

interim  
report

3 2000

january -  
september



LANDSHYPOTEK

**Landshypotek AB**  
**organisation number 556500-2762 hereby submits its interim report**  
**for the period January 1 – September 30, 2000**

**ORGANISATION AND  
ACCOUNTING PRINCIPLES**

This report covers the Landshypotek AB Group (the Parent Company), with subsidiaries The General Mortgage Bank of Sweden, Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Amounts in parentheses refer to the corresponding year-ago period.

**LOAN BUSINESS**

Loans outstanding to the public amounted to MSEK 31,649.8, an increase of MSEK 1,393.1 from the beginning of the year. During the corresponding period one year ago, the increase was MSEK 779.0.

MSEK 961.6 of the increase is attributable to Landshypotek AB and MSEK 523.4 to Lantbrukskredit AB.

Lending in Landshypotek Jordbrukskredit AB declined by MSEK 91.9 to MSEK 427.6.

**LIQUIDITY AND FINANCING**

During the year Landshypotek AB introduced an EMTN (Euro Medium Term Note) loan in the amount of 1 billion euro.

A first borrowing of 200 million Euro was made under the facility during the third quarter.

The borrowing limit for Landshypotek AB's commercial paper program was increased from SEK 8 billion to SEK 10 billion.

**RESULT**

Net interest income for the period amounted to MSEK 271.7 (273.2).

The Group's credit losses continue to be low. Non-performing loans amount to MSEK 391.9 (467.2), of which MSEK 45.6 (44.9) are classified as problem credits.

The operating profit, MSEK 192.2 (184.9) has been charged with standard taxes of 28 percent

**FORECAST**

Profit for the second half of the year is expected to develop in line with that of the preceding year.

**CAPITAL ADEQUACY**

The Group's capital adequacy was 12.56 percent at the end of the period (12.97). The core capital ratio was 7.33 percent (7.51).

Earned profit is included in core capital.

Stockholm, October 24, 2000



Ulf Fredrikson  
*Managing Director*

*This interim report has no been subject to review by the Company's auditors.*

(SEK Thousand)	Group			Parent Company		
	2000	1999	1999	2000	1999	1999
	Jan, 1– Sep, 30	Jan, 1– Sep, 30	Jan, 1– Dec, 31	Jan, 1– Sep, 30	Jan, 1– Sep, 30	Jan, 1– Dec, 31
<b>STATEMENT OF INCOME</b>						
Interest income	1,493,103	1,523,673	1,973,528	1,428,445	1,431,231	1,918,199
Interest expense	-1,221,430	-1,250,426	-1,598,116	-1,187,051	-1,187,045	-1,579,898
<b>Net interest income</b>	<b>271,673</b>	<b>273,247</b>	<b>375,412</b>	<b>241,394</b>	<b>244,186</b>	<b>338,301</b>
Dividend income	194	174	174	191	172	172
Commission income	5,972	7,386	9,892	5,800	6,859	9,316
Commission expense	-3,925	-6,307	-8,250	-4,202	-3,977	-5,174
Net result of financial transactions	2,636	3,412	3,413	11	0	9
Other operating revenue	16,749	16,078	21,718	16,737	16,067	21,700
<b>Total operating revenue</b>	<b>293,299</b>	<b>293,990</b>	<b>402,359</b>	<b>259,931</b>	<b>263,307</b>	<b>364,324</b>
General administrative expense	-83,582	-89,848	-125,604	-78,155	-81,104	-114,066
Depreciation, amortization and write-downs of tangible and intangible fixed assets	-6,163	-6,158	-7,356	-5,448	-6,276	-7,593
Other operating expenses	-11,393	-11,197	-16,534	-11,076	-10,818	-16,076
<b>Total expenses before credit losses</b>	<b>-101,138</b>	<b>-107,203</b>	<b>-149,494</b>	<b>-94,679</b>	<b>-98,198</b>	<b>-137,735</b>
<b>Result before credit losses</b>	<b>192,161</b>	<b>186,787</b>	<b>252,865</b>	<b>165,252</b>	<b>165,109</b>	<b>226,589</b>
Credit losses, net	44	-1,812	-4,944	126	-1,785	-3,561
<b>Operating result</b>	<b>192,205</b>	<b>184,975</b>	<b>247,921</b>	<b>165,378</b>	<b>163,324</b>	<b>223,028</b>
Appropriations	0	0	-200,000	0	0	-201,724
Taxes on result for the period	-53,844	-51,506	-12,666	-46,333	-45,731	-5 601
<b>Result for the period</b>	<b>138,361</b>	<b>133,469</b>	<b>35,255</b>	<b>119,045</b>	<b>117,593</b>	<b>15,703</b>

