31,297	52,986
Loans to the public	36,723,282				36,723,282
Bonds and other interest-bearing securities	3,113,264				3,113,264
Derivative financial instruments				44,730	44,730
Shares	70,038				70,038
Shares in Group companies	0				0
Intangible non-current assets	24,704				24,704
Tangible assets					
Equipment	6,010				6,010
Buildings and land	351,206	15,216			366,422
Other assets	117,006				117,006
Prepaid expenses and accrued income	347,475				347,475
<b>TOTAL ASSETS</b>	<b>40,837,786</b>	<b>15,216</b>	<b>0</b>	<b>13,433</b>	<b>40,866,435</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	1,191,101				1,191,101
Borrowing from the public	333,872				333,872
Debt securities in issue, etc.	34,693,047			32,512	34,725,559
Derivative financial instruments				91,633	91,633
Other liabilities	78,203		12,710		90,913
Accrued expenses and prepaid income	559,566				559,566
Provisions	56,392	4,261	34,164	–20,812	74,005
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>37,562,181</b>	<b>4,261</b>	<b>46,874</b>	<b>103,333</b>	<b>37,716,649</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,275,605</b>	<b>10,955</b>	<b>–46,874</b>	<b>–89,900</b>	<b>3,149,786</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>40,837,786</b>	<b>15,216</b>	<b>0</b>	<b>13,433</b>	<b>40,866,435</b>

# Balance Sheet

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported Sep. 2006	IAS 16	IAS 19	IAS 39	IFRS Sep. 2006
<b>ASSETS</b>					
Cash and balances with central banks	518				518
Treasury bills and other eligible bills	0				0
Due from credit institutions	460,466			–31,297	429,169
Loans to the public	36,344,896				36,344,896
Bonds and other interest-bearing securities	3,113,264				3,113,264
Derivative financial instruments				44,730	44,730
Shares	0				0
Shares in Group companies	514,827				514,827
Intangible non-current assets	24,704				24,704
Tangible assets					
Equipment	5,958				5,958
Buildings and land	351,194	15,216			366,410
Other assets	97,564				97,564
Prepaid expenses and accrued income	348,210				348,210
<b>TOTAL ASSETS</b>	<b>41,261,601</b>	<b>15,216</b>	<b>0</b>	<b>13,433</b>	<b>41,290,250</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	1,590,865				1 590,865
Borrowing from the public	333,872				333,872
Debt securities in issue, etc.	34,639,179			32,512	34,671,691
Derivative financial instruments				91,633	91,633
Other liabilities	277,799				277,799
Accrued expenses and prepaid income	490,580				490,580
Provisions	56,392	4,261		–20,812	39,841
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>38,038,687</b>	<b>4,261</b>	<b>0</b>	<b>103,333</b>	<b>38,146,281</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,222,914</b>	<b>10,955</b>		<b>–89,900</b>	<b>3,143,969</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>41,261,601</b>	<b>15,216</b>	<b>0</b>	<b>13,433</b>	<b>41,290,250</b>



# Income Statement

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported	IAS 16	IAS 19	IAS 39	IFRS
	Jan.–Dec. 2006				Jan.–Dec. 2006
Interest income	1,553,801				1,553,801
Interest expense	–1,245,313			144,325	–1,100,988
<b>Net interest income</b>	<b>308,488</b>	<b>0</b>	<b>0</b>	<b>144,325</b>	<b>452,813</b>
Dividend income	0				0
Commission income	9,226				9,226
Commission expense	–1,703				–1,703
Result of fair value valuation	0			–40,778	–40,778
Other operating income	52,355	4,437			56,792
<b>Total operating income</b>	<b>368,366</b>	<b>4,437</b>	<b>0</b>	<b>103,547</b>	<b>476,350</b>
General administrative expenses	–177,777		4,643		–173,134
Depreciation, amortisation and impairment of tangible	–9,478	–5,891			–15,369
Other operating expenses	–30,730				–30,730
<b>Total expenses before loan losses</b>	<b>–217,985</b>	<b>–5,891</b>	<b>4,643</b>	<b>0</b>	<b>–219,233</b>
<b>Profit before loan losses</b>	<b>150,381</b>	<b>–1,454</b>	<b>4,643</b>	<b>103,547</b>	<b>257,117</b>
Loan losses, net	21,141				21,141
<b>Operating income</b>	<b>171,522</b>	<b>–1,454</b>	<b>4,643</b>	<b>103,547</b>	<b>278,258</b>
Appropriations	0				0
Taxes on profit for the period	–47,474	407	–1,300	–28,993	–77,360
<b>Net profit for the period</b>	<b>124,048</b>	<b>–1,047</b>	<b>3,343</b>	<b>74,554</b>	<b>200,898</b>

