



LANDSHYPOTEK

ANNUAL REPORT 2010

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Landshypotek, ekonomisk förening

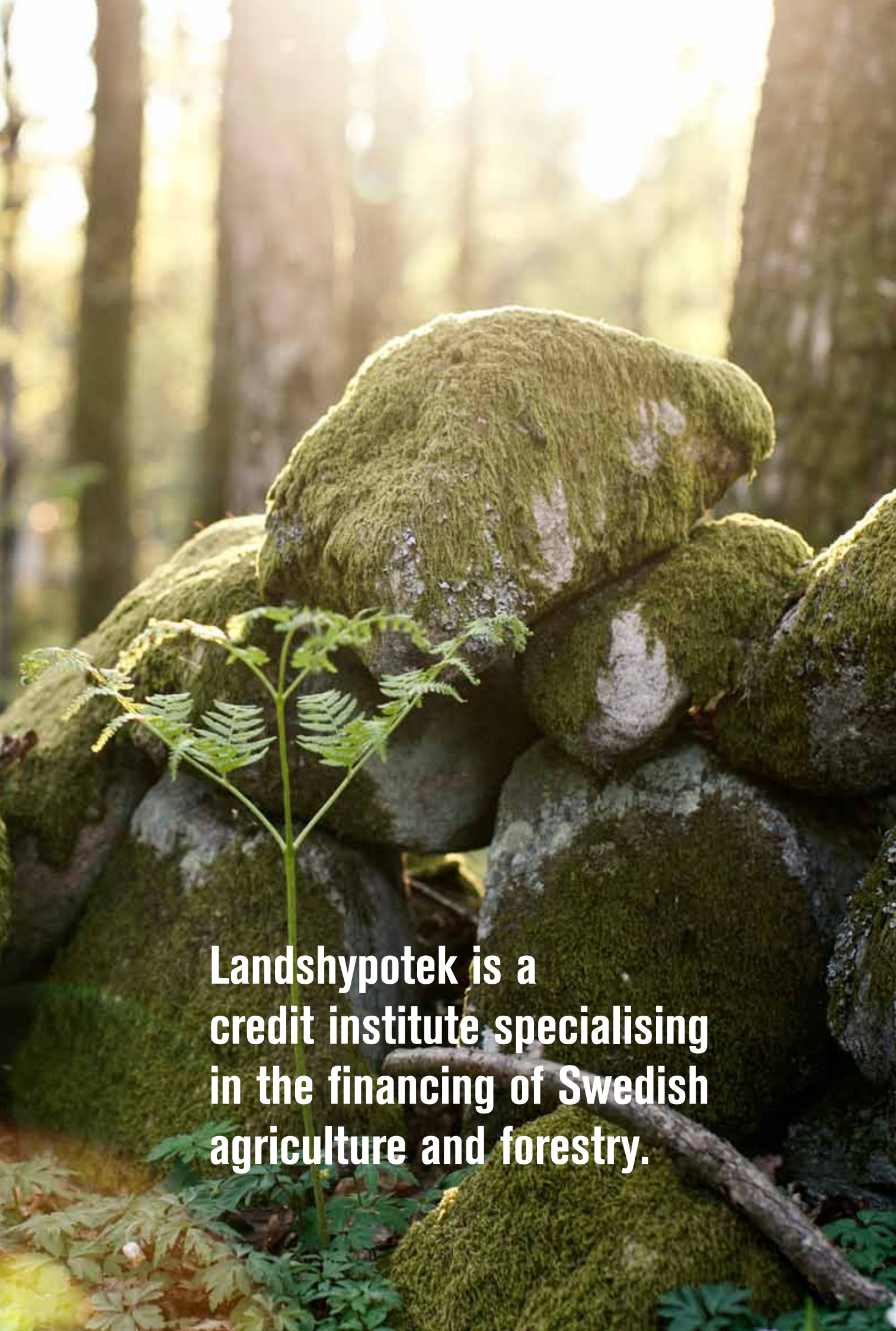
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Schedule of Information

Annual Meeting (association)	5 May 2011
Annual Meeting	5 May 2011
Interim Report Q1	5 May 2011
Interim Report Q2	29 August 2011
Interim Report Q3	27 October 2011



A photograph of a forest scene. In the foreground, a small green fern with multiple fronds grows from the ground. Behind it is a large, rounded rock covered in thick, vibrant green moss. The rock is part of a larger pile of similar moss-covered stones. In the background, several vertical tree trunks are visible, and bright sunlight filters through the canopy, creating a warm, golden glow and lens flare effects. The overall atmosphere is serene and natural.

**Landshypotek is a
credit institute specialising
in the financing of Swedish
agriculture and forestry.**



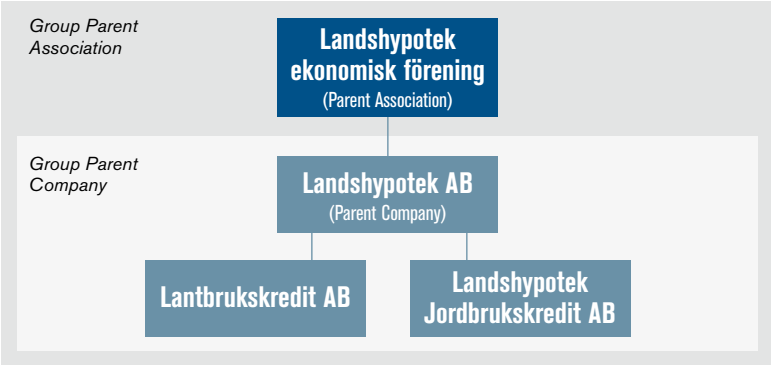
Landshypotek in brief

Landshypotek is a member-owned, Swedish credit institution focusing on lending to agriculture and forestry. Landshypotek currently offers the majority of financial services to meet customers’ business and personal needs, including favorable banking and insurance services. Agricultural properties are properties primarily used for agricultural, forestry or horticultural operations.

DIVIDEND

The Board of Directors proposes that MSEK 89 (91) of the year’s earnings be refunded to the members of Landshypotek, ekonomisk förening. The dividend is to be paid in the form of a refund of MSEK 58, equivalent to 4.5 percent (4.5) of interest paid on ordinary loan interest, and MSEK 31, equivalent to 3.0 percent (2.5) of interest on contributed capital.

Landshypotek is a cooperative economic association. The business is based on the idea that customers are also the owners. This means that the customers are members of the economic association that owns, operates and develops the business. Operations began in 1836, and today the association has 50,000 members; all land and forest owners. In order to be a member, you must own an agricultural or forest property and have a first mortgage loan with Landshypotek.



Double Member Benefit

Landshypotek’s primary task is to offer finance for members’ investments and business development activities in the most efficient way possible and on competitive terms. From this starting point, the business has subsequently evolved according to members’ needs and now encompasses the current full range of financial services.

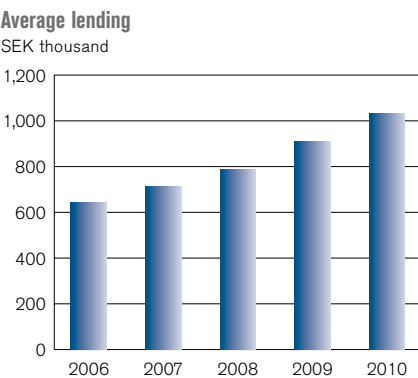
When the business produces a surplus, the members themselves decide how much is to be reinvested in operations and how much is to be paid out in the form of refunds and interest on investment capital.



Business overview

Landshypotek is a market leader in lending for agricultural and forestry properties in Sweden. The company has 19 sales offices throughout the country, each staffed by key account managers with proven local knowledge. These managers have access to a network of accredited appraisers that are among the leading experts in the valuation of agricultural and forestry properties in Sweden.

Landshypotek’s development is driven by the long-term need of forestry and agriculture for structural rationalisation. This has seen a reduction in the number of people engaged in farming, while the practice itself has become more efficient, large scale and increasingly capital-intensive. Landshypotek has gradually increased its lending for a number of years, without suffering the massive fluctuations that are the hallmark of excess. Loan losses are currently stable on a low level, and only a marginal increase was noted in connection with the financial crisis of 2008/2009.



On average, each member borrows SEK 1,032 thousand from Landshypotek.

Broad Range of Services

In addition to basic services for financing via first mortgage loans, Landshypotek also offers banking services, leasing and hire purchase facilities, forest accounts for more regular payments and lower tax, insurance for business and owner families and various forms of specialised credit.

LENDING

The Group’s lending increased by 11.4 percent to MSEK 51,773 (46,456).

OPERATING PROFIT

Operating profit, not including the net result of financial transactions, amounted to MSEK 346 (123).

CAPITAL ADEQUACY

The Group’s capital adequacy ratio stands at 1.12.

LOAN LOSSES

Reliable appraisals and a sound approach to granting credit means that Landshypotek makes minimal loan losses. Loan losses amounted to MSEK 6.7.

Landshypotek shows strength in the face of future challenges

” Landshypotek has consciously worked to reduce costs and increase efficiency in the company. These efforts are now starting to bear fruit. ”

” Landshypotek’s core business is providing sound lending on competitive terms to customers in agriculture and forestry. ”

2010 was a good year for Landshypotek. The financial system picked up and the company increased its market share in what is a growing environment.

The financial system picked up during 2010. So much so in fact, that the support package launched by the government during the financial crisis has now been discontinued. This discontinuation has not been without its problems. Despite this, Landshypotek has been able to finance the increased demand for credit on good terms.

However, there are still a number of uncertainties and major challenges ahead. Government finances remain in significant imbalances, there is uncertainty about the direction of the economy and interest rates are expected to continue to climb. New regulations that are being planned or discussed will have an impact on the conditions faced by Landshypotek and our customers.

For Landshypotek’s part, 2010 was a good year. Demand was favourable, and the company increased its market share in a growing environment. This growth in volume did not prevent loan losses remaining on the low level to which Landshypotek has been historically accustomed, with the exception of a marginal increase in 2009 in the wake of the financial crisis.

Lending rose 11.4 percent to SEK 51.8 billion by year-end. Profits for the year were the best ever. This improvement was the result of higher revenues and reduced costs, achieved following the implementation of a number of streamlining and savings measures. Higher revenues were generated by having a larger business volume and higher margins. Costs fell by close to 5 percent compared with the preceding year. Since 2007, costs have fallen by nearly 25 percent, while lending has increased by nearly 30 percent. Landshypotek has consciously worked to reduce costs and increase efficiency in the company. These efforts are now starting to bear fruit.

The company has become a strong and well-managed operation that I have been entrusted to lead. I have been privy to the bigger picture since taking up the mantle of MD midway through the year.

The need for our services continues to grow. Swedish agriculture and forestry needs financing. Satisfying this need is the driving force behind Landshypotek’s existence, just as it was when the business first started. We are now an active and skilled partner in the sector’s continued structural evolution.

Three main trends seem to be driving demand: Firstly, the gradual shift from smaller to larger entities continues unabated. Secondly, there is a significant need for investment in machinery and production plants. Finally, financing is needed as a new generation is taking over.

Landshypotek is an authentic Swedish company, dedicated to the needs of farmers and forest owners. An understanding of the local environment and expertise in the sector are our primary strengths. At the same time, both we and our customers work in a globalised economy with global challenges. The price of money is set on the world market, and for Landshypotek to remain competitive requires a high level of efficiency in all respects. Our customers’ market is also exposed to global competition pressures; grain prices, the price of dairy products and meat, as well as the price of timber are all set on the world market.

In order to meet these challenges, increasingly stringent demands are being placed on entrepreneurship in the agriculture and forestry sector. Encouraging more capable entrepreneurs to get into farming is an important issue that during the year became the subject of an investigation

initiated by the Swedish Ministry of Agriculture. Landshypotek is part of a reference group involved in the investigation, which is a clear expression of our commitment to the development of the industry.

In addition to the need for entrepreneurship in agriculture and forestry, we are also looking at the ways in which Landshypotek customers are investing in a range of new business areas. The energy sector is experiencing strong growth, as are many other types of contract operations that lend themselves to public authorities such as municipalities and county councils.

How will Landshypotek fit into this new, evolving market landscape? What offerings must it provide to satisfy customers' future needs? During the year, we began an overhaul of Landshypotek's strategy. It's an exciting task that will give answers as to how we are to meet the challenges we will inevitably face.

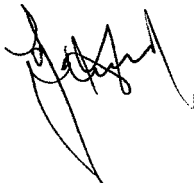
I am confident enough to say that there will be no revolution. Landshypotek's core business is providing sound lending on competitive terms to customers in agriculture and forestry. At the same time, the breadth of our offering and the complementary financial services we offer via our partners are important in the drive to satisfy customers' requirements. Landshypotek's customer offering will need to be further developed in the future.

As I have already mentioned, there is no need to make wholesale changes to the organisational structure of the company, but some adjustments will have to be made in order to keep adapting to changes in the business environment. The challenges our customers face demand not only that we remain efficient and competitive, but also that we are able to develop alongside customers' needs as an active, competent and close partner.

We're aiming high in the battle to consolidate our market leading position by increasing our market share. Future expansion will require capital to be generated through good profitability and increased capital investment by our members. Therefore, it is important that our owners, and our customers, see the need for continued development and that we are on the right track with what we are doing. This is something we will be discussing and coming back to frequently during the coming year.

Despite its long history, Landshypotek is a modern and adaptable organisation. I have been impressed by the commitment and competence of employees, and the manifest confidence our customers have in us. I would therefore like to finish by thanking everyone for all their hard work during the year, and look forward to further developing the company in cooperation with my employees and Landshypotek's customers.

Stockholm, 9 March 2011



Kjell Hedman
Managing Director





2010 in brief

2010 was an excellent year for Landshypotek. The company increased both its profitability and market share.

NEW BANKING AND INSURANCE SERVICES

In order to satisfy market demand and requirements, Landshypotek provides a range of both banking and insurance services. Banking services are provided in collaboration with Sparbanken Öresund, while our insurance services are a collaboration with insurance brokerage Säkra. Finance company services are provided in collaboration with Marginalen.

SUBSTANTIAL DEMAND

Demand for credit from Sweden’s farm and forest owners was favourable during 2010. However, a slight slowdown was noted during the autumn.

RECORD LENDING

In 2010, lending exceeded all previous records. The Group’s lending increased by slightly more than SEK 5.3 billion, or 11.4 percent, and totalled SEK 51.8 billion.

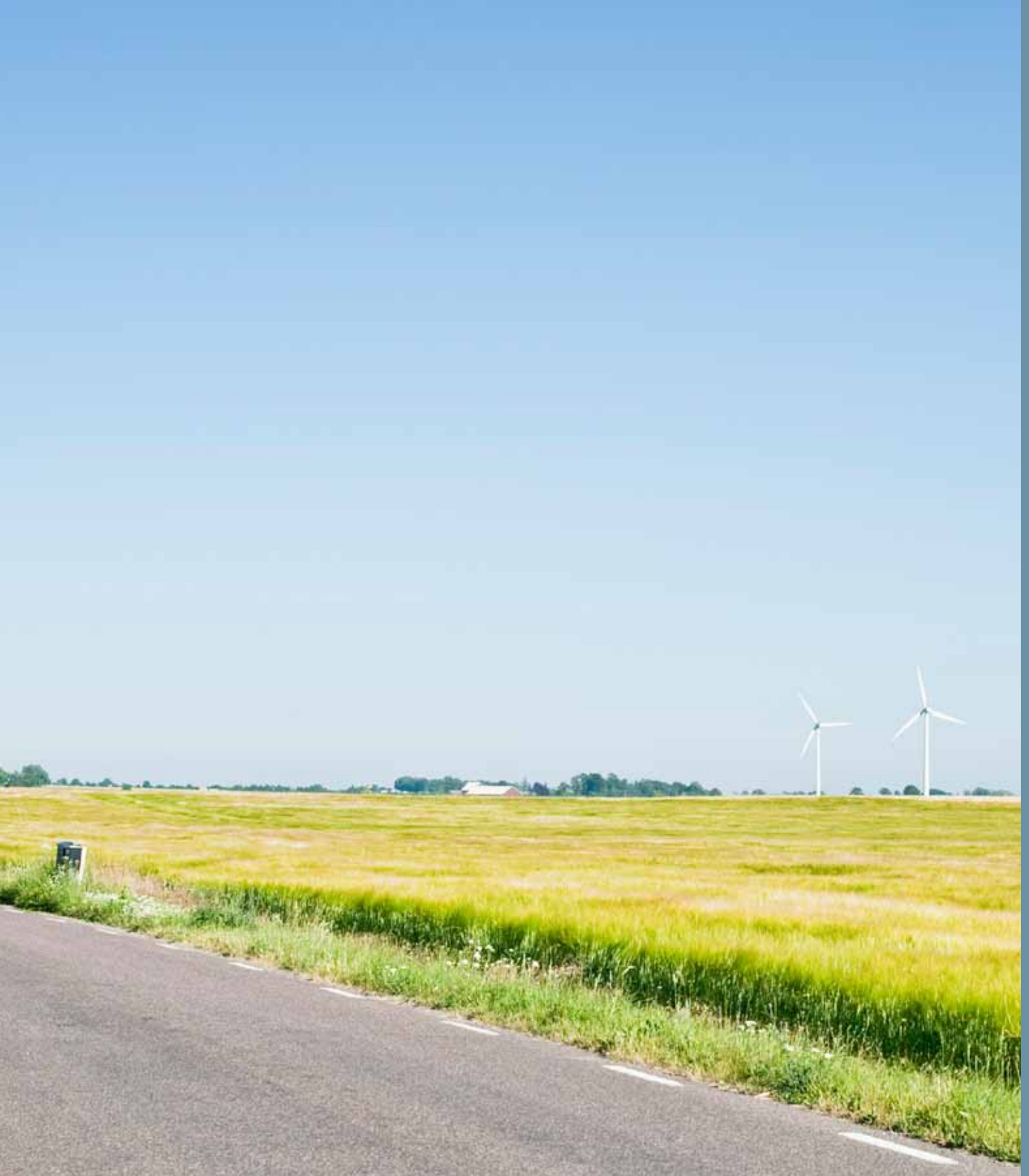
INCREASED MARKET SHARE

Bank sector lending to farm and forest owners grew 9.9 percent during 2010. Landshypotek’s lending grew by 11.4 percent, thereby picking up additional market share during the year.

