



Landshypotek Bank

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# Covered Pool Statistics

Landshypotek Bank

As per September 30, 2016



## Cover Pool Summary

### As per September 30, 2016

- Lending volume SEK 60 606M
- Security 99 % Agriculture properties  
1 % Residential
- Average LTV\* Maximum LTV per property
  - Volume weighted 42,82 %
  - Property weighted 24,48 %
- Number of properties 31 145
- Number of loans 102 750
- Average loan size SEK 589 844
- Type of interest
  - Floating 48 %
  - Fixed 52 %
- Type of amortization
  - Amortizing 96 %
  - Non amortizing 4 %



<b>Concentration</b>	<b>Volume (SEK)</b>	<b>% of total volume</b>
Top 5 borrowers	1 010M	1,67 %
Top 10 borrowers	1 591 M	2,63 %
Top 20 borrowers	2 581 M	4,26 %

<b>Seasoning</b>	<b>Years</b>	<b>Months</b>
Loan level	6,37	76
Customer level	20,39	245
Property level	27,27	327

<b>Substitute Assets</b>	<b>SEK</b>
Swedish Covered Bonds, AAA-rated	3 800 M
Municipalities	4 375 M
Outstanding repos	M
In the pool	8 175 M



Maturity Bucket (MSEK)	Assets	Bonds
6M	42 575	-6 207
12M	4 936	-3 219
2Y	4 799	-14 432
3Y	3 151	-5 974
4Y	2 268	-7 555
5Y	2 052	-10 448
> 5Y	825	-5 977
	<b>60 186</b>	<b>-53 812</b>



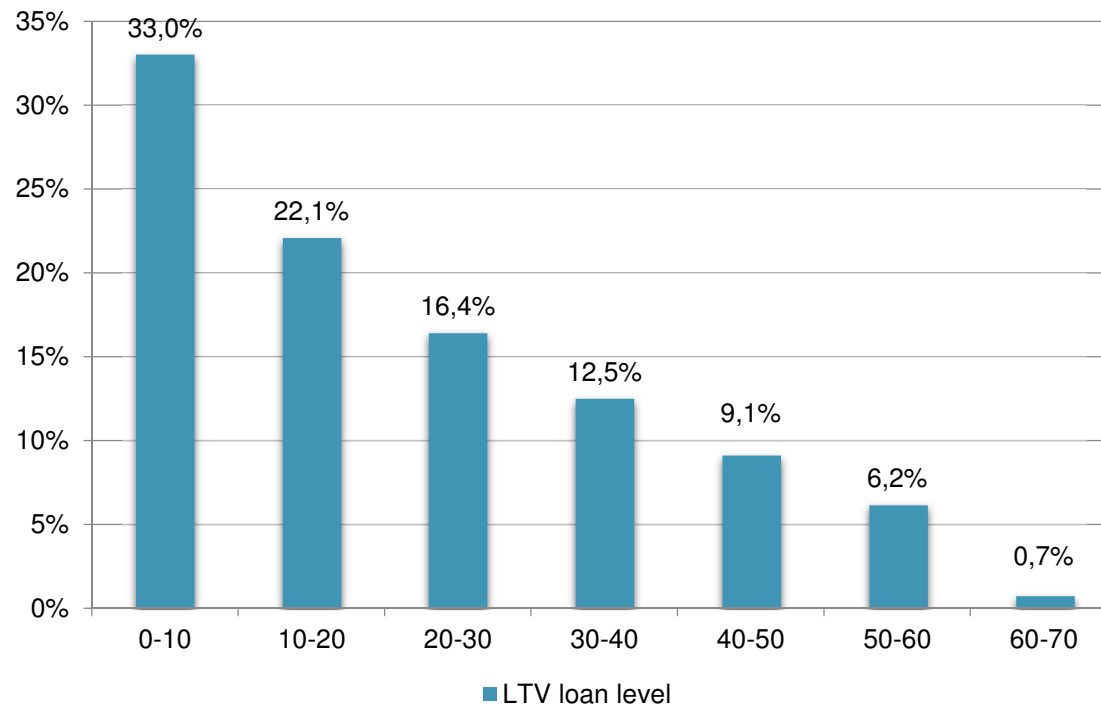
## Cover Pool Summary

As per September 30, 2016

Cover Pool	SEK 60 606 M	
Substitute Assets	SEK 8 175 M	
Cover Bonds	SEK -53 812 M	
Over Collateral	SEK 14 969 M	27,82%