(SEK Thousand)	Group			Parent Company		
	2000	1999	1999	2000	1999	1999
	Sep, 31	Sep, 30	Dec, 31	Sep, 30	Sep, 30	Dec, 31
<b>BALANCE SHEET – SUMMARY</b>						
Loans to the public	31,649,768	29,592,958	30,256,717	28,683,817	27,272,419	27,722,165
Loans to credit institutions	182,733	67,148	292,013	1,978,660	915,468	1,424,990
Interest-bearing securities	429,681	726,946	180,000	249,681	1,535,961	1,106,211
Other assets	1,137,431	795,251	907,384	1,556,450	1,217,737	1,290,621
<b>Total assets</b>	<b>33,399,613</b>	<b>31,182,303</b>	<b>31,636,114</b>	<b>32,468,608</b>	<b>30,941,585</b>	<b>31,543,987</b>
Borrowing from the public	338,801	174,972	319,610	329,176	159,097	306,910
Due to credit institutions	1,648,462	348,270	484,518	9,905,137	12,636,092	12,560,970
Securities issued, etc.	26,036,824	25,497,007	25,515,046	18,269,823	14,474,895	14,958,473
Other liabilities	704,267	803,791	921,720	337,053	322,912	320,820
Subordinated liabilities	2,119,551	1,946,693	1,981,863	1,314,070	1,166,110	1,202,500
Untaxed reserves				114,357	100,632	114,357
Shareholder's equity	2,551,708	2,411,570	2,413,357	2,198,992	2,081,847	2,079,957
<b>Total liabilities and shareholder's equity</b>	<b>33,399,613</b>	<b>31,182,303</b>	<b>31,636,114</b>	<b>32,468,608</b>	<b>30,941,585</b>	<b>31,543,987</b>