NEW MD

On 1 June 2010, Kjell Hedman became the new MD of Landshypotek. Hedman has extensive experience of the banking and mortgage business, and is very familiar with the process of lending to forestry and agricultural companies.

Summary Landshypotek AB Group	2010	2009
Net interest income, MSEK	471.8	294.6
Operating profit, MSEK	350.6	172.2
Profit after tax, MSEK	273.7	129.2
Loans to customers, MSEK	51,773.0	46,456.0
Increase in lending, %	11.4 %	12.5 %
Interest margin, %	0.96 %	0.67 %
Cost level, %	0.41 %	0.48 %
Loan loss level, %	0.01 %	0.02 %
Rating, long term		
Standard & Poor's, covered bonds	AAA	AAA
Standard & Poor's	A–	A–
Fitch	A+	A+
Moody's	A3	A3
Average number of employees	98	95



LANDSHYPOTEK

AKTIEBOLAG 2010

Report of the Board of Directors

Local presence is an important success factor for Landshypotek



Landshypotek currently has offices throughout Sweden. Having a local presence is very important in offering the market a personal service provided by employees who have intimate knowledge of local conditions.

On 9 March 2011, the Board of Directors of Landshypotek AB (publ), organisation number 556500-2762, approved the financial statements. These will be presented for final adoption by the Annual General Meeting on 5 May 2011.

Business

Landshypotek AB is a member-owned credit institution specialised in lending to Swedish agriculture and forestry. It offers first mortgage loans on competitive terms, with real property as collateral. Customers are also offered supplemental banking and insurance services through a collaboration established with a network of partners.

Landshypotek AB is owned by Landshypotek, ekonomisk förening. All Landshypotek customers automatically become members of Landshypotek, ekonomisk förening. The member-owned association is a democratic organisation in which all members have one vote at the annual regional meeting. At the end of 2010, the association had approximately 50,000 members.

During 2010, operations were conducted by the following corporate entities:

- Landshypotek AB
- Landshypotek Jordbrukskredit AB
- Lantbrukskredit AB
- Sveriges Allmänna Hypoteksbank (Hypoteksbanken) – under liquidation.

Landshypotek AB is the Parent Company of the Landshypotek Group. More than 90 percent of the Group’s business is conducted by Landshypotek AB, which offers farm and forest owners first mortgage loans up to 75 percent of the appraised market value against real property as collateral. Subsidiary Landshypotek Jordbrukskredit AB offers other loans to farm and forest owners with real property as collateral. Subsidiary Lantbrukskredit AB finances agriculturally related businesses. There has been no new lending in Lantbrukskredit AB since July 2003.

The Group uses the capital market as its source of funding. Borrowing is spread across a number of loan programmes that are tailored to different types of investors. This achieves the desired level of flexibility. Landshypotek AB is currently responsible for all borrowing. Until 1997, the General Mortgage Bank of Sweden (Hypoteksbanken) was responsible for borrowing.

Organisation

Landshypotek has around 110 employees based in 19 sales offices throughout Sweden. Local presence is an important success factor for the company. Staff all have a good local knowledge and proven expertise of agricultural and forestry criteria, as well as entrepreneur-driven enterprise. In order to increase availability and levels of service during the year, Landshypotek continued to develop its interaction with customers through sales offices and by offering new online services.

The representatives that sit on Landshypotek’s regional boards of directors are tasked with appraising customers’ properties. The members of these boards are themselves owners of agricultural properties and have good local knowledge and industry expertise. Board members with the greatest possible geographic and industrial breadth are appointed in each region. Members are also active advocates of the company and represent Landshypotek in a variety of contexts.

Market overview

Market trends

Profitability in the forest and agricultural sector improved during 2010 compared with the preceding year. Price trends in sectors important to Swedish agriculture, namely milk and grain production, have been positive. Milk prices have gradually rose throughout the year, while grain prices experienced a rally during the summer, subsequently stabilising on a high level. This year, many Swedish grain producers saw a reduction in the volume of high quality grain in their harvests. However, this fall in volume was offset by higher prices.

One area of agricultural operations that noted reduced profitability in 2010 was that of pig producers. The price of pork declined, while the price of input goods, mainly grain, rose.

Profitability in forestry was favourable during 2010. Demand for both timber and solid wood has been strong, and prices have risen accordingly. However, a slight slackening in the timber market was noted during the autumn, primarily driven by falling demand from sawmills.

Price trends for forestry and agricultural properties

The price of agricultural properties continued to rise during 2010. The best arable lands consistently fetched new record prices. However, this trend is not a nationwide phenomenon. While prices for the best arable lands are reaching record levels, it can be difficult to sell smaller farms situated outside traditional farming areas. The price of forestry properties experienced significant growth during 2010, driven by higher prices of both timber and solid wood. The trend here has been more evenly distributed throughout the country.

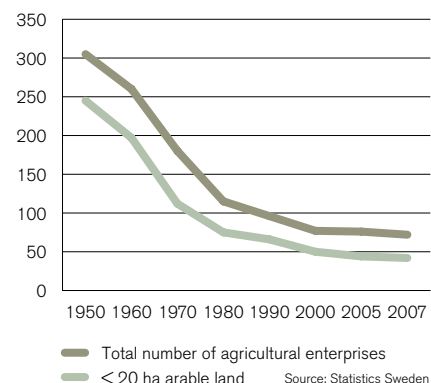
Landshypotek's development

Landshypotek increased net lending by SEK 5.3 billion during the year. This increase corresponds to a lending growth of 11.4 percent, compared with 12.5 percent in the preceding year. From high levels, demand for credit from Swedish farmers and foresters slackened somewhat during the autumn. Overall, bank lending to Swedish farmers and foresters grew 9.9 percent in 2010. Accordingly, Landshypotek increased its market share during the year.

The organisational changes implemented by Landshypotek in recent years have come about out of a desire to get closer to our customers and be more present and visible in the market. One of the ways we have done this is by increasing the number of sales offices, from 10 at the beginning of 2000, to the current level of 19. We have also extended our product offering. Landshypotek's core business focuses on offering farm and forest owners the most attractive first mortgage loans available in the market. In order to satisfy customers' other needs for banking services, Landshypotek offers its customers banking services in collaboration with a network of partners. It is important for Landshypotek to be able to offer a wide range of banking services. Many customers appreciate the simplicity in being able to turn to just one contact that can satisfy all their banking and financing service requirements. Landshypotek also offers its customers a range of insurance products, including farm insurance and life insurance, acting as a broker. The insurers used are well respected insurance companies that are part of Landshypotek's partner network.

Number of agricultural enterprises

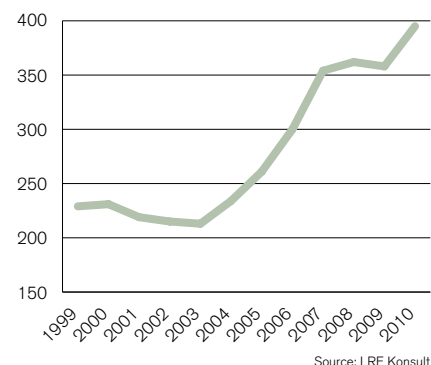
Number, thousand



The structural transformation in agriculture has meant that the number of agricultural enterprises has dropped sharply in the past 50 years. This transformation is continuing and has regained momentum in recent years.

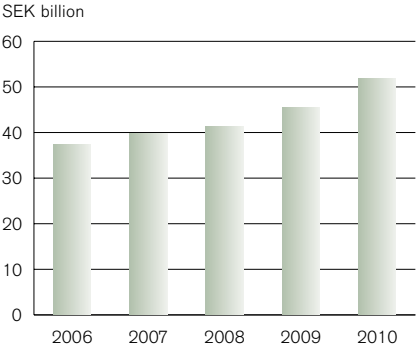
Prices of forest properties

SEK/m³



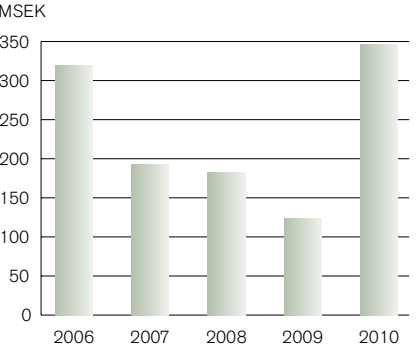
The average price of forest properties was SEK 395/m³ in Sweden as a whole in 2010.

Loans to customers



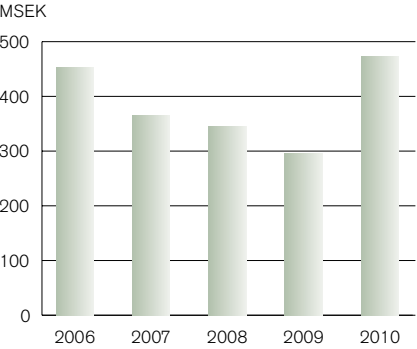
Landshypotek's loans to customers amounted to MSEK 51,773 at 31 December 2010. During the year, lending increased by 11.4 percent.

Operating profit



Operating profit, excluding "Net result of financial transactions", amounted to MSEK 346.4 in 2010. This increase in profit is primarily attributable to higher net interest income.

Net interest income



In 2010, net interest income amounted to MSEK 471.8. The size of net interest income is determined by the lending volume, the margin between borrowing and lending interest rates and the return received on equity invested in lending operations.

Success factors

Crucial factors to ensure that Landshypotek continues to experience good development on the market and defend its position as a leading player in its area of business include:

- good knowledge of customers' business,
- product that satisfy customers' requirements,
- elected appraisers who can accurately value collateral,
- good credit rating, which, together with accurately appraised collateral guarantees, continued low loan losses, and
- low borrowing costs.

Profit and profitability

Group key ratios	2010	2009
Net interest income, SEK thousand	471,834	294,466
Interest rate margin, %	0.96 %	0.67 %
Other operating income, SEK thousand	86,502	95,838
Costs, SEK thousand	-201,025	-209,662
Cost level, %	-0.41 %	-0.48 %
Loan losses, SEK thousand	-6,662	-8,484
Loan loss level %	0.01 %	0.02 %
Operating profit, SEK thousand	350,649	172,158
Operating profit, excl. net result from financial transactions, SEK thousand	346,430	123,093

The Group's operating profit for 2010 amounted to MSEK 350.6, an increase of MSEK 178.4 on the preceding year (MSEK 172.2). Excluding "Net result from financial transactions," operating profit amounted to MSEK 346.4 (123.1), an increase of MSEK 223.3 compared with 2009. This increase can primarily be attributed to higher net interest income and lower costs. In addition, Landshypotek also sold two operating properties during the year. The results of the Parent Company constitute a little over 90 percent of the Group's results, which is why the comments below are also applicable to the Parent Company.

Net interest income

Net interest income for 2010 amounted to MSEK 471.8, an increase of MSEK 177.3 compared with 2009 (MSEK 294.5). This increase can be attributed primarily to the margin between deposit and borrowing interest rates being higher during the year. These margins have gradually increased since the middle of 2009 as a consequence of the competition situation and the introduction of new regulations. The increased lending volume also made a positive contribution to net interest income.

Other operating income

Operating income, excluding net interest income, amounted to MSEK 86.5, a reduction of MSEK 9.3 compared with 2009. This reduction can be attributed to "Net result from financial transactions" falling to MSEK 4.2 from MSEK 49.1 in 2009. Net result from financial transactions includes realised profits from the purchase and sale of financial instruments, as well as the result from the repurchase of own bonds. In addition, this item also includes the result from the revaluation of certain financial instruments. To gain an understanding of the total effect of market revaluations, the

Landshypotek’s covered bonds

Landshypotek has issued covered bonds to a value of SEK 53.5 billion. Assets in the covered pool corresponding to SEK 60.8 billion are in place as collateral for these bonds.

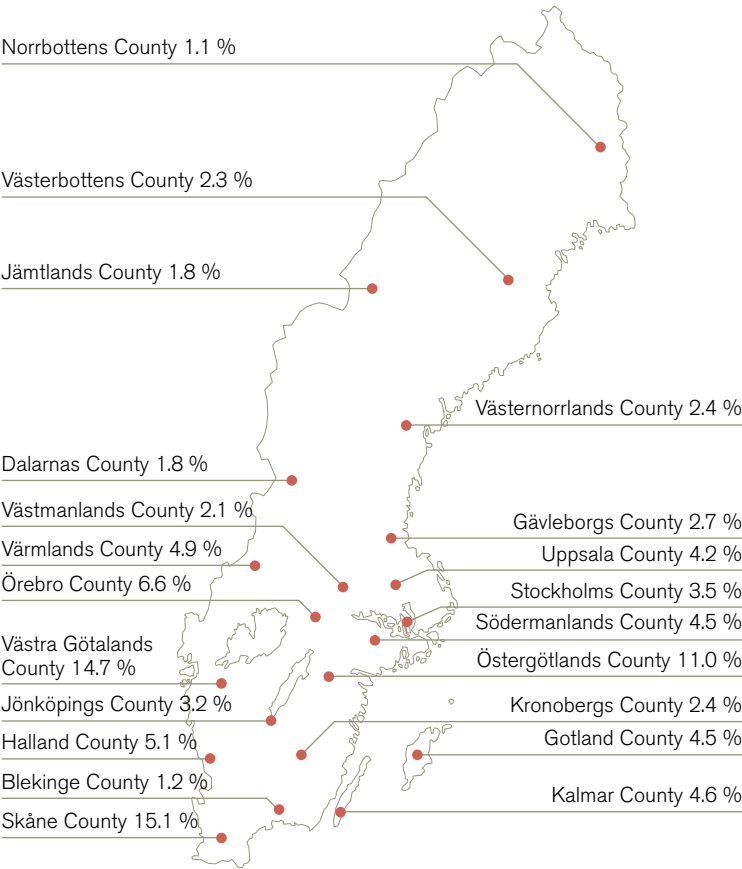
Collateral base and covered bonds

Collateral base	
Loans	SEK 49.8 billion
Supplemental collateral	SEK 11.0 billion
SEK 60.8 billion	
Covered bonds	
Issued in SEK	SEK 38.9 billion
Issued in foreign currency	SEK 14.6 billion
SEK 53.5 billion	
Excess collateral	SEK 7.3 billion 14.6 %

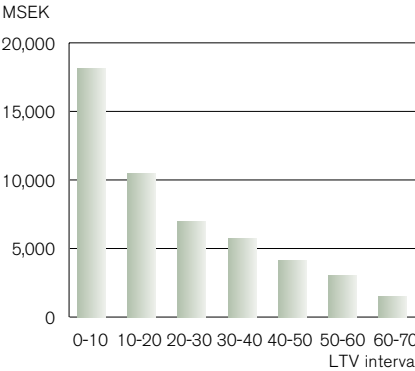
Key ratios, collateral base

LTV - Loan-to-value	
Average volume-weighted LTV	39.7 %
Number of pledged properties	36,889
Number of borrowers	50,174
Number of loans	133,984
Supplemental collateral	
Swedish covered bonds	SEK 8.2 billion
Swedish municipalities	SEK 2.8 billion

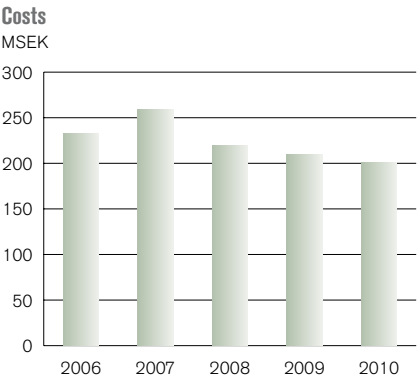
Geographic distribution of lending



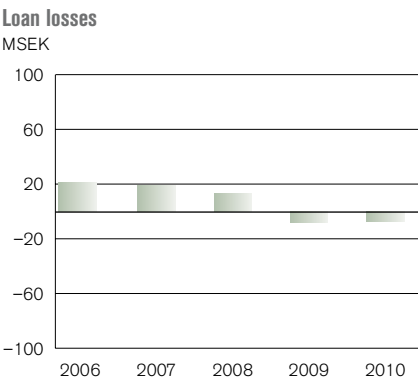
Lending volume per LTV interval



Of Landshypotek’s lending, 63 percent takes place against collateral where the loan amount is less than 20 percent of the value of the collateral. Only 2 percent of lending is against collateral where the loan amount is 70 percent of the value of the collateral.