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported	IAS 16	IAS 19	IAS 39	IFRS
	Jan.–Dec. 2006				Jan.–Dec. 2006
Interest income	1,541,706				1,541,706
Interest expense	–1,245,147			144,325	–1,100,822
<b>Net interest income</b>	<b>296,559</b>	<b>0</b>	<b>0</b>	<b>144,325</b>	<b>440,884</b>
Dividend income	0				0
Commission income	9,189				9,189
Commission expense	–1,703				–1,703
Result of fair value valuation	0			–40,778	–40,778
Other operating income	53,450	5,024			58,474
<b>Total operating income</b>	<b>357,495</b>	<b>5,024</b>	<b>0</b>	<b>103,547</b>	<b>466,066</b>
General administrative expenses	–171,511				–171,511
Depreciation, amortisation and impairment of tangible	–9,431	–5,886			–15,317
Other operating expenses	–30,702				–30,702
<b>Total expenses before loan losses</b>	<b>–211,644</b>	<b>–5,886</b>	<b>0</b>	<b>0</b>	<b>–217,530</b>
<b>Profit before loan losses</b>	<b>145,851</b>	<b>–862</b>	<b>0</b>	<b>103,547</b>	<b>248,536</b>
Loan losses, net	–38				–38
<b>Operating income</b>	<b>145,813</b>	<b>–862</b>	<b>0</b>	<b>103,547</b>	<b>248,498</b>
Appropriations	0				0
Taxes on profit for the period	–40,020	241		–28,993	–68,772
<b>Net profit for the period</b>	<b>105,793</b>	<b>–621</b>	<b>0</b>	<b>74,554</b>	<b>179,726</b>

# Balance Sheet

## LANDSHYPOTEK AB GROUP

SEK THOUSAND	Reported Dec. 2006	IAS 16	IAS 19	IAS 39	IFRS Dec. 2006
<b>ASSETS</b>					
Cash and balances with central banks	750				750
Treasury bills and other eligible bills	0				0
Due from credit institutions	118,613			–45,432	73,181
Loans to the public	37,312,575				37,312,575
Bonds and other interest-bearing securities	3,701,569				3,701,569
Derivative financial instruments				40,809	40,809
Shares	70,038				70,038
Shares in Group companies	0				0
Intangible non-current assets	22,244				22,244
Tangible assets					
Equipment	5,696				5,696
Buildings and land	338,316	18,208			356,524
Other assets	107,657				107,657
Prepaid expenses and accrued income	367,755				367,755
<b>TOTAL ASSETS</b>	<b>42,045,213</b>	<b>18,208</b>	<b>0</b>	<b>–4,623</b>	<b>42,058,798</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	458,295				458,295
Borrowing from the public	250,473				250,473
Debt securities in issue, etc.	36,566,379			–54,716	36,511,663
Derivative financial instruments				106,027	106,027
Other liabilities	257,983		12,484		270,467
Accrued expenses and prepaid income	584,215				584,215
Provisions	55,770	5,098	33,554	–4,275	90,147
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>38,823,115</b>	<b>5,098</b>	<b>46,038</b>	<b>47,036</b>	<b>38,921,287</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,222,098</b>	<b>13,110</b>	<b>–46,038</b>	<b>–51,659</b>	<b>3,137,511</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>42,045,213</b>	<b>18,208</b>	<b>0</b>	<b>–4,623</b>	<b>42,058,798</b>

# Balance Sheet

## LANDSHYPOTEK AB PARENT COMPANY

SEK THOUSAND	Reported Dec. 2006	IAS 16	IAS 19	IAS 39	IFRS Dec. 2006
<b>ASSETS</b>					
Cash and balances with central banks	650				650
Treasury bills and other eligible bills	0				0
Due from credit institutions	469,663			–45,432	424,231
Loans to the public	36,945,930				36,945,930
Bonds and other interest-bearing securities	3,701,569				3,701,569
Derivative financial instruments				40,809	40,809
Shares	0				0
Shares in Group companies	514,927				514,927
Intangible non-current assets	22,244				22,244
Tangible assets					
Equipment	5,683				5,683
Buildings and land	332,407	18,801			351,208
Other assets	109,815				109,815
Prepaid expenses and accrued income	368,815				368,815
<b>TOTAL ASSETS</b>	<b>42,471,703</b>	<b>18,801</b>	<b>0</b>	<b>–4,623</b>	<b>42,485,881</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
Due to credit institutions	836,270				836,270
Borrowing from the public	250,473				250,473
Debt securities in issue, etc.	36,516,379			–54,716	36,461,663
Derivative financial instruments				106,027	106,027
Other liabilities	388,240				388,240
Accrued expenses and prepaid income	585,553				585,553
Provisions	55,770	5,264		–4,275	56,759
Subordinated liabilities	650,000				650,000
<b>Total liabilities</b>	<b>39,282,685</b>	<b>5,264</b>	<b>0</b>	<b>47,036</b>	<b>39,334,985</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b>	<b>3,189,018</b>	<b>13,537</b>		<b>–51,659</b>	<b>3,150,896</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>42,471,703</b>	<b>18,801</b>	<b>0</b>	<b>–4,623</b>	<b>42,485,881</b>



LANDSHYPOTEK