	Group			Parent Company		
<b>CREDIT LOSSES NET</b> <b>(SEK Thousand)</b>	<b>2000</b> Jan, 1– Sep, 30	<b>1999</b> Jan, 1– Sep, 30	<b>1999</b> Jan, 1– Dec, 31	<b>2000</b> Jan, 1– Sep, 30	<b>1999</b> Jan, 1– Sep, 30	<b>1999</b> Jan, 1– Dec, 31
The year's write-down for realized losses	1,594	3,524	9,675	450	542	3,775
Reversal of prior provisions for probable credit losses, reported as realized losses in this year's accounts	-2,613	-3,226	-9,125	-450	-504	-3,737
Write-down for probable credit losses	3,047	4,636	9,175	1,879	4,369	8,699
Recovery of realized losses for prior years	-1,073	-1,187	-1,728	-1,006	-1,119	-1,650
Reversal of provisions no longer required for probable credit losses	-999	-2,128	-4,446	-999	-1,696	-3,719
<b>Net credit losses</b>	<b>-44</b>	<b>1,619</b>	<b>3,551</b>	<b>-126</b>	<b>1,592</b>	<b>3,368</b>
<b>Change in value of property taken over</b>						
Change in value of real estate taken over	0	0	1,200	0	0	0
Net result on sale of real estate taken over	0	193	193	0	193	193
<b>Total credit losses, net</b>	<b>-44</b>	<b>1,812</b>	<b>4,944</b>	<b>-126</b>	<b>1,785</b>	<b>3,561</b>
<b>NON-PERFORMING LOANS, ETC</b> <b>(SEK Thousand)</b>	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31
1. Non-performing loans which are not problem credits	391,946	467,223	351,626	359,856	417,311	331,673
2a. Doubtful credits	45,644	44,971	37,228	37,883	39,147	30,878
2b. Loans with reduced interest	0	0	0	0	0	0
3. Total problem credits (2a+2b)	45,644	44,971	37,228	37,883	39,147	30,878
4. Interest, etc. recognized as revenue on problem credits during the period	2,897	3,472	2,225	2,566	2,405	837
5. Annual percentage current return on problem credits, %	8.27	9.99	5.24	9.72	8.95	5.42
6. Annual percentage current return on credits that are not problem credits, %	6.35	6.67	6.60	6.42	6.76	6.71
7. Reserve for probable credit losses	19,344	23,596	19,861	9,224	9,730	8,747
8. Estimated value of problem credits before write-down for probable credit losses (3+7)	64,988	68,567	57,089	47,107	48,877	39,625
9. Properties taken over to protect claims	3,620	4,820	3,620	1,020	1,020	1,020
<b>CAPITAL ADEQUACY</b> <b>(SEK Thousand)</b>	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31
<b>Kapitalkrav, riskvägda tillgångar</b>						
Group A	0	0	0	0	0	0
Group B	206,872	151,460	108,255	171,672	303,222	280,745
Group C	47,120	22,111	27,264	23,506	4,248	4,175
Group D	32,663,261	30,161,626	31,020,419	30,025,246	28,152,854	28,776,313
<b>Risk-weighted assets</b>	<b>32,917,253</b>	<b>30,335,197</b>	<b>31,155,938</b>	<b>30,220,424</b>	<b>28,460,324</b>	<b>29,061,233</b>
<b>Capital base</b>						
Core capital	2,413,135	2,277,891	2,413,136	2,162,284	2,036,709	2,162,294
Supplementary capital						
Subordinated loans, dated	501,871	599,473	588,572	350,000	350,000	350,000
Perpetual subordinated loans	1,220,196	1,058,010	1,100,463	964,070	816,110	852,500
Less	–	–	–	-200	-200	-200
<b>Total capital base</b>	<b>4,135,202</b>	<b>3,935,374</b>	<b>4,102,171</b>	<b>3,476,154</b>	<b>3,202,619</b>	<b>3,364,594</b>
Core capital, %	7.33	7.51	7.75	7.16	7.16	7.44
<b>Capital adequacy, %</b>	<b>12.56</b>	<b>12.97</b>	<b>13.17</b>	<b>11.50</b>	<b>11.25</b>	<b>11.58</b>
<b>DERIVATIVE INSTRUMENTS</b> <b>(SEK Thousand)</b>	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31	<b>2000</b> Sep, 30	<b>1999</b> Sep, 30	<b>1999</b> Dec, 31
<b>Instruments with positive values</b>						
Interest-rate-related contracts	23,271	124,862	135,368	21,432	44,754	49,895
Foreign-exchange-related contracts	482,278	115,662	176,969	382,445	42,736	107,571
<b>Total</b>	<b>505,549</b>	<b>240,524</b>	<b>312,337</b>	<b>403,877</b>	<b>87,490</b>	<b>157,466</b>
<b>Instruments with negative values</b>						
Interest-rate-related contracts	-47,233	-51,274	-18,434	-47,233	-45,467	-11 898
Foreign-exchange-related contracts	-35,441	-65,852	-24,488	-14,659	-40,249	-8,679
<b>Total</b>	<b>-82,674</b>	<b>-117,126</b>	<b>-42,922</b>	<b>-61,892</b>	<b>-85,716</b>	<b>-20,577</b>
<b>Derivative instruments, net</b>	<b>422,875</b>	<b>123,398</b>	<b>269,415</b>	<b>341,985</b>	<b>1,774</b>	<b>136,889</b>
<b>RATIO</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>	<b>1999</b>
Return on adjusted equity, revolving 12-month basis, %	7.40	7.35	7.61	7.31	7.23	7.65



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