Landshypotek works long term to reduce its costs and enhance the efficiency of its operations. Compared with 2007, costs have decreased by 20 percent.



Loan losses amounted to MSEK 6.7, equivalent to 0.01 percent of lending.

revaluations carried directly to equity must also be taken into account. Furthermore, fees paid to the Swedish National Debt Stabilisation Fund were charged to earnings in an amount of MSEK 20.0. This is in respect of the full costs for 2009 and 2010. Two operating properties were sold during the year, producing a capital gain of MSEK 68.3.

Costs

Costs amounted to MSEK 201.0 (209.7). This reduction in costs of MSEK 8.7 (4.1 percent) can primarily be attributed to lower general administration costs, principally IT costs.

For a number of years, Landshypotek has been working on a long-term programme designed to reduce cost levels in the company. This has produced good effects, enabling Landshypotek to reduce its costs by 20 percent since 2007.

Loan losses and doubtful credits

Loan losses for 2010 amounted to MSEK 6.7 (8.5). Write-offs of realised losses amounted to MSEK 6.7 (1.8). Reservations for likely loan losses during the period amounted to MSEK 11.9 (9.4). Recoveries of previously realised losses or previously expected losses amounted to MSEK 5.4 (1.1). Doubtful credits amounted to MSEK 37.2, equivalent to 0.07 percent of loans outstanding. At year-end 2009, doubtful credits amounted to MSEK 42.8.

Landshypotek continuously analyses the quality of its loan portfolio and conducts various types of stress test with a view to assessing performance under various macroeconomic scenarios. We are currently not seeing any realistic scenario that would bring about a significant increase in loan losses. The reason for this is, in part, that the loan value is low, the average volume-weighted loan value is 41.7 percent, and the overall repayment ability of Landshypotek customers is strong. Landshypotek customers derive income from several sources, such as acquisition incomes, contracting business, forestry and agriculture.

The balance sheet total increased by 7.3 percent to MSEK 64,161 (59,796), due to increased lending to customers and a larger holding of interest-bearing securities.

Financial structure

Assets

The largest asset item in the balance sheet is "Loans to customers", which amounted to MSEK 51,773 (46,456). More information about Lands-

Financial structure			
Consolidated Balance Sheet			
Assets, MSEK		Liabilities, MSEK	
Loans to credit institutions	222	Liabilities to credit institutions	84
Loans to customers	51,773	Borrowing from the public	105
Bonds and other interest-bearing securities	10,975	Securities in issue	58,413
Derivatives	80	Derivatives	607
Non-current assets	352	Other liabilities	1,597
Other assets	759	Equity	3,355
	64,161		64,161

hypotek’s lending to customers can be found in the Risk and Capital Management section.

At year-end 2010, Landshypotek’s holding of interest-bearing securities amounted to MSEK 10,975 (11,533). The portfolio consists of securities issued by Swedish institutions with high credit ratings. As of 31 December, 75 percent of the portfolio consisted of covered bonds with the highest rating, which can immediately be borrowed against or sold. The remaining 25 percent consisted of bonds issued by Swedish municipalities, also with a high rating. The reason for holding these interest-bearing securities is that they function as a liquidity portfolio. If necessary, the securities can be sold or borrowed against to handle the financing of liabilities falling due.

Landshypotek uses derivatives for the purpose of handling the differences in periods of fixed interest between assets and liabilities. At year-end 2010, the nominal value of the Group’s derivative contracts amounted to MSEK 21,120 (21,272). Additional detail about derivative contracts can be found in Note 35. Positive market values entail counterparty risk; in order to address the uncertainty of future market development, credit exposure is also calculated. A standard amount is then added to the market value, depending on the type of contract and the remaining time to maturity. The resulting amount constitutes a part of Landshypotek’s credit exposure. Counterparties are Swedish and international banks with very high credit ratings. At year-end, the credit exposure in derivative contracts totalled MSEK 1,295 (1,075).

Non-current assets amounted to MSEK 352 (340) and consist mainly of five operating properties.

Liabilities

Landshypotek’s financing consists primarily of bond loans and money market instruments issued on the Swedish and European markets in the form of MTN, EMTN and commercial paper programmes. Funding is also obtained via borrowings from credit institutions. At year-end 2010, bonds and money market instruments in issue amounted to MSEK 58,413 (49,027). Borrowing from the public amounted to MSEK 105 (45), and borrowing from credit institutions amounted to MSEK 84 (5,710). During the year, borrowing from credit institutions decreased in favour of greater financing through bonds.

Equity

At year-end 2010, Landshypotek had equity of MSEK 3,355 (3,320). During 2010, equity grew by MSEK 35.

No dividend payment is reported in Landshypotek; a transfer is instead made to the Parent Company, Landshypotek, ekonomisk förening, in the form of a group contribution.

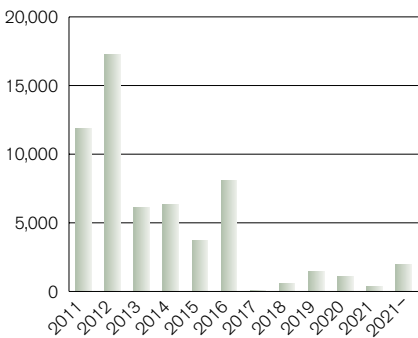
Financing

Landshypotek aims to borrow funds on the best possible terms, given a low risk profile. By adopting an extremely flexible approach to markets and instruments, financing is obtained efficiently and where the best terms are offered. Landshypotek utilises several borrowing programmes, both domestic and international. This allows the company to meet most investors’ needs for investment in interest-bearing instruments. Landshypotek’s primary source of financing during the year was covered bonds.

In 2010, covered bonds were issued in an amount of approximately SEK 33 billion.



Maturity, financial liabilities
MSEK



Rating	Long	Short
S&P covered bonds	AAA	
S&P	A-	A2, K1
Fitch	A+	F1
Moody's	A3	P2



Our vision is to be the obvious partner with a complete range of financial and economic services in agriculture and forestry in Sweden.

Programme	Utilised 31 Dec. 2010	Maximum amount	Utilised 31 Dec. 2009
Swedish commercial paper	2,350	10,000	1,975
Swedish MTN programme	38,508	50,000	38,004
International EMT programme	15,126	25,000	8,358
Registered Covered Bonds	2,996		
Other bonds	15		6
Subordinated loans	550		350

Support for the Swedish capital market from Riksbank and the Swedish National Debt Office was gradually withdrawn during 2010. The market now operates without support, albeit not entirely smoothly. Landshypotek believes that the market will function much better during 2011.

Rating

Landshypotek’s rating remained unchanged in 2010. In September, Moody’s confirmed the company’s A3, P2 rating with stable outlook. In February 2011, Landshypotek was given the rating A+, F1, confirmed by Fitch with a stable outlook.

Capital situation

The capital base as of 31 December was MSEK 3,856 and the capital ratio according to Basel II was 5.1. The capital requirement according to Basel II was MSEK 758 as of 31 December. The capital requirement is calculated as a minimum capital requirement based on credit, market and operative risks (Pillar I). In addition to the minimum capital requirement, each institution must also conduct an internal assessment of its capital requirement. This internal capital assessment shall take account of all risks and their capital requirements. The supervisory authorities expect institutions to maintain a larger capital base than specified in the formal minimum capital requirement.

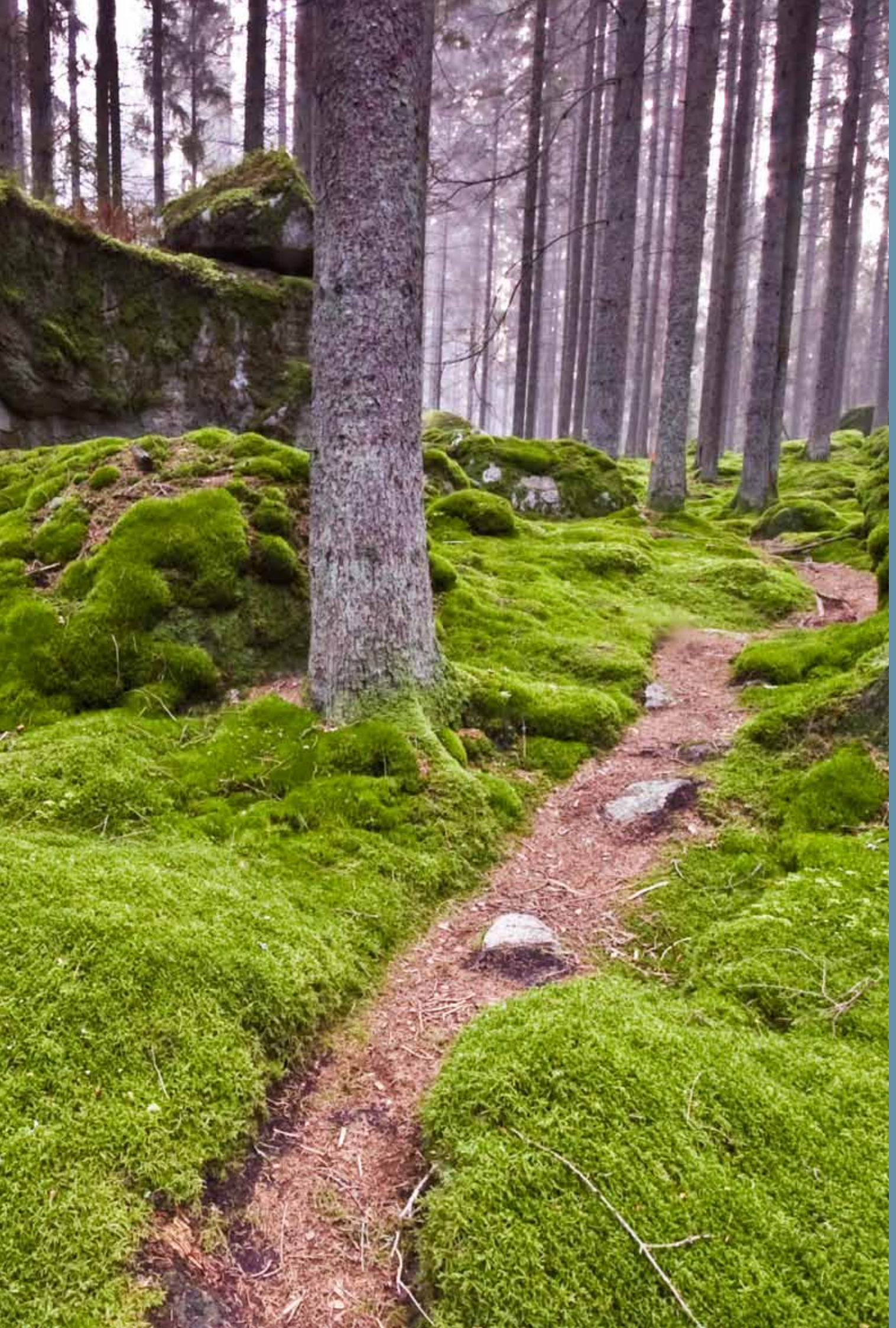
The capital adequacy rules as stipulated in Basel II were to be fully applied as of 1 January 2010. This transition to Basel II was preceded by transitional rules which were applied for three years. The period during which the transitional rules are applied is being extended. Under the transitional rules, Landshypotek has a capital ratio of 1.1. Additional information can be found in the Risk and Capital Management section and in Note 33.

Group contributions

A group contribution will be rendered during 2010, contingent upon the approval of the Annual General Meeting, in the amount of MSEK 101 (102) to the Parent Company, Landshypotek, ekonomisk förening.

Events after year-end

On 28 February, Landshypotek received the rating AAA for its covered bonds from Standard & Poor’s. At the same time, the outlook assigned was stable. The highest rating for covered bonds is important for ensuring that Landshypotek can secure financing on competitive terms.





Corporate Governance Landshypotek AB

Ownership structure

Landshypotek AB is a wholly-owned subsidiary of Landshypotek, ekonomisk förening. There are no limits as to how many votes each shareholder may cast at the Annual General Meeting. The current Articles of Association do not include regulations regarding the authorization of the Board by the Annual General Meeting to resolve that the company issue or purchase its own shares.

Code of Governance of Co-operative Agricultural Associations and Association Enterprises

The Swedish Code of Corporate Governance was published in December 2004. Modelled on that code, the Code of Governance of Co-operative Agricultural Associations and Association Enterprises was drafted in 2005 by LRF, the Federation of Swedish Farmers. The purpose was to develop a code of governance for agricultural co-operative associations that was adapted to the special conditions that prevail in the agricultural co-operative sector. Large blocks of text were transferred from the Swedish Code of Corporate Governance with only minor modifications. Other sections are completely new and have no equivalent in the Swedish Code of Corporate Governance. The 2006 Association Meeting of Landshypotek, ekonomisk förening adopted a code that largely corresponds to the Code of Governance for Co-operative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

Annual General Meeting

The Annual General Meeting appoints a Board of Directors and auditors, and also makes decisions on the setting of fees. The Meeting adopts income statements and balance sheets, and decides on the matter of discharge from liability of the Board of Directors and the Managing Director.

Appointment and dismissal of the Board of Directors

The Annual General Meeting of Landshypotek AB appoints the Board of the company. The Election Committee comprises the Board of Directors of Landshypotek, ekonomisk förening, which is the company's sole shareholder. In the current Articles of Association, there are no regulations regarding the appointment or dismissal of Board members or for changes to the Articles of Association.

Boards of Directors

The overall duty of the Board of Directors is to manage the affairs of the company. The Board of Directors comprises seven persons, three of whom are also Board members of Landshypotek, ekonomisk förening and four are external members. Board members have broad experience from the business sector or the forestry and agricultural sectors.

Senior Management

The senior management team is presented in the column opposite.

Auditors

The Annual General Meeting appoints external auditors to the company. These auditors must be authorised public accountants. The mandate period of the auditors appointed by the Annual General Meeting is four

years. The 2009 Annual General Meeting appointed authorised public accountants Anna Hesselman and Bengt Fröander for the next four years, i.e. until the 2013 Annual General Meeting.

Information about the remuneration system

The Board of Landshypotek AB has adopted a remuneration policy that specifies the principles behind the Landshypotek remuneration system. The remuneration policy is available on the Landshypotek's website. Employees are entitled to remuneration, which may consist of a combination of basic salary, profit sharing, other benefits, severance pay and retirement pension. There is no bonus-based remuneration mechanism in the company.

Profit sharing

Working in conjunction with its employees, Landshypotek has set up a profit-sharing trust. Profits are shared with all employees (except the MD), each receiving the same amount in proportion to the amount of time worked. The ceiling for the profit share corresponds to the average monthly salary earned by a Landshypotek employee. Profit-sharing is a unilaterally set benefit that is adopted annually in arrears by the Annual General Meeting. The Meeting may decide that no profit sharing payment is to be made. Profit shares are paid to Landshypotek's profit-sharing trust and become available for payment to employees three years after being paid to the profit-sharing trust.