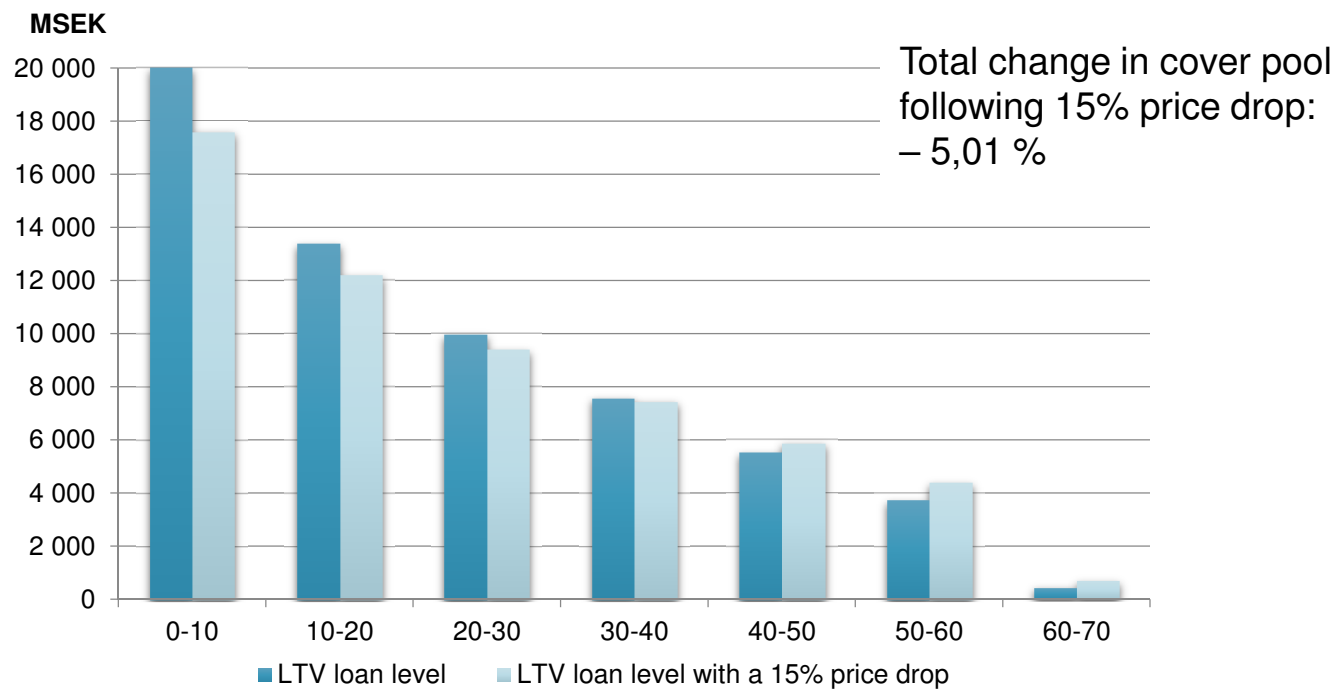


## Loan amount by LTV bucket





## Stress test LTV -> 15% price drop





## Geographical distribution

District	% of total volume
Skellefteå	2%
Östersund	1%
Härnösand	2%
Gävle	4%
Uppsala	4%
Stockholm	7%
Nyköping	2%
Karlstad	6%
Örebro	8%
Linköping	15%

District	% of total volume
Skara	8%
Göteborg	6%
Jönköping	3%
Växjö	3%
Falkenberg	5%
Visby	4%
Kristianstad	3%
Lund	12%
Eskilstuna	1%
Kalmar	4%







## Description of covered bonds

Below follows a short description of covered bonds (Sw. säkerställda obligationer) issued by Landshypotek Bank and certain aspects of matters related thereto. The description is not exhaustive and anyone contemplating investing in covered bonds issued by Landshypotek Bank should read the applicable prospectus and in addition consult its own financial, tax, legal and other advisers.

Covered bonds are secured debt obligations of Landshypotek Bank (as the issuer). The majority of the collateral in the cover pool consists of secured mortgage loans granted by Landshypotek Bank to its borrowers but the cover pool also includes supplemental assets e.g. covered bonds issued by other Swedish banks and notes and bonds issued by Swedish municipalities (cf. "Cover Pool Statistics"). Covered bonds are regulated by Swedish law and by regulations issued by the Swedish Financial Supervisory Authority ("SFSA"). Laws and regulations set strict rules as to what collateral may be included in the cover pool and how the cover pool shall be managed and monitored. Swedish law also provides that covered bondholders shall have a preferred right to the assets in the cover pool in case of the issuer's insolvency. Only institutions which have been granted a licence by the SFSA to issue covered bonds may issue Swedish covered bonds.