Internal control and risk management

The basis for the internal control with respect to financial reporting consists of Landshypotek's control environment in the form of the organisation, decision pathways, authority and responsibility, all of which are documented in internal policies, instructions and guidelines. A separate risk control unit is responsible for following-up and monitoring all the Group's risks. A compliance officer is responsible for monitoring the company's regulatory compliance. These units operate completely independently of business operations and administration. Risk control is directly subordinate to the MD and the compliance officer is subordinate to the Chief Legal Officer, who is directly subordinate to the MD. Risk control and the compliance office report to the MD and, if required, to the Board of Directors. Follow-up and inspection of the internal control is carried out by active internal audit. During 2008, the internal audit function was reorganised. Since that time, internal audits have been performed by KPMG.

Senior Management

Kjell Hedman

Managing Director

Göran Abrahamsson

Chief Member and Market Officer

Bertil Andersson

Chief Sales Officer

Olof Helmersson

Chief Development Officer and
Managing Director of Landshypotek
Jordbrukskredit AB

Per Ivarsson

CIO

Björn Ordell

Chief Financial Officer

Annelie von Dahn

HR Manager

Catharina Åbjörnsson Lindgren

Chief Legal Officer

Emanuel Åkerlind

Chief Risk Control Officer

Rolf Åttingsberg

Chief Credit Officer and Managing
Director of Lantbrukskredit AB

Income Statement

SEK THOUSAND	Note	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Interest income		1,719,141	1,777,540	1,707,860	1,766,774
Interest expense		-1,247,307	-1,483,074	-1,249,517	-1,487,067
Net interest income	2	471,834	294,466	458,343	279,707
Dividend income	3		10,000		
Commission income	4	11,529	11,840	11,106	11,653
Commission expense	5	-20,620	-1,759	-20,615	-1,714
Net result of financial transactions	6	4,219	49,065	4,219	49,065
Other operating income	7	91,374	26,692	93,413	23,213
Total operating income		558,336	390,304	546,466	361,924
General administrative expense	8	-169,754	-177,177	-179,002	-186,334
Depreciation, amortisation and impairment of tangible and intangible non-current assets	9	-10,658	-12,598	-10,658	-12,282
Other operating expenses	10	-20,613	-19,887	-20,384	-18,514
Total expenses before loan losses		-201,025	-209,662	-210,044	-217,130
Profit before loan losses		357,311	180,642	336,422	144,794
Loan losses, net	11	-6,662	-8,484	-5,638	-8,438
Impairment of financial assets	3				
Operating profit		350,649	172,158	330,784	136,356
Year-end appropriations	12				
Tax on profits for the year	13	-76,908	-42,969	-69,621	-36,150
Profit for the year		273,741	129,189	261,163	100,206
Earnings per share		142.1	67.0	135.5	52.0
Shareholders' portion of profit for the year		100 %	100 %	100 %	100 %

Statement of Comprehensive Income

SEK THOUSAND	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Profit for the period	273,741	129,189	261,163	100,206
Other comprehensive income				
Cash-flow hedges	68,098	10,438	68,098	10,438
Available-for-sale financial instruments	-291,379	-81,240	-291,379	-81,240
Income tax related to other comprehensive income	58,723	18,621	58,723	18,621
Total other comprehensive income	-164,558	-52,181	-164,558	-52,181
Total comprehensive income for the period	109,183	77,008	96,605	48,025
Shareholders' portion of profit for the year	100 %	100 %	100 %	100 %

Balance Sheet

		GROUP		PARENT COMPANY	
SEK THOUSAND	Note	2010	2009	2010	2009
Assets					
Cash and balances with central banks		5,393	8,946	5,393	8,946
Loans to credit institutions	14	216,144	87,761	201,416	300,505
Loans to customers	15	51,773,034	46,455,974	51,457,391	46,142,049
Bonds and other interest-bearing securities	16	10,975,059	11,532,817	10,975,059	11,532,817
Derivatives	17	80,321	308,074	80,321	308,074
Shares and participations	18	1	1		
Shares in Group companies	19			514,827	515,027
Intangible non-current assets	20		0		0
Tangible assets					
Furniture, fixtures and equipment	21	2,601	3,334	2,601	3,334
Buildings and land	21	348,929	336,256	348,917	319,903
Other assets	22	96,875	449,953	76,274	444,778
Prepaid expenses and accrued income	23	662,497	612,446	661,732	611,595
Total assets	33, 34, 35, 36, 37, 38	64,160,854	59,795,562	64,323,930	60,187,027
Liabilities, provisions and equity					
Liabilities to credit institutions	24	83,962	5,709,996	371,722	6,224,755
Borrowing from the public	25	105,000	45,000	105,000	45,000
Debt securities in issue, etc.	26	58,413,189	49,027,096	58,413,189	49,027,096
Derivatives	27	606,683	229,107	606,683	229,107
Other liabilities	28	150,218	161,797	141,480	151,257
Accrued expenses and deferred income	29	823,004	816,292	823,723	816,037
Provisions	30	74,232	136,431	48,944	102,731
Subordinated liabilities	31	549,949	350,000	549,949	350,000
Total liabilities		60,806,237	56,475,719	61,060,690	56,945,983
Equity					
Share capital, number of shares outstanding: 1,927,000 (1,927,000)		1,927,000	1,927,000	1,927,000	1,927,000
Other contributed capital		1,026,254	1,026,254	1,010,000	1,010,000
Reserves		-67,922	96,636	-67,922	96,636
Retained earnings		269,982	215,939	207,436	182,376
Profit for the year		273,741	129,189	261,163	100,206
Group contributions paid		-74,437	-75,174	-74,437	-75,174
Total equity		3,354,618	3,319,844	3,263,240	3,241,044
Total liabilities, provisions and equity	33, 34, 35, 36, 37, 38	64,160,854	59,795,562	64,323,930	60,187,027
Memorandum items	32				
- Pledged assets		None	None	None	None
- Contingent liabilities and commitments		447,066	356,357	447,066	356,357
- Guarantees		100,000	100,000	None	None

Statement of Changes in Equity

GROUP, SEK THOUSAND

	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2008	1,927,000	1,026,248	-58,048	206,864	215,979	3,318,043
Comprehensive income for the period			7,693	-59,874	129,189	77,008
Other items		6			-39	-33
Total change before transactions with owners	0	6	7,693	-59,874	129,150	76,975
Group contributions paid					-102,000	-102,000
Tax on Group contributions paid					26,826	26,826
Equity as of 31 December 2009	1,927,000	1,026,254	-50,355	146,990	269,955	3,319,844
Comprehensive income for the period			50,189	-214,747	273,741	109,183
Other items					28	28
Total change before transactions with owners	0	0	50,189	-214,747	273,769	109,211
Group contributions paid					-101,000	-101,000
Tax on Group contributions paid					26,563	26,563
Equity as of 31 December 2010	1,927,000	1,026,254	-166	-67,757	469,287	3,354,618

PARENT COMPANY, SEK THOUSAND

	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2008	1,927,000	1,010,000	-58,048	206,864	182,411	3,268,227
Comprehensive income for the period			7,693	-59,874	100,206	48,025
Other items					-34	-34
Total change before transactions with owners	0	0	7,693	-59,874	100,172	47,991
Group contributions paid					-102,000	-102,000
Tax on Group contributions paid					26,826	26,826
Equity as of 31 December 2009	1,927,000	1,010,000	-50,355	146,990	207,409	3,241,044
Comprehensive income for the period			50,189	-214,747	261,163	96,605
Other items					28	28
Total change before transactions with owners	0	0	50,189	-214,747	261,191	96,633
Group contributions paid					-101,000	-101,000
Tax on Group contributions paid					26,563	26,563
Equity as of 31 December 2010	1,927,000	1,010,000	-166	-67,757	394,163	3,263,240

Cash-flow Statement

SEK THOUSAND	GROUP		PARENT COMPANY	
	2010	2009	2010	2009
Operating activities				
Cash flow from income statement				
Interest income	1,666,712	1,712,398	1,655,693	1,701,403
Interest expense	-1,231,625	-1,412,198	-1,233,834	-1,416,191
Dividend income		10,000		
Commission income	11,529	11,840	11,106	11,653
Commission expense	-20,620	-1,759	-20,615	-1,714
Net proceeds of financial transactions	-45,931	-35,019	-45,931	-35,019
Other operating cash receipts	22,022	29,676	24,554	25,916
Administrative expenses paid	-180,269	-201,804	-189,626	-200,858
Recovery of losses realised in preceding years	418	893	407	893
Income tax paid	-61,369	-46,492	-46,093	-42,333
Total cash flow from income statement	160,867	67,535	155,661	43,750
Cash flow from balance sheet				
Increase (-)/decrease (+) Loans to credit institutions	-128,383	-14,227	99,090	-8,514
Increase (-)/decrease (+) Loans to customers	-5,317,060	-5,154,851	-5,315,342	-5,117,361
Increase (-)/decrease (+) Bonds and other interest-bearing securities	905,320	-3,069,795	905,320	-3,069,795
Increase (+)/decrease (-) Liabilities to credit institutions	-5,626,034	-1,839,569	-5,853,033	-1,871,474
Increase (+)/decrease (-) Borrowing from the public	60,000	52,978	60,000	52,978
Increase (+)/decrease (-) Securities in issue, etc.	9,338,639	10,397,918	9,338,639	10,397,918
Change in other balance-sheet items	343,843	-325,634	346,845	-326,149
Total cash flow from balance sheet	-423,675	46,820	-418,481	57,603
Cash flow from operating activities	-262,808	114,355	-262,820	101,353
Investment activities				
Sale of shares/properties	81,904		81,904	
Change of intangible and tangible non-current assets	-22,598	-8,116	-22,586	4,886
Total cash flow from investment activities	59,306	-8,116	59,318	4,886
Cash flow from financing activities				
Subordinated liabilities	199,949	-100,000	199,949	-100,000
Total cash flow from financing activities	199,949	-100,000	199,949	-100,000
Cash flow for the period	-3,553	6,239	-3,553	6,239
Change in cash and cash equivalents	-3,553	6,239	-3,553	6,239
Cash and cash equivalents at beginning of year	8,946	2,707	8,946	2,707
Cash and cash equivalents at year-end	5,393	8,946	5,393	8,946

Five-year Summary

EARNINGS TREND – GROUP

SEK MILLION	2010	2009	2008	2007	2006
Income statement					
Net interest income	471.8	294.5	345.2	364.9	452.8
Other operating income	86.5*	95.8*	-126.1*	157.3	23.5
Operating expenses	-190.4	-197.1	-207.1	-220.9	-203.9
Depreciation and amortisation	-10.7	-12.6	-11.5	-38.6	-15.4
Loan losses	-6.7	-8.5	12.6	18.8	21.1
Impairment of financial non-current assets	-	-	-	-70.0	-
Operating profit	350.6	172.2	13.1	211.5	278.3
Balance Sheet					
Assets					
Loans to customers – net	51,773	46,456	41,301	39,725	37,313
Other assets	12,388	13,340	9,952	5,345	4,746
Total assets	64,161	59,796	51,254	45,070	42,059
Liabilities					
Borrowing	59,152	55,132	46,379	40,691	37,870
Other liabilities	1,654	1,344	1,557	1,152	1,051
Untaxed reserves	-1	0	0	0	0
Equity	3,355	3,320	3,318	3,227	3,138
Total liabilities and equity	64,160	59,796	51,254	45,070	42,059
Key financial ratios					
Interest-rate margin	1.0 %	0.7 %	0.9 %	0.9 %	1.2 %
Return on equity	8.2 %	3.9 %	0.4 %	5.0 %	6.4 %
Loan loss level	0.0 %	0.0 %	0.0 %	0.0 %	-0.1 %
Loan loss provision/lending	0.0 %	0.0 %	0.0 %	0.0 %	0.1 %

* Other operating income includes net result from financial transactions. For 2010, this item amounted to MSEK 4.2 (49.1).
Refers also to the explanation in the Board of Directors Report under the heading "Profit and profitability".

Risk and Capital Management

To provide its members – who are also borrowers – with first mortgage loans, Landshypotek assumes various risks that must be managed, which is why risk management is a prioritised area.

Board support, an explicit decision-making structure with a high level of risk awareness among the staff, common definitions and assessment principles, as well as sophisticated tools, make for high quality risk and capital management at Landshypotek. Historically speaking, Landshypotek has not been affected by economic downturns as much as its competitors, thanks to borrowers' long term perspective and the stable value of the collateral involved (agricultural properties). In order to assess the effect of economic downturns, Landshypotek uses very conservative adjustment to its risk parameters when calculating its capital requirements and thereafter conducts a series of stress tests.

IRB institution

In Sweden, the new capital adequacy framework (Basel II) has been in effect since 1 February 2007. At the end of 2006, Landshypotek received a positive ruling from the authorities to use the Internal Ratings Board (IRB) approach for reporting all assets that can be reported in this way (96 percent of total credit volume). At year-end, these assets were reported with an average risk weighting of 7.6 percent.

Landshypotek reports operational risk using the Basic Indicator approach. All Landshypotek employees have been involved in adapting to this regulatory framework, which has resulted in a more stringent credit assessment process throughout Sweden, improved data quality and a good understanding of the capital adequacy rules.

The quality of the credit portfolio and the internal risk management culture will result in a substantial reduction in the capital requirement, albeit limited by transitional rules. Landshypotek does not believe that this can be directly translated into freed-up capital due to the increased sensitivity of the regulatory framework to the business cycle, taking into account other risks and ratings. Details of Landshypotek's capital requirement, and an analysis of the company's capital adequacy, is presented in Note 33.

Risk organisation and responsibility

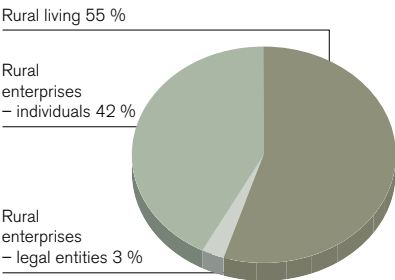
The Board of Directors has the ultimate responsibility for risk management and ensuring that operations are conducted with a satisfactory level of internal control. The Board's Risk and Credit Committee have the task of supporting the Board in this work, e.g. by reviewing the Group's risk, capital and liquidity policy documents. The Committee is also charged with making decision in respect of large loans and approves risk parameters and models. The Board receives a report concerning the company's risks each time it meets.

Subordinated to the Board and Managing Director are committees with mandates to make decisions depending on the type of risk. Landshypotek's Risk and Capital Council, chaired by the Chief Risk Control Officer, deals with issues relating to all the risks to which Landshypotek is exposed and decides if there is a need to mitigate those risks. The Council also discusses the design of stress tests, the relationship between risk and capital and other capital issues. The Risk and Capital Council held six meetings during 2010.





Breakdown of volume by customer categories



Exposure breakdown	Exposure (SEK thousand)	Average risk weight
IRB method		
Exposure without counterparty	351,655	100 %
Retail – real estate credits	49,926,925	7 %
Total	50,278,580	
Standard method		
Companies	1,951,602	100 %
Retail	672,095	74 %
Institutions	11,566,517	20 %
Municipalities, associations and authorities	2,160,229	-
Non-performing items	8,487	130 %
Governments and central banks	81,304	0 %
Other items	43	0 %
Total	16,440,277	

The Finance Committee convenes on a weekly basis. Its task is to monitor market and liquidity risk and to decide on the pricing of credits.

The Board and its Risk and Credit Committee constitute the highest credit-granting body. The Credit Committee is responsible for regularly reviewing credit granting rules and submitting proposal for changes to the Risk and Credit Committee. The Chief Credit Officer is chairman of the Committee. The Credit Committee convenes as and when necessary.

The Credit Department is responsible for administering and managing the credit approval process. It is also responsible for analysing the credit portfolio and managing insolvency matters. Its work is governed by the credit policy and the credit instruction, which are approved by the Board. The Chief Credit Officer reports to the Managing Director and presents credit matters to the Board’s Risk and Credit Committee.

The Group has a number of control functions that are independent of business operations: Risk Control, Compliance and Internal Audit.

The Risk Control unit is responsible for conducting independent control, analysis and reporting on all risks to which Landshypotek is exposed. In this context, ”independent” means that the unit is not involved in the day-to-day operation of the business and reports to the Managing Director and the Board of Directors. The Chief Risk Control Officer chairs the Risk and Capital Council, and is a co-opted member of the Management Group, Credit Committee and the Finance Committee. The Compliance function is responsible for monitoring the company’s regulatory compliance. The Compliance Officer is subordinate to the Chief Legal Officer, but reports directly to the Board of Directors and the Managing Director on issues relating to regulatory compliance.

The Group’s Internal Audit function is an independent auditing body, directly subordinate to the Board of Directors. Internal Audit is responsible for evaluating risk management, control and governance processes within the Group, and ensuring that business in the Group is carried out in accordance with the intentions of the Board of Directors and the Managing Director. Internal Audit reports to the Board of Directors and also informs the Managing Director. The Board adopts an annual work plan for Internal Audit.

Assignment of exposure class and reporting method

The structural transformation of agriculture has seen the number of entrepreneurs in agriculture and forestry decrease and be replaced by rural living where business operations are more of a secondary pursuit or a leisure time activity. In order to monitor this trend, and to assess borrowers fairly, Landshypotek divides its customers into two categories: Rural Living and Rural Enterprises. This categorisation aims to distinguish between those borrowers whose income is mostly derived from business activity (rural enterprise) from those who earn most of their living from employment and capital (rural living). All customers are categorised as part of the credit application process.

Documentation has been drafted that describes, in detail, the exposure classification distribution and associated definitions, linking to all accounts where assets can be booked and the sub-portfolios to which these are to be classified. All customers who are legal entities are, for conservative reasons, currently reported with a risk weighting of 100 percent. All other lending is categorised as belonging to the “Retail” exposure class. Retail exposures reported in accordance with the IRB model are attributed to the ”Residential Property” sub-group. ”Exposures without counterparty”, defined by

Landshypotek as all exposures where no performance is required on the part of the counterparty, are also used under the IRB model (e.g. intangible and tangible non-current assets and real estate holdings, etc.)

Since Landshypotek reports the absolute majority of its assets, equivalent to an exposure, including accrued interest, of around SEK 50 billion, as retail exposure in the Residential Property sub-group, more detailed descriptions and breakdowns by geographic area, risk class, etc. will only be done at that level.

CREDIT RISK

Landshypotek has defined credit risk as follows:

The risk that Landshypotek does not receive payment as agreed and the risk that the value of the collateral is not adequate and therefore will not cover the outstanding claim. The risk includes concentration risk, environmental risk and political risk.

Key concepts and the calculation and validation of risk estimates

Landshypotek calculates its own risk estimates (PD, EAD and LGD), which are used for the Retail exposure class to calculate capital requirement and expected loss. In order for these estimates to be calculated, Landshypotek must apply an unambiguous definition of default. Landshypotek defines default as follows:

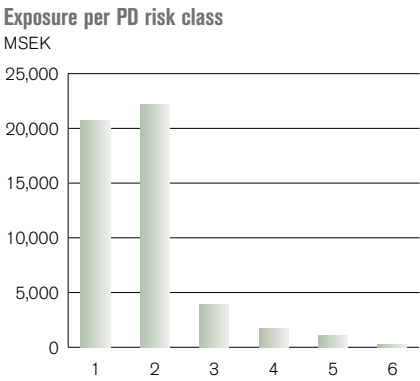
Technical default – when the customer is more than 90 days late in making a payment. The customer is automatically categorised as being in default.

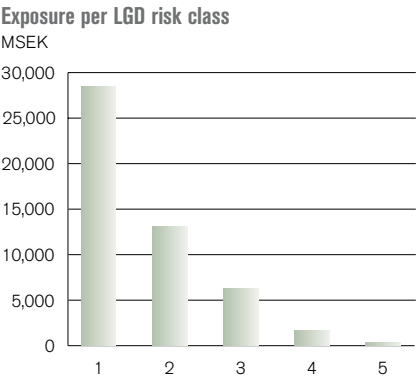
Soft default – when it is likely that the customer will be unable to fulfil its obligations without Landshypotek having to sell collateral or take similar action. The credit officer responsible places the customer in default.

PD – Probability of Default: The risk classification model for the Retail exposure class is a statistical model (logical regression) where the Swedish card forecast is used as a "super factor" in the model. For each risk class, Landshypotek estimates the one-year probability of default based on eight years of internal data. The risk classification and the PD estimates represent what is known as a "Point-In-Time analysis", as the information regarding the counterparty's history of payment behaviour describes a "present situation" and not a forward-looking scenario. The risk classification is performed on a scale of 1-6, where 1 represents the highest credit quality and 6 is for credits in default. As of 31 December 2010, exposure-weighted average PD was 2.22 percent (including cyclical adjustment and a safety margin). The distribution of retail exposure by risk class is shown on the diagramme to the right.

The risk classification model is used to rank borrowers in risk classes 1 to 5. The average default rate of each risk class is then calculated using actual data. PD estimates are significantly lower than the final values used when reporting capital adequacy as a cyclical adjustment is required (to account for model data not extending across a full business cycle) and an overall safety margin. Landshypotek validates the model on an annual basis. Estimated PD for 2010 was 0.54 percent, compared with a realised actual rate of 0.38 percent.

EAD – Exposure at Default. The size of exposure in the event of default is measured primarily in nominal terms (for all lending), and for flexible first





mortgage loans as an estimated exposure with an increment for possible future exposure. Since flexible first mortgage loans are a relatively new product, Landshypotek has insufficient data to create a statistically reliable model, why a conservative safety margin has been added. Landshypotek uses the "momentum approach". The conversion factor is calculated on the entire limit of the flexible first mortgage loan and is currently set at 107 percent.

LGD – Loss Given Default. The assessment of how much the outstanding claim Landshypotek stands to lose in the event of default is based on internal data gathered during the period 1995 to 2004. The loss ratio per observation and loan-to-value range are calculated by using the ratio of the economic loss and EAD in each loan-to-value range. LGD classes are divided into five loan-to-value classes. LGD per risk class is derived by calculating the exposure-weighted average LGD for all observations in each risk class (i.e. realised values are used to calculate the estimate). The distribution of exposure per LGD risk class is shown in the diagramme on the left. In order to calculate the capital requirement, the "Downturn LGD" must be used, which is the LGD equivalent to the worst year during a business cycle. For Landshypotek, this is 1994 and, by applying a very conservative approximation, an average LGD of 4.97 percent has been calculated. Finally, a safety margin has been added to the estimate. As of 31 December 2010, the exposure-weighted LGD of Landshypotek's IRB portfolio was 6.41 percent.

Landshypotek validates the model on an annual basis, and the outcome for the period 2007 to 2010 produced an exposure-weighted average LGD of 0.42 percent (excluding Downturn LGD and a safety margin).

At year-end, Landshypotek had 194 customers in default. For these, an individual assessment of future cash flows has been carried out and the same discount principles applied as when developing the LGD model.

Credit approval process and the use of risk estimates

The central elements of the credit approval process are the external control of payment behaviour, the risk classification of the borrower and the collateral, as well as the determination of the value of the property to be financed. These elements comprise the grounds for the assessment of credit risk and estimated loss ($PD \times LGD \times EAD$). If the aggregate risk assessment of the borrower and the collateral indicates a higher level of risk, standardised decision documentation is prepared and the matter is brought before a higher decision-making body. Loans are made against real estate mortgage deeds within 75 percent of an internally determined collateral value based on an assessment of the fair value of the collateral. The collateral value is the amount on which the loan to value ratio is calculated and constitutes the sustainable value of the collateral on a long-term basis. At Landshypotek, loan to value has long been used as the primary instrument for management and control of the risk of not having adequate collateral in the event of default. The relationship between loan to value and economic loss has been confirmed statistically and Landshypotek can demonstrate that the probable economic loss, even at the highest loan to value range, is very low. At Landshypotek Jordbrukskredit AB, loans can be granted against collateral in real estate mortgage deeds within 85 percent of the internally determined collateral value. At both Lantbrukskredit AB and Landshypotek Jordbrukskredit AB, loans may be secured with

collateral other than real estate mortgage deeds, such as a personal guarantee or floating charge, while such collateral is only permitted as a complement to real estate mortgage deeds in Landshypotek AB.

Valuation of collateral – agricultural property

Regional office employees are assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who, in the form of regional boards of directors comprising 4-8 members per region, play a key role. The network of representatives, which is unique to Landshypotek, ensures that all property valuations are based on sound industry experience and familiarity with local conditions. Landshypotek’s lending is based on the principle of individual appraisal of financed properties. The value is determined based on the tax assessment values and other circumstances known about the property. Alternatively, an on-site inspection of the property is conducted by Landshypotek’s authorised appraisers and the value is documented in a written appraisal opinion.

Credit portfolio monitoring

In addition to the credit portfolio being monitored from a credit quality standpoint, the credit portfolio is also regularly examined from a number of different perspectives: by industry, geographically, by risk class, by limit group and so on. Landshypotek’s retail exposure as of 31 December 2010 was geographically distributed as shown in the diagram to the right. In conjunction with its internal capital evaluation, Landshypotek has performed in-depth analyses of the credit portfolio. In the course of this effort, Landshypotek has been unable to identify any major concentration to any particular industry or geographic area.

MARKET RISKS

Market risks are defined as:

The risk that the value of assets, liabilities and/or financial contracts is affected by changes in general economic conditions or events that affect a large part of the market.

Market risks to which Landshypotek is exposed are interest-rate risks, currency risks, liquidity risks and counterparty risks.

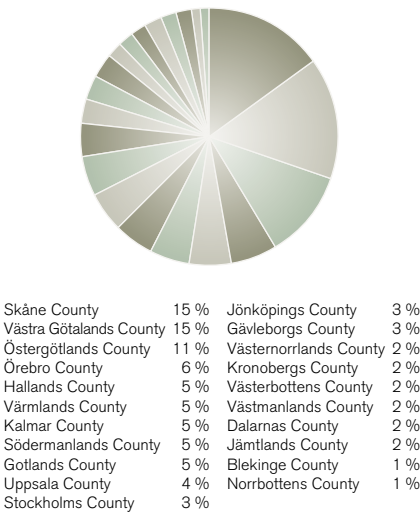
Risk management and analysis

The Board of Directors establishes Landshypotek’s financial risk policy, which specifies how the Group’s financial risks are to be measured and reported, and sets limits.

Risks are continuously monitored and are reported to both Landshypotek’s financial committee and the Board of Directors. The Chief Financial Officer has overall responsibility for the management of the Group’s financial risks. The Chief Risk Control Officer is responsible for independent control and reporting of the limits set by the Board of Directors in the financial risk policy. Operations are also supported by state-of-the-art financial administrative systems with well-developed procedures for both day-to-day work and risk estimation and analysis.



Geographic breakdown of volume



Periods of fixed interest for interest-bearing assets and liabilities, Group 2010						
SEK thousand	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Assets						
Loans to credit institutions	216,145					216,145
Loans to customers	34,755,514	5,054,357	8,577,740	4,500,505	784,495	53,672,611
Bonds and other interest-bearing securities	64,929	566,801	6,969,972	3,910,950	736,750	12,249,402
Derivatives	7,402,710	1,924,329	2,255,746	2,722,988	12,281,135	26,586,908
Total assets	42,439,298	7,545,487	17,803,458	11,134,443	13,802,380	92,725,066
Liabilities						
Liabilities to credit institutions	83,962					83,962
Borrowing from the public	105,000					105,000
Securities in issue	30,773,979	2,609,770	8,564,401	8,070,561	14,820,612	64,839,323
Derivatives	19,405,963	2,313,848	3,505,079	1,167,375	751,986	27,144,251
Total liabilities	50,368,904	4,923,618	12,069,480	9,237,936	15,572,598	92,172,536
TOTAL	-7,929,606	2,621,869	5,733,978	1,896,507	-1,770,218	552,530
Interest-sensitive net	-9,623	12,728	83,505	73,651	-85,933	
Cumulative interest sensitivity		3,104	96,232	157,155	-12,282	
<i>The above table includes all contacted cash flows. Nominal amounts are carried under the time slots when interest is reset.</i>						



Currency exposure, Group 2010			
Local currency (thousands)			
Currency	Assets	Liabilities	Exposure
CHF	450,000	450,000	0
EUR	327,647	327,727	-80
NOK	6,825,000	6,825,000	0

Interest-rate risks

Interest-rate risks arise when fixed interest terms or interest bases for assets and liabilities are mismatched. Landshypotek seeks to manage the interest-rate risk that arises in the course of business by having the same fixed interest term on borrowing as on lending. Due to actual conditions and availability on the capital market, there may be certain instances of imbalance between borrowing and lending. This imbalance gives rise to interest rate risk that Landshypotek manages with interest and currency swaps. No trading takes place.

For purposes of calculating and managing interest-rate risk, Landshypotek's equity is deemed to be invested at the same average fixed interest term as its lending to customers. This means that equity is equated to an interest-bearing liability for purposes of calculating and managing interest-rate risk. Interest-rate risk is calculated as the change in value (change in present value) that occurs if the interest rate curve is moved in parallel up or down by one percentage point.

Limits for Landshypotek's interest-rate risk are set by Landshypotek's Board of Directors in the financial risk policy. Interest-rate risks are continuously monitored and reported by the Risk Control unit to Landshypotek's financial committee and its Board of Directors. At year-end, the interest-rate risk at a parallel movement of the interest rate curve by one percentage point amounted to MSEK 12.3 (80.1).

Currency risks

Foreign exchange exposure consists of the sum of the differences between liabilities and assets as well as future cash flows in all currencies other than Swedish kronor (SEK). Landshypotek has parts of its financing in currencies other than SEK and a very limited portion of its lending in EUR. To the extent financing is done in currencies other than SEK, the nominal amount

as well as all cash flows associated with the financing is swapped to SEK, why no currency risk arises. The part of the lending denominated in EUR is refinanced by borrowing in EUR. Marginal differences may arise here. As a result, Landshypotek is exposed to only marginal currency risk. Limits for Landshypotek's currency risk are set in the financial risk policy and monitored by the Risk Control unit. As of 31 December 2010, the nominal currency exposure amounted to a negative EUR 80,000.

Maturity analysis of financial assets and liabilities, Group 2010						
SEK thousand	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	216,145					216,145
Loans to customers	34,755,514	5,054,357	8,577,740	4,500,505	784,495	53,672,611
Bonds and other interest-bearing securities	64,929	566,801	6,969,972	3,910,950	736,750	12,249,402
Derivatives	151,703	713,871	1,585,998	1,232,132	2,108,044	5,791,748
Total	35,188,291	6,335,029	17,133,710	9,643,587	3,629,289	71,929,906
Financial liabilities						
Liabilities to credit institutions	83,962					83,962
Borrowing from the public	90,000	15,000				105,000
Granted credit facilities	447,066					447,066
Securities in issue	5,624,605	7,573,065	24,610,241	11,360,771	15,670,612	64,839,294
Derivatives	162,378	652,156	1,638,383	1,391,544	2,428,877	6,273,338
Subordinated liabilities	1,875	17,315	374,546	218,349		612,085
Total	6,409,886	8,257,536	26,623,170	12,970,664	18,099,489	72,360,745
Net cash flow	28,778,405	-1,922,507	-9,489,460	-3,327,077	-14,470,200	-430,839
Unutilised credit facility			750,000			750,000
Refinancing risk	28,778,405	-1,922,507	-8,739,460	-3,327,077	-14,470,200	
Accumulated refinancing risk	28,778,405	26,855,898	18,116,438	14,789,361	319,161	

The above table includes all contracted cash flows. The amounts are not discounted and are recognised during the time slot when Landshypotek is entitled to request payment or has an obligation or right to repay. Future variable rates of interest have been included in the calculation for derivatives and financial liabilities, but not for lending to the public. Future rates of interest are calculated based on forward rates plus any credit spreads.

Liquidity risks

Refinancing risk is defined as the risk that maturing loans cannot be refinanced. Landshypotek endeavours to secure longer terms for its borrowing than its lending. In addition, Landshypotek's borrowing strategy is also one of deliberate diversification of borrowing, both in terms of different types of instrument and different geographic markets. In order to maintain good preparedness to make payments, liquid funds equivalent to the liquidity requirements of a certain future period shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from the Swedish Central Bank (Riksbanken). In this case, Riksbanken is the "lender of last resort". The portfolio consists of securities issued by Swedish institutions with a high credit rating, primarily in the form of covered bonds. This liquidity reserve gives Landshypotek the opportunity of bridging temporary strains on liquidity, but also provides the opportunity of procuring the necessary funds at times of





severe liquidity crises by selling assets in an orderly fashion, or reducing the financing need by calling in loans.