Landshypotek Bank enters into derivative contracts in order to hedge currency and interest rate risks. Landshypotek applies a diversified method to its derivative transactions, meaning that it has a number of derivatives counterparties and consequently is not dependent on only a few. All counterparties are highly rated by credit rating agencies and they are unrelated to Landshypotek Bank. Under Swedish law, derivative contracts relating to covered bonds benefit from a priority in the cover pool (the payment flows from Landshypotek Bank) and are assets in the cover pool (the payment flows from the counterparty).

Information on issued covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the “Register”), maintained by Landshypotek Bank. It is the actual registration of the covered bonds and the related derivatives contracts in the Register which confers the priority right in the cover pool to the covered bondholders and the derivatives counterparties and only assets entered on the Register are included in the cover pool. The Register is updated on a daily basis.



Landshypotek Bank regularly monitors the value of the collateral in the cover pool (including the value of the underlying collateral; i.e. the agricultural or residential property serving as collateral for the secured loans to Landshypotek's borrowers. Those secured loans are in their turn collateral in the cover pool.). If the value of an item of collateral falls below a certain threshold it may no longer be included in the cover pool (or may only be partly included) and has to be replaced by other, "better" collateral. An independent monitor (*Sw. oberoende granskare*) appointed by the SFSA monitors that Landshypotek Bank maintains the Register and the cover pool in accordance with Swedish laws and regulations.

Payment flows in respect of issued covered bonds, derivative contracts relating thereto, the loans constituting collateral and other assets in the cover pool are matched to ensure that interest payments and repayments of covered bonds can be timely made.

In order to ensure that the assets in the cover pool suffice to service the covered bonds the value of the assets in the cover pool exceed the notional value of the issued covered bonds ("overcollateralization").



Covered bonds may be rated by rating agencies. In deciding upon the rating for covered bonds, a rating agency takes a variety of matters into account: the legislation applicable to the covered bonds, the financial strength of the issuer, the agreements between the issuer and its counterparties and a plethora of other factors.

Covered bonds issued by Landshypotek are rated by Standard & Poor's Credit Market Services Europe Limited ("S&P"); currently (29 October 2012) AAA.

In order to maintain that rating, Landshypotek must adhere to criteria set by S&P from time to time (for current criteria please see "Counterparty Risk Framework Methodology And Assumptions" and "Covered Bonds Counterparty And Supporting Obligations Methodology And Assumptions", both issued by S&P on 31 May 2012) relating to various matters, including the issuer rating of the bank(s) with which Landshypotek maintains bank account(s) into which money payable on assets in the cover pool is paid.



Currently, Landshypotek maintains the relevant bank account (a daily collection and cash-flow account) with a Swedish bank (the “Bank”) with a rating comfortably above the threshold set by S&P for bank account providers to which Landshypotek has “minimal exposure” (as defined by the S&P Counterparty Criteria).

Under the contractual arrangements with the Bank Landshypotek would be free to start using a collection and cash-flow account with another bank for any reason and no reason.

Landshypotek is committed to replacing the Bank within the time period stipulated by S&P (thirty (30) calendar days under the currently applicable criteria), with another bank which would qualify as an eligible counterparty according to S&P criteria were the Bank to be rated below BBB by S&P (or below A if Landshypotek’s exposure to the Bank were to increase so as to be “limited” rather than “minimal” though it is Landshypotek’s intention to keep the exposure “minimal”).



Landshypotek Bank does not expect to encounter any difficulties in ensuring that the money is indeed paid into the new bank account. The relevant assets in the cover pool are mortgage loans and consequently it is the payments of Landshypotek's customers, the borrowers, which shall be directed to the new bank account.

The borrowers direct their payments to a "bank giro account number" belonging to the lender/Landshypotek. The "bank giro account number" is tied to an ordinary bank account of the lender; in Landshypotek's case the afore-mentioned account with the Bank. It is therefore not necessary to notify the borrowers that they should pay into a new account. It would suffice to tie the "bank giro account number" to a new bank account with another bank. This could be done quickly; within a few business days.

Simplified, the "bank giro account" system is a technical system to route monies through the payment system. The money does not stay on the "bank giro account"; it is transferred from the relevant borrowers' banks in the daily clearing to Landshypotek's account with the Bank (or such other bank account which Landshypotek may tie to the "bank giro account").

The money is not left in the account with the Bank awaiting covered bonds maturity but is placed in short-term highly rated assets; such as treasury bills. Such "short term highly rated assets" are typically not included in the cover pool. They are however of such quality that they could be included if required .