Counterparty risks

Counterparty risks arise in the management of Landshypotek’s financial risks, i.e. the risk that a counterparty in financial transactions will be unable to fulfil its obligations. This risk arises in both interest-bearing securities and derivative contracts.

Landshypotek’s holdings of interest-bearing securities all have the highest credit rating and are all issued by Swedish housing finance institutions or Swedish municipalities. The counterparties in derivative contracts are Swedish or international banks with high credit ratings.

OPERATIONAL RISKS

Operational risk is defined by Landshypotek as follows:

The risk of loss due to inadequate or failed internal processes, human error, defective systems or external events, which would affect business operations. This definition includes legal risk.

To enable follow-up of operational risk, Landshypotek has defined seven loss categories, which further specify the overall definition.

During the year, Landshypotek worked to improve the criteria for a more stringent follow-up of operational risks. This work included both the implementation of the operational risk policy, as adopted by the Board of Directors, and the introduction of a tool to facilitate the systematic reporting of occurred incidents. All reported incidents and potential risks have been reviewed and compiled. Risks and incidents have been discussed in the Management Group and reported to the Board of Directors.

Internal capital assessment

In order to evaluate its capital adequacy requirement, Landshypotek has developed an internal capital adequacy assessment process (ICAAP), and this has been adopted by the Board. The purpose of the ICAAP is to ensure that Landshypotek is capable of identifying, reporting and managing all risks to which the Group is exposed. The ICAAP results in a detailed report of the current risk profile and the risk profile in the medium term, and forms the basis for the evaluation of the capital adequacy requirement, which must be on a par with the chosen risk profile. This capital constitutes a buffer against unexpected losses. Due consideration is also given to strategic business decisions and rating. The annual ICAAP also includes a review of the risk management system as a whole.

Stress tests are performed in order to stress the capital requirement under different circumstances, such as a deep economic recession. The ICAAP includes all types of risks that are believed to have an impact on operations. Besides credit risks, financial risks and operational risks, Landshypotek also actively monitors environmental risks, political risks, reputational risk, model and residual risks and strategic risks.

Landshypotek’s Chief Financial Officer is responsible for conducting the ICAAP and the Chief Risk Control Officer is responsible for compiling the risk report, i.e. the overall risk profile. In addition, there is an ongoing monitoring and reporting of capital matters to the Board of Directors and Management Group, which ensures that the risk and capital matters are continuously in focus.

Notes

NOTE 1 ACCOUNTING PRINCIPLES

Basis for preparing the Annual Accounts

The Annual Accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Also applied are the amendments and limitations that follow from the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the directives of the Swedish Financial Supervisory Authority, FFFS 2008:25. We apply RFR 1 in the Group and RFR 2 in the Parent Company. Differences in accounting policies between the Group and the Parent Company are set out under each heading below. The accounting currency is Swedish kronor (SEK).

Definitions and comparative data

The Landshypotek Group includes Landshypotek AB and subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB, inactive companies and the General Mortgage Bank of Sweden. In running text in the Annual Report, "Landshypotek" refers to the Group as defined above. The complete corporate names are used for individual Group companies. Unless otherwise specified, annual reports (Annual Accounts) are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and all amounts are stated in SEK thousand. The previous year's data are shown in parentheses.

Standards, amendments and interpretations that entered into force during the year, but did not impact the consolidated financial statements

New standards, amendments and interpretations as well as annual improvement projects that have not yet come into force and were not applied in advance

IFRS 9, Financial Instruments. This standard is the first stage in a process aimed at replacing IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 specifies two new methods for the recognition and measurement of financial assets and will probably impact the manner in which the Group recognises financial assets. For financial assets, these elements are essentially transferred from IAS 39 with the exception of the fair value alternative. The standard does not apply until financial years that commence on or after 1 January 2013, but can be applied in advance. However, the standard has not yet been adopted by the EU.

The Group has yet to evaluate the full impact of IFRS 9 on the financial statements.

IAS 1, Presentation of Financial Statements. Clarifies that a company must present a statement for each item contained in other comprehensive income for each component in equity, either as a statement of changes in equity or in the notes to the annual report.

Landshypotek presents the items in other comprehensive income in a statement of changes in equity.

Other new standards, amendments and interpretations as well as annual improvement projects that have not yet come into force were not considered to have any material impact on the consolidated financial statements.

Consolidated accounting

The consolidated financial statements include the Parent Company and its subsidiaries. All subsidiaries are 100 percent owned by Landshypotek AB. Subsidiaries are consolidated in accordance with the purchase method of accounting. All companies in the Group are Swedish limited liability companies with SEK as their accounting currency.

Subsidiaries are all companies in which the Group is entitled to frame financial and operative strategy in a way that is consistent with a shareholding in excess of 50 % of the voting rights. The occurrence and effect of potential voting rights that may currently be utilised or converted must be taken into account when assessing whether the Group exercises a controlling influence over another company. Subsidiaries are included in the consolidated accounts as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling interest ceases to apply.

The purchase method is used to report Group acquisitions of subsidiaries. The acquisition value comprises the fair value of all assets, liabilities and issued equity instruments placed as consideration for net assets in the subsidiary. Any surplus due to the acquisition value exceeding the identifiable net assets of the acquisition balance is recognised as goodwill.

Segment reporting

A segment is a business segment or a geographic area. A business segment is a part of a company that is identifiable for accounting purposes, which offers products or services and which is exposed to risks and opportunities that differ from those of other business segments. A geographic area is part of a company that is identifiable for accounting purposes that offers products or services in an economic environment and which is exposed to risks and opportunities that differ from those of other economic environments.

Landshypotek offers one type of product – first mortgage loans – in one geographic area, Sweden, thereby operating in only one business segment. Because of this, no separate segment reporting is prepared.

Measurement of receivables and liabilities in foreign currency

Swedish kronor (SEK) is the reporting currency and the functional currency of the Parent Company and the Group. Receivables and liabilities in foreign currency are valued at the rate of exchange prevailing on the balance sheet date.

Recognition and measurement rules of financial assets

Financial assets are divided into the following categories for measurement:

1. Loans and trade receivables
2. Financial assets valued at fair value through the income statement
3. Available-for-sale financial assets

Loans to credit institutions and loans to customers are classified as "Loans and other trade receivables". This means that they are valued at amortised cost.

Bonds and other interest-bearing securities are classified as "Available-for-sale financial assets" or as "Financial assets valued at fair value through the income statement." The classification is determined for each specific transaction. These assets are valued at fair value in the balance sheet regardless of classification. The following applies to those holdings classified as "Available-for-sale financial assets": Gains and losses that arise as a result of changes in value are reported after taxes directly in the valuation reserve under equity until the financial asset is sold or written down. When the asset is sold or impaired, the accumulated gain or loss, previously reported in equity, is reported through the income statement. For bonds and other interest-bearing securities classified as "Financial assets valued at fair value through the income statement", the rule applies that gains and losses arising as a result of changes in value are reported in the income statement under the heading "Net result of financial transactions". Regardless of classification, interest is reported in the income statement with application of the effective interest method.

Derivative instruments with a positive market value are classified as "Financial assets valued at fair value through the income statement". Gains and losses that arise as a result of changes in value are carried to the income statement under the item "Net result of financial transactions". Upon sale or impairment, the accumulated gain or loss is recognised under the item "Net result of financial transactions". Accrued and realised interest in derivative financial instruments is reported as interest income or interest expense.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instruments expires or is transferred and the Group has transferred virtually all risks and benefits associated with the right of ownership.

Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical form. An asset is a resource that is expected to yield future economic benefits over which control is exercised. Expenses associated with intangible assets are capitalised from the point in time when it is probable that the economic benefits that can be calculated in a reliable manner will arise. Amortisation is based on the economic life of the asset's useful life and starts when the asset is put to use. A test for impairment is performed when there is an indication that the asset may have diminished in value.

Tangible assets

Tangible assets consist mainly of real estate properties. Properties are valued at acquisition value less accumulated depreciation. Each part of a tangible non-current asset with an acquisition value that is significant relative to the aggregate acquisition value of the asset is depreciated separately. The depreciation method used reflects how the future economic benefits of the asset are expected to be used.

Landshypotek has reviewed the components of the properties and assigned separate depreciation plans to each significant component. Property components are depreciated over 20 to 150 years.

Classification and valuation of financial liabilities

For purposes of valuation, financial liabilities are divided into two categories:

1. Other financial liabilities
2. Financial liabilities valued at fair value through the income statement

Liabilities to credit institutions, and borrowing from the public, securities in issue and subordinated liabilities are classified as financial liabilities. Financial liabilities are valued and recorded at amortised cost by using the effective interest method. Transaction costs directly attributable to a specific liability are added to the acquisition cost and consideration is given thereto when calculating amortised cost. Reporting of financial liabilities subject to hedge accounting is dealt with in the hedge accounting section.

Derivative instruments with a negative market value are classified as "Financial liabilities valued at fair value through the income statement". Gains and losses that arise as a result of changes in value are recognised on a current basis in the income statement under the item "Net result of financial transactions". Upon sale or impairment, the accumulated gain or loss is recognised under the item "Net result of financial transactions". Accrued and realised interest in derivative financial instruments is reported as interest income or interest expense.

Financial liabilities are removed from the balance sheet when the obligation to pay cash flows from the instruments has expired or been transferred and the Group has largely transferred all risks and obligations associated with the liability.

Fair value option: Landshypotek has utilised the opportunity of valuing certain financial liabilities at fair value where this provides a more accurate illustration of the company's financial position. This possibility has been utilised for certain fixed-interest financial liabilities. At year-end, Landshypotek had no liabilities classified in accordance with the fair value option.

Provisions

Provisions consist of recognised expected negative outflows of resources from the Group. Provisions are reported when the Group has a legal or informal obligation as a result of events that have occurred when it is probable that an outflow of resources will be required to settle the undertaking. Landshypotek has set aside provisions for future pension commitments and deferred taxes. For more information, refer to the section on Pension Costs.

Embedded derivatives

The main rule is that embedded derivatives are separated from the host contract and reported in the same way as other derivatives that are not a part of hedging circumstances. Embedded derivatives are not separated if their economic properties and risks are closely related with the economic properties and risks of the host contract. At year-end 2010, Landshypotek had no embedded derivatives.

Calculation of fair value

Fair value of financial instruments traded on an active market, such as available-for-sale financial assets, is based on quoted market prices. Fair value of financial instruments not traded on an active market is calculated with the help of valuation technique, discount-

ing of future cash flows. Quoted market rates for the period in question are used for discounting.

Transaction or settlement date accounting

Purchases and sales of money market and capital market instruments in the spot market are accounted for by applying transaction date accounting. The same holds true for derivative instruments. Other financial assets and liabilities are typically accounted for on the settlement date. However, all instruments valued at fair value are already valued from the transaction date.

Interest income and interest expense

Interest income and interest expense on financial assets and liabilities are accounted for in the income statement in accordance with the effective interest method under the headings interest income and interest expense. The change in value of financial assets and liabilities valued at fair value is also accounted for under the heading "Net result of financial transactions". This is also true for changes in fair value of financial assets and liabilities included in hedge accounting.

Hedge accounting

Hedge accounting is divided into different types of hedges, depending on the purpose of the hedge.

Fair value hedges: The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in fair value due to interest changes. Interest swaps and currency interest swaps are used for this purpose. Changes in the fair value of a derivative instrument formally identified as a fair value hedge, and which fulfil the requirements for hedge accounting, are recognised in the income statement. The same occurs with changes in fair value of the hedged asset or liability attributable to the hedged risk.

Cash flow hedges: The Group hedges parts of its exposure to interest-rate risk in variable interest financial liabilities against changes in future cash flows due to interest rate changes. Interest swaps and currency interest swaps are used for this purpose. The effective portion of changes in the fair value of a derivative instrument identified as a cash flow hedge, and which fulfils the requirements for hedge accounting is recognised in equity through other comprehensive income. When the hedged transaction occurs, the accumulated equity reserve is returned to the income statement. The gain or loss attributable to the ineffective portion is reported immediately in the income statement under the heading "Net result of financial transactions".

Hedge accounting is terminated when the hedging relationship is no longer deemed to be effective or if the hedged item or hedging instrument is sold.

Commission income and commission expense

Income and expense for different types of services are reported as commission income and commission expense, respectively.

Net result of financial transactions

Realised and unrealised gains and losses attributable to market value changes of financial instruments are reported under the heading "Net result of financial transactions".

Other income

Income from services sold and external rental income relating to real property owned are reported under other income. Results of sales of operating properties are also reported here.

Personnel costs

All direct personnel costs, including various forms of payroll overhead and fringe benefits are classified as personnel costs.

Pension costs

Landshypotek's pension commitment under the BTP plan is a defined-benefit pension plan. Landshypotek had funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek.

Premiums paid relating to pension commitments secured in a pension foundation as an operating expense are reported in the Parent Company. The calculation is made in accordance with the Swedish Safeguarding of Pension Commitments Act.

The net of the three items below are reported in the Group as an operating expense:

- Pension entitlement earned during the year. The item refers to the year's share of the estimated final total pension payment. The item is based on estimated final salary and is subject to actuarial assumptions.
- Interest expense. The present value of the pension liability changes during the year as a result of the fact that the time until payment becomes shorter, and any changed assumptions with respect to discount rate.
- Expected return. The expected return is based on assumptions of the average return that will be received on the body of assets. The time horizon for assessments is related to the entire duration of the commitment.

In addition, actuarial gains and losses arise as a result of changed actuarial assumptions, and the difference between actual and expected return on the managed assets. These are amortised based on the remaining time of service of the employees, to the extent that the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10 percent of the present value of obligations or 10 percent of the fair value of the managed assets. The liability reported in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation on the balance sheet date less the fair value of managed assets. The defined-benefit pension obligation is calculated annually by independent actuaries using the "projected unit credit method". For more information about pensions, refer to Note 8 and Note 30.

Other expenses

The "Other expenses" item contains other costs, including operating costs for own properties.

Loan losses

Receivables of which any component is more than 90 days overdue are reported as overdue receivables regardless of the possibility of recovering the receivable by realising collateral.

A loan receivable is reported as a doubtful credit when an individual assessment indicates that it is unlikely to be paid in accordance with the terms of the loan agreement and where the value of the collateral is feared to be insufficient to cover the value of the receivable with a sufficient margin. Doubtful credits are valued at the present value of estimated recoveries. For purposes of calculating the present value, estimated cash flows are discounted using the original contract rate. The difference between the loan receivable and the present value of estimated recovery is reported as a probable loan loss.

Restructuring of loans

Agreements on concessions that entail a restructuring of the loan receivable are only made on an exceptional basis since all lending is against collateral, the value of which is realised in the event of default. Where appropriate, restructured loan receivables are commented on in the Report of the Board of Directors.

Valuation of properties and other assets taken over to protect claims

Properties and other assets taken over to protect claims constitute current assets. Upon takeover, properties and other assets are carried at market value. If this value is less than Landshypotek's claim, the difference is recorded as realised loan loss.

Group contributions

Group contributions are reported in accordance with statement URA 7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related group contributions paid by Landshypotek AB to the parent company, Landshypotek, ekonomisk förening, are recognised directly in equity in Landshypotek AB. Group contributions paid to reduce the Group's taxes are recognised directly in equity in each company.

Tax expenses

Reported tax expenses include taxes for the current year, adjustments relating to prior years' current taxes and changes in deferred taxes. Deferred taxes are the taxes attributable to all temporary differences that arise between carrying amount and values for tax purposes of assets and liabilities.

Estimates and important assessments

The application of the Group's accounting principles means that, in certain instances, reported amounts are based on estimates and assumptions about the future. The estimates and assumptions made are always based on company management's best and fairest assessment of the future and are subject of continual review and validation. Despite this, future outcomes may, to a certain extent, differ from original assumptions made.

The calculation of Group expenses and obligations for defined-benefit pensions is based on a number of actuarial, demographic and financial assumptions that have a significant impact on reported amounts. A list of the most important assumptions used in the calculation of provision for the year is presented in Note 30.

The value of the Group's loan receivables is subject to continual testing and is individual for each receivable. If necessary, receivables are written down to the assessed recoverable amount. In order to estimate the recoverable amount, a number of assessments are carried out, including an assessment of the counterparty's repayment ability and the realisation value of any collateral. The final outcome may deviate from original credit loss reservations.

		GROUP		PARENT COMPANY	
NOTE 2	NET INTEREST INCOME, SEK THOUSAND	2010	2009	2010	2009
Interest income					
Interest income on loans to credit institutions		563	462	545	424
Interest income on loans to Group companies				53	192
Interest income on loans to customers		1,363,083	1,394,569	1,351,771	1,383,665
less interest losses		-2,081	-865	-2,081	-863
Interest income on interest-bearing securities		357,565	383,269	357,565	383,269
<i>- of which interest income on financial assets valued at fair value in the income statement</i>		111,627	57,107	111,627	57,107
<i>- of which interest income on available-for-sale financial assets</i>		245,938	326,162	245,938	326,162
Other interest income		11	105	7	87
Total		1,719,141	1,777,540	1,707,860	1,766,774
Average interest on loans to customers		2.78 %	3.18 %	2.77 %	3.17 %
All interest income is attributable to the Swedish market.					
Interest expense					
Interest expense for liabilities to Group companies		-624	-231	-2,841	-4,224
Interest expense for liabilities to credit institutions – other		-20,766	-69,585	-20,767	-69,585
Interest expense for borrowing from the public		0	0	0	0
Interest expense for interest-bearing securities		-1,381,627	-1,400,831	-1,381,627	-1,400,831
<i>- of which interest expense for other financial liabilities</i>		-295,117	-1,188,460	-295,117	-1,188,460
<i>- of which interest expense on financial assets valued at fair value in the income statement</i>		-1,086,510	-212,371	-1,086,510	-212,371
Interest expense on subordinated liabilities		-8,981	-6,534	-8,981	-6,534
Interest expense for derivative instruments		169,102	-812	169,102	-812
<i>- of which interest expense on derivatives valued at fair value in the income statement</i>		203,008	-1,040	203,008	-1,040
<i>- of which interest expense on derivatives identified as hedging instruments</i>		-33,906	228	-33,906	228
Other interest expense		-4,411	-5,081	-4,403	-5,081
Total		-1,247,307	-1,483,074	-1,249,517	-1,487,067
Total net interest income		471,834	294,466	458,343	279,707

NOTE 3	DIVIDEND RECEIVED, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Dividends from Group companies			10,000		

NOTE 4	COMMISSION INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Loan commissions		11,521	11,585	11,098	11,397
Commissions on securities		8	256	8	256
Total		11,529	11,840	11,106	11,653

NOTE 5	COMMISSION EXPENSE, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Commissions on securities		-343	-404	-343	-364
Other commissions		-20,277	-1,354	-20,272	-1,349
Total		-20,620	-1,759	-20,615	-1,714

		GROUP		PARENT COMPANY	
NOTE 6	NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	2010	2009	2010	2009
Financial assets valued at fair value in the income statement					
Realised result of sales of bonds and other interest-bearing securities		11,244	5,319	11,244	5,319
Available-for-sale financial assets					
Realised result of sales of bonds and other interest-bearing securities		132,461	132,423	132,461	132,423
Other financial liabilities					
Realised result on repurchase of own bonds issued		-205,406	-142,728	-205,406	-142,728
Financial liabilities valued at fair value in the income statement					
Realised result from purchase/sale of derivative contracts		15,770	-30,033	15,770	-30,033
Total realised result		-45,931	-35,019	-45,931	-35,019
Financial assets valued at fair value in the income statement					
Change in value of bonds and other interest-bearing securities		-56,183	20,495	-56,183	20,495
Financial liabilities valued at fair value in the income statement					
Change in value of issued bonds included in fair value hedge		47,454	237,679	47,454	237,679
Change in value of derivatives included in fair value hedge		-39,584	-234,037	-39,584	-234,037
Change in value of bonds valued in accordance with fair value option		0	4,113	0	4,113
Change in value of derivatives not included in any hedging relationship		98,463	55,834	98,463	55,834
Total unrealised result		50,150	84,084	50,150	84,084
Net result of financial transactions		4,219	49,065	4,219	49,065

		GROUP		PARENT COMPANY	
NOTE 7	OTHER OPERATING INCOME, SEK THOUSAND	2010	2009	2010	2009
Income from property		23,100	26,946	23,100	23,472
Sale of shares/operating property		67,984	–365	70,022	–365
Other		290	111	291	106
Total		91,374	26,692	93,413	23,213

		GROUP		PARENT COMPANY	
NOTE 8	GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2010	2009	2010	2009
Personnel costs					
Salaries, etc. to MD, senior executives and Board of Directors		-10,443	-9,152	-10,443	-9,152
Salaries, etc. to other personnel		-48,005	-49,029	-48,005	-49,062
Provision to profit sharing foundation		-2,660	-540	-2,660	-540
Pension costs		-7,758	-10,586	-18,211	-20,698
Social insurance charges		-18,522	-16,926	-18,507	-16,938
Other personnel costs		-790	-796	-764	-796
Total		-88,178	-87,028	-98,590	-97,186
Specification of pension costs					
Change in provision for pensions		-204	945	-204	945
Pension premiums		-12,655	-17,069	-12,655	-17,069
- of which to senior executives		-4,774	-5,407	-4,774	-5,407
Directly paid pensions		-1,162	-1,165	-1,162	-1,165
Payroll and yield taxes attributable to pension costs		-4,190	-3,409	-4,190	-3,409
Defined-benefit pension plans		10,453	10,112	0	0
Total		-7,758	-10,586	-18,211	-20,698

CONT.	NOTE 8, GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Pension costs in the Group are reported in accordance with IAS 19, Employee Benefits. Pension costs in Landshypotek AB have been calculated in accordance with the regulations of the Swedish Financial Supervisory Authority. The company's pension obligations are covered by insurance in Sparinstituten's Pensionskassa and by provisions for pensions covered by credit insurance from FPG (Försäkringsbolaget Pensionsgaranti, mutual). Further information about the pension liability is reported in Note 30.				
	Number of male employees	55	45	55	45
	Number of female employees	55	50	55	50
	Total	110	95	110	95
	Average number of paid employees, including substitutes	98.0	95.7	98.0	95.7
	Absence due to illness in Landshypotek AB				
	Total absence due to illness	1.87 %	1.91 %	1.87 %	1.91 %
	Long-term absence due to illness in percent of total absence due to illness	28.79 %	28.34 %	28.79 %	28.34 %
	Absence due to illness, men	1.22 %	0.88 %	1.22 %	0.88 %
	Absence due to illness, women	2.62 %	3.04 %	2.62 %	3.04 %
	Employees –29 years	0.96 %	1.95 %	0.96 %	1.95 %
	Employees 30–49 years	1.36 %	2.50 %	1.36 %	2.50 %
	Employees 50+ years	2.54 %	1.36 %	2.54 %	1.36 %
	Loans to directors and senior executives				
	Loans to directors	102,672	115,920	92,883	90,537
	Loans to senior executives	4,283	4,309	4,283	4,309
	Directors and senior executives				
	Number of directors	25	24	7	6
	- of which men	21	22	5	5
	Fixed salary and benefits were paid to the Managing Director in the amount of SEK 2,360,000 (1,828,000) during the year. The Group pays no bonus-based remuneration. For the Managing Director of Landshypotek AB and the Managing Director of Landshypotek, ekonomisk förening, the retirement age is 65 years. In the event of termination at the initiative of the company, the MD is entitled to termination pay equivalent to one year's annual salary and severance pay equal to one year's annual salary. To other senior executives, a total of 10 (7) persons, fixed annual salary was paid, including the benefit of a company car, in the amount of SEK 7,455,000 (7,324,000). These persons are covered by a defined-benefit pension plan under a collective bargaining agreement. Fixed fees in the amount of SEK 627,000 (471,000) were paid to the Board of Directors in accordance with the Annual General Meeting resolution, of which the Chairman of the Board received SEK 170,000 (171,000). Daily expense allowances were also paid. No other remuneration was paid for Board work.				
	Other administrative expenses				
	Cost of premises	-5,826	-5,099	-5,826	-5,099
	Office expenses	-3,654	-3,993	-3,645	-3,989
	Telephone, data networks and postage expenses	-4,570	-3,926	-4,568	-3,919
	IT expenses	-29,263	-41,630	-28,477	-40,838
	Purchased services	-26,116	-24,788	-26,002	-24,696
	Auditing				
	Audit fee as per audit assignment	-1,608	-1,789	-1,470	-1,745
	Audit fee for action other than the audit assignment	-369	-202	-343	-202
	Tax advice fee	-151	-219	-151	-219
	Fees for other services	-535	-579	-472	-548
	Other	-9,484	-7,926	-9,457	-7,893
	Total	-81,576	-90,150	-80,411	-89,147
	Total	-169,754	-177,178	-179,002	-186,334

		GROUP		PARENT COMPANY	
NOTE 9	DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Intangible non-current assets					
	Amortisation of non-current assets		-		-
	Impairment of non-current assets		-		-
Tangible non-current assets					
	Depreciation of furniture and fixtures	-1,365	-1,704	-1,365	-1,704
	Impairment of furniture and fixtures	0	0	0	-
	Depreciation of real property	-9,266	-10,894	-9,266	-10,578
	Impairment of real property	0	0	0	-
	Depreciation of land improvements	-27		-27	
	Impairment of land improvements	0		0	
Total		-10,658	-12,598	-10,658	-12,282

NOTE 10	OTHER OPERATING EXPENSES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Marketing expenses	-12,009	-10,764	-12,007	-10,764
	Property expenses	-7,936	-8,200	-7,934	-6,906
	Other	-668	-923	-443	-844
Total		-20,613	-19,887	-20,384	-18,514

		GROUP		PARENT COMPANY	
NOTE 11	LOAN LOSSES, NET, SEK THOUSAND	2010	2009	2010	2009
Loan losses					
Year's write-off for realised losses		-6,683	-1,784	-6,683	-1,784
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts		6,460	1,596	6,460	1,432
Year's provision for probable loan losses		-11,888	-9,414	-10,853	-9,197
Recovery of previously realised losses		418	900	407	893
Reversal of prior provisions for probable loan losses		5,031	218	5,031	218
Total		-6,662	-8,484	-5,638	-8,438

All loan losses are attributable to loans to customers.
There are no properties taken over in foreclosure.

NOTE 12	YEAR-END APPROPRIATIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Change in tax allocation reserve				
	Other				
Total					

		GROUP		PARENT COMPANY	
NOTE 13	INCOME TAX, SEK THOUSAND	2010	2009	2010	2009
Income tax related to income statement					
Current tax		-48,224	-15,742	-43,681	-11,583
Changes in deferred tax relating to temporary differences		-28,684	-27,227	-25,940	-24,567
Total income tax related to income statement		-76,908	-42,969	-69,621	-36,150
Specification of change in deferred tax relating to temporary differences					
Deferred tax relating to pension costs		-2,749	-2,660		
Deferred tax relating to depreciation of real estate		1,538	2,151	1,538	2,151
Deferred tax receivables relating to loss carry-forwards		-27,473	-26,718	-27,478	-26,718
Total change in deferred tax		-28,684	-27,227	-25,940	-24,567
The average tax rate for the year was 26.3 %.					
Income tax related to other comprehensive income					
Tax relating to cash flow hedges		-17,910	-2,745	-17,910	-2,745
Tax relating to available-for-sale financial instruments		76,633	21,366	76,633	21,366
Total income tax related to other comprehensive income		58,723	18,621	58,723	18,621

NOTE 14	LOANS TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Loans to Group companies			7,000	225,000
	Loans to banks	213,995	65,323	192,661	53,308
	Loans to PlusGiro	2,149	22,438	1,755	22,197
	Total	216,144	87,761	201,416	300,505
Loans to credit institutions by time remaining to maturity					
	- payable on demand	216,145	87,761	194,416	295,505
	- up to 3 months	0	0	7,000	5,000
	- more than 3 months up to 1 year	0	0		0
	- more than 1 year up to 3 years	0	0		0
	- more than 3 years up to 5 years	0	0		0
	- more than 5 years	0	0		0
	Total	216,145	87,761	201,416	300,505

NOTE 15	LOANS TO CREDIT CUSTOMERS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Loans outstanding		51,780,974	46,462,871	51,464,241	46,148,893
Less specific provisions for individually assessed loan receivables		-7,940	-6,897	-6,850	-6,844
Net loans outstanding		51,773,034	46,455,974	51,457,391	46,142,049
Disclosures on overdue loan receivables					
Loan receivables overdue 1–30 days		1,193,729	1,832,631	1,193,521	1,831,347
Loan receivables overdue 31–60 days		291,581	292,199	286,873	287,570
Loan receivables overdue more than 61–90 days		67,119	19,528	65,712	19,528
Loan receivables overdue more than 90 days		361,535	516,964	358,018	512,795
		1,913,964	2,661,322	1,904,124	2,651,240
Disclosures on overdue loans and doubtful credits					
Loan receivables more than 90 days overdue where interest is recognised as income		198,441	237,356	190,547	229,204
Overdue loan receivables that are doubtful credits		18,916	32,823	18,862	32,769
Total overdue loan receivables		217,357	270,179	209,409	261,973
Doubtful credits that are not overdue		18,247	10,005	18,247	9,774
Doubtful credits that are overdue		18,916	32,823	18,862	32,769
Total		37,163	42,828	37,109	42,543
Less capital provisions made		-7,940	-6,897	-6,850	-6,844
Total doubtful credits		29,222	35,930	30,259	35,699
Doubtful credits at beginning of year		42,828	1,078	42,543	1,078
New/settled doubtful credits during year		-5,665	41,750	-5,434	41,465
Doubtful credits at year-end		37,163	42,828	37,109	42,543
Capital provisions at beginning of year		-6,897	-82	-6,844	-82
Additional provisions during the year		6,835		7,761	
Deducted provisions during the year		-7,878	6,815	-7,767	6,762
Capital provisions at year-end		-7,940	-6,897	-6,850	-6,844
Loans to customers by remaining time to maturity					
- payable on demand					
- up to 3 months		34,498,964	27,341,890	34,191,840	27,038,817
- more than 3 months up to 1 year		4,562,749	6,543,965	4,561,446	6,540,146
- more than 1 year up to 3 years		7,781,427	7,163,660	7,777,467	7,156,739
- more than 3 years up to 5 years		4,215,105	3,741,274	4,214,333	3,740,243
- more than 5 years		714,789	1,665,185	712,305	1,666,104
Total		51,773,034	46,455,974	51,457,391	46,142,049
Overdue loan receivables (more than one day)		15,707	24,312	13,450	22,058

NOTE 16	BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Bonds					
Issued by Swedish municipalities		2,796,559	20,735	2,796,559	20 735
Issued by Swedish banks					
Issued by Swedish housing finance institutions		8,178,500	11,512,082	8,178,500	11,512,082
- of which covered bonds		8,175,500	11,512,082	8,175,500	11,512,082
Total		10,975,059	11,532,817	10,975,059	11,532,817
Holdings by time remaining to maturity					
- market value adjustment		-127,624	219,939	-127,624	219,939
- up to 3 months		20,958		20,958	
- more than 3 months up to 1 year		200,000	1,717,309	200,000	1,717,309
- more than 1 year up to 3 years		6,388,940	6,705,580	6,388,940	6,705,580
- more than 3 years up to 5 years		3,800,270	1,888,678	3,800,270	1,888,678
- more than 5 years		692,515	1,001,311	692,515	1,001,311
Total		10,975,059	11,532,817	10,975,059	11,532,817
Valuation of bonds and other interest-bearing securities					
Nominal amount		10,815,000	11,070,000	10,815,000	11,070,000
Amortised cost		11,102,683	11,312,878	11,102,683	11,312,878
Market value		10,975,059	11,532,817	10,975,059	11,532,817
Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as financial assets valued at fair value in profit and loss.					
Bonds and other interest-bearing securities by category					
Financial assets valued at fair value in profit and loss		2,318,188	1,608,047	2,318,188	1,608,047
Available-for-sale financial assets		8,656,871	9,924,770	8,656,871	9,924,770
Total		10,975,059	11,532,817	10,975,059	11,532,817

		GROUP		PARENT COMPANY	
NOTE 17	DERIVATIVES, SEK THOUSAND	2010	2009	2010	2009
Derivatives not included in hedge accounting					
Positive closing value of interest swaps		42,351	38,766	42,351	38,766
Positive closing value of currency swaps			210,944		210,944
Total		42,351	249,710	42,351	249,710
Derivatives included in hedge accounting					
Positive closing value of interest swaps		37,970	79,654	37,970	79,654
Positive closing value of currency swaps			−21,291		−21,291
Total		37,970	58,363	37,970	58,363
Total		80,321	308,074	80,321	308,074

The above presentation pertains to the market value of derivative contracts. Accrued interest is included under prepaid expenses and accrued income.

NOTE 18	SHARES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Shares					
ESS-gruppen, acquisition cost in 2004		50,000	50,000	0	0
ESS-gruppen, impairment in 2004		-49,999	-49,999	0	0
Total		1	1	0	0
Participating interest					
ESS-gruppen, participating interest		100 %	100 %		

		GROUP		PARENT COMPANY	
NOTE 19	SHARES IN GROUP COMPANIES, SEK THOUSAND	2010	2009	2010	2009
Holdings in credit institutions					
Landshypotek Jordbrukskredit AB; 1,000,000 shares with a quotient value of SEK 100				345,553	345,553
Lantbrukskredit AB; 150,000 shares with a quotient value of SEK 1,000 SEK				169,074	169,074
Other holdings					
Hypoteksbanken AB; 1,000 shares with a quotient value of SEK 100				100	100
Sveriges Allmänna Hypoteksbank AB; 1,000 shares with a quotient value of SEK 100			100	100	
Fastighetsaktiebolaget Värmlandsbjörnen 5 AB; 1,000 shares with a quotient value of SEK 100				0	100
Fastighetsaktiebolaget Fastighets AB Lyckan; 1,000 shares with a quotient value of SEK 100				0	100
Total		0	0	514,827	515,027

All subsidiaries are wholly owned.

		GROUP		PARENT COMPANY	
NOTE 20	INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Other intangible non-current assets					
Acquisition cost at beginning of year			8,038		4,047
Disposals during year			–3,991		
Closing acquisition cost		0	4,047	0	4,047
Accumulated amortisation at beginning of year			–8,038		–4,047
Amortisation for the year			3,991		
Impairments					
Closing accumulated amortisation and impairment		0	–4,047	0	–4,047
Carrying amount		0	0	0	0

Intangible non-current assets consist of investments in software.

		GROUP		PARENT COMPANY	
NOTE 21	TANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Furniture, fixtures and equipment					
Non-current assets					
Acquisition value at beginning of year		33,568	35,070	32,955	34,291
Purchases during the year		943	651	943	651
Disposals during the year		-2,731	-2,153	-2,255	-1,987
Closing acquisition cost		31,780	33,568	31,643	32,955
Accumulated depreciation at beginning of year		-30,234	-30,468	-29,621	-29,689
Depreciation and impairment for the year		-1,676	-1,919	-1,676	-1,919
Accumulated depreciation of assets sold		2,731	2,153	2,255	1,987
Closing accumulated depreciation		-29,179	-30,234	-29,042	-29,621
Total furniture, fixtures and equipment		2,601	3,334	2,601	3,334
Buildings and land					
Current assets					
Agricultural properties taken over to protect claims					
Number of properties		0	0	0	0
Tax assessment value		0	0	0	0
Estimated fair value		0	0	0	0
Carrying amount		0	0	0	0
Recognised net return					
Non-current assets					
Operating properties					
Number of properties		5	7	5	5
Tax assessment value		260,397	276,876	260,063	240,328
Estimated fair value		562,300	492,000	561,670	422,000
Acquisition value at beginning of year		398,865	390,820	379,597	387,107
Activated renovation costs		38,823	8,045	38,307	7,409
Sales		-17,217		0	-14,919
Closing acquisition cost		420,471	398,865	417,904	379,597
Write-up for the year			0		0
Accumulated depreciation at beginning of year		-62,609	-51,350	-59,694	-51,305
Closing accumulated depreciation		398			2,019
Depreciation for the year		-9,331	-11,259	-9,293	-10,408
Closing accumulated depreciation		-71,542	-62,609	-68,987	-59,694
Carrying amount		348,929	336,256	348,917	319,903
Total buildings and land		348,929	336,256	348,917	319,903

NOTE 22	OTHER ASSETS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Announced interest and repayments	29,688	34,375	28,894	33,700
	Receivables from Group companies	202	22	241	20,107
	Other receivables	27,507	345,984	21,817	339,396
	Deferred prepaid tax	39,478	69,572	25,322	51,575
	Total	96,875	449,953	76,274	444,778

NOTE 23	PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Prepaid expenses	7,276	9,654	7,273	9,313
	Accrued interest on loans to credit institutions	5		5	
	Accrued interest on loans to customers	171,308	127,060	170,540	126,549
	Accrued interest on interest-bearing instruments	483,908	475,732	483,908	475,732
	Accrued interest, Group internal			6	1
	Total	662,497	612,446	661,732	611,595

NOTE 24	LIABILITIES TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Borrowing from Group companies			287,759	514,759
	Swedish banks	83,962	5,709,996	83,963	5,709,996
	Total	83,962	5,709,996	371,722	6,224,755
	Liabilities to credit institutions by remaining time to maturity				
	- payable on demand	83,962	58,997	93,722	58,997
	- up to 3 months		1,966,999	278,000	2,481,758
	- more than 3 months up to 1 year		3,684,000		3,684,000
	- more than 1 year up to 3 years				
	- more than 3 years up to 5 years				
	- more than 5 years				
	Total	83,962	5,709,996	371,722	6,224,755

NOTE 25	BORROWING FROM THE PUBLIC, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
	Other notes payable	105,000	45,000	105,000	45,000
	Total	105,000	45,000	105,000	45,000
	Borrowing from the public by remaining time to maturity				
	- payable on demand				
	- up to 3 months	90,000	15,000	90,000	15,000
	- more than 3 months up to 1 year	15,000		15,000	
	- more than 1 year up to 3 years		30,000		30,000
	- more than 3 years up to 5 years				
	- more than 5 years				
	Total	105,000	45,000	105,000	45,000

NOTE 26	DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Commercial paper		2,346,972	1,974,685	2,346,972	1,974,685
Bond loans		56,066,217	47,052,411	56,066,217	47,052,411
Total		58,413,189	49,027,096	58,413,189	49,027,096
Borrowing by time remaining to maturity					
- market value adjustment		20,358	67,813	20,358	67,813
- up to 3 months		5,076,450	3,087,460	5,076,450	3,087,460
- more than 3 months up to 1 year		6,829,895	11,150,509	6,829,895	11,150,509
- more than 1 year up to 3 years		22,867,347	21,321,043	22,867,347	21,321,043
- more than 3 years up to 5 years		10,026,339	7,782,044	10,026,339	7,782,044
- more than 5 years		13,592,800	5,618,227	13,592,800	5,618,227
Total		58,413,189	49,027,096	58,413,189	49,027,096
Securities in issue classified as fair value hedging					
Amortised cost		17,355,236	9,569,788	17,355,236	9,569,788
Fair value of the hedged liability		17,375,594	9,637,601	17,375,594	9,637,601

Fair value hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in fair value due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

Cash flow hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in future cash flows due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

		GROUP		PARENT COMPANY	
NOTE 27	DERIVATIVES, SEK THOUSAND	2010	2009	2010	2009
Derivatives not included in hedge accounting					
Negative closing value of interest swaps		66,454	157,108	66,454	157,108
Negative closing value of currency interest swaps		0	0	0	0
Total		66,454	157,108	66,454	157,108
Derivatives included in hedge accounting					
Negative closing value of interest swaps		160,240	71,999	160,240	71,999
Negative closing value of currency interest swaps		379,989	0	379,989	0
Total		540,229	71,999	540,229	71,999
Total		606,683	229,107	606,683	229,107

NOTE 28	OTHER LIABILITIES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Tax liabilities		3,181	5,128	2,902	2,506
Liabilities to Group companies		101,000	102,000	101,000	104,765
Other liabilities		46,037	54,669	37,578	43,986
Total		150,218	161,797	141,480	151,257

NOTE 29	ACCRUED EXPENSES AND DEFERRED INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Accrued interest on liabilities to credit institutions		13	793,179	12	793,416
Accrued interest on borrowing from the public		480		480	
Accrued interest on issued securities		616,711		616,711	
Accrued interest on derivatives		174,296		174,296	
Accrued interest, Group internal				720	
Other accrued expenses		26,624	18,904	26,624	18,904
Prepaid income		4,880	4,209	4,880	3,717
Total		823,004	816,292	823,723	816,037

NOTE 30	PROVISIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Provisions for pensions		29,551	37,758	4,263	4,058
Deferred tax		44,681	98,673	44,681	98,673
Total		74,232	136,431	48,944	102,731
Opening deferred tax on property write-up		44,425	45,222	44,425	45,222
Add deferred tax on property write-up					
Less deferred tax depreciation/impairment of property		-590	-797	-590	-797
Closing deferred tax on property write-up		43,835	44,425	43,835	44,425
Opening deferred tax on property write-up IFRS		1,794	3,148	1,794	3,148
Add deferred tax on property write-up IFRS					
Less deferred tax on property write-up IFRS		-948	-1,354	-948	-1,354
Closing deferred tax on property write-up IFRS		846	1,794	846	1,794
Opening deferred tax on fair value reserve		52,454	73,821	52,454	73,821
Add deferred tax on fair value reserve					
Less deferred tax on fair value reserve		-52,454	-21,367	-52,454	-21,367
Closing deferred tax on fair value reserve		0	52,454	0	52,454
Total deferred tax		44,681	98,673	44,681	98,673

CONT.	NOTE 30, PROVISIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2010	2009	2010	2009
Discount interest		3.70 %	3.50 %		
Expected return on assets		4.50 %	5.00 %		
Expected change in income base amount		3.00 %	3.00 %		
Expected rate of salary increase		3.00 %	3.00 %		
Expected inflation		2.00 %	2.00 %		
Inflation adjustment in respect of pensions paid		2.00 %	2.00 %		
Staff turnover		5.00 %	5.00 %		
Early retirement		20.00 %	20.00 %		
Current value of opening balance of pension obligations		286,645	306,973		
Service cost		5,037	4,923		
Interest expense		9,953	9,110		
Pension payment		-13,003	-13,584		
Actuarial profit/loss		11,658	-20,777		
Current value of pension obligations as of 31 December 2010		300,290	286,645		
Managed assets, opening balance		253,327	246,752		
Return		12,533	14,528		
Payments to fund		10,869	7,643		
Pension payouts		-13,003	-13,584		
Actuarial profit/loss		15,580	-2,013		
Managed assets 31 December 2010		279,306	253,326		
Net liability, opening balance		-33,319	-60,221		
Pension cost for year		-2,457	495		
Payments to fund		10,869	7,643		
Actuarial profit/loss		3,922	18,764		
Net liability as of 31 December 2010		-20,985	-33,319		
Accumulated actuarial profit/loss		4,303	381		
Corridor value		28,664	28,664		
Booked liability as of 31 December 2010		-25,288	-33,700		
Other pension liabilities		-4,263	-4,058	-4,263	-4,058
Total booked pension liability		-29,551	-37,758	-4,263	-4,058
Specification of pension costs					
Service cost		-5,037	-4,923		
Interest expense		-9,953	-9,110		
Expected return		12,533	14,528		
Pension cost		-2,457	495		

Deferred tax for 2010 is estimated to be at a rate of 26.3 %

Provisions for pensions are recognized under general administrative expenses in the income statement.

Landshypotek's pension plan is a "defined-benefit pension plan". Landshypotek had funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek. The current value of the obligations, after deductions for fair value of managed assets, amounted to MSEK 21.0 as of 31 December 2010. The difference between the booked amount and the value of the liability reported above is the result of actuarial gains and losses incurred due to changes in actuarial assumptions and the fact that the difference between actual and expected returns on managed assets has been amortised. This is based on the remaining time of service of the employees, to the extent that the net amount of accumulated, unreported actuarial gains and losses exceeds the highest of 10 percent of the current value or 10 percent of the fair value of managed assets.

NOTE 31	SUBORDINATED LIABILITIES, SEK THOUSAND		GROUP		PARENT COMPANY	
			2010	2009	2010	2009
Due date	Nominal amount	Interest				
2012/2017	SEK 350,000,000	3 mths STIBOR +0.33 %	350,000	350,000	350,000	350,000
2015/2020	SEK 200,000,000	Fixed interest 4.60 %	199,949		199,949	
Total			549,949	350,000	549,949	350,000

NOTE 32	MEMORANDUM ITEMS, SEK THOUSAND		GROUP		PARENT COMPANY	
			2010	2009	2010	2009
Pledged assets			Inga	Inga	Inga	Inga
Contingent liabilities						
Försäkringsbolaget Pensionsgaranti, FPG			85	81	85	81
Commitment						
Flexible first mortgage loan, approved unutilised amount			446,981	356,276	446,981	356,276
Total			447,066	356,357	447,066	356,357
Guarantees and other commitments			100,000	100,000		

NOTE 33	CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	FINANCIAL CORPORATE GROUP		
		Basel II	Transitional rules	Basel I
Tier 1 capital		3,336,852	3,336,852	3,368,128
Share capital paid in or equivalent, after deduction for cumulative preference shares		1,022,492	1,022,492	1,022,492
Equity component of reserves and profit or loss brought forward from preceding financial year		2,186,294	2,186,294	2,186,294
Profit for the year		198,820	198,820	198,820
Deduction for deferred tax assets		-39,478	-39,478	-39,478
Deduction in accordance with Chapter 3, 8 § of the Swedish Capital Adequacy and Large Exposures Act		-31,276	-31,276	
Tier 2 capital		518,711	518,711	549,988
Subordinated term loans in accordance with Chapter 8, 18-30 §§		549,988	549,988	549,988
Deduction in accordance with Chapter 3, 8 § of the Swedish Capital Adequacy and Large Exposures Act		-31,277	-31,277	
Capital base		3,855,563	3,855,563	3,918,116
Capital requirement for credit risks in accordance with the standard method		378,494	378,494	4,370,165
Exposure to governments and central banks				
Municipalities, similar entities and authorities				
Institutional exposure		182,164	182,164	
Corporate exposure		155,483	155,483	
Retail exposure		39,963	39,963	
Non-performing items		884	884	
Other items				
Capital requirement for credit risks in accordance with IRB		319,032	319,032	
Retail – real estate credits		290,899	290,899	
Without counterparty		28,132	28,132	
Capital requirement for operational risks – Base method		60,210	60,210	
Additional capital requirement in accordance with transitional rules			2,675,844	
Capital requirement		757,736	3,433,579	4,370,165
Capital adequacy ratio		5.09	1.12	0.90
Capital adequacy		40.71 %	8.98 %	7.17 %
Tier 1 capital adequacy		35.23 %	7.77 %	6.17 %
IRB deduction				
Anticipated loss amount in excess of provisions		-62,553		
Capital adequacy ratio = Capital base/Capital requirement				

		LHAB PARENT COMPANY		
CONT.	NOTE 33, CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	Basel II	Transitional rules	Basel I
Tier 1 capital		3,274,563	3,274,563	3,305,839
Share capital paid in or equivalent, after deduction for cumulative preference shares		1,927,000	1,927,000	1,927,000
Equity component of reserves and profit or loss brought forward from preceding financial year		1,142,998	1,142,998	1,142,998
Profit for the year		261,163	261,163	261,163
Deduction for deferred tax assets		-25,322	-25,322	-25,322
Deduction in accordance with Chapter 3, 8 § of the Swedish Capital Adequacy and Large Exposures Act		-31,276	-31,276	
Tier 2 capital		518,711	518,711	549,988
Subordinated term loans in accordance with Chapter 8, 18-30 §§		549,988	549,988	549,988
Deduction in accordance with Chapter 3, 8 § of the Swedish Capital Adequacy and Large Exposures Act		-31,277	-31,277	-
Capital base		3,793,274	3,793,274	3,855,827
Capital requirement for credit risks in accordance with the standard method		351,663	351,663	4,344,934
Exposure to governments and central banks		0	0	
Municipalities, similar entities and authorities		0	0	
Institutional exposure		176,467	176,467	
Corporate exposure		150,126	150,126	
Retail exposure		25,048	25,048	
Non-performing items		22	22	
Other items		0	0	0
Capital requirement for credit risks in accordance with IRB		361,242	361,242	
Retail – real estate credits		290,899	290,899	
Without counterparty		70,343	70,343	
Capital requirement for operational risks – Base method		56,852	56,852	
Additional capital requirement in accordance with transitional rules			2,643,637	
Capital requirement		769,757	3,413,394	4,344,934
Capital adequacy ratio		4.93	1.11	0.89
Capital adequacy		39.42 %	8.89 %	7.10 %
Tier 1 capital adequacy		34.03 %	7.67 %	6.09 %
IRB deduction				
Anticipated loss amount in excess of provisions		-62,553		
Capital adequacy ratio = Capital base/Capital requirement				

NOTE 34	FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND			GROUP	
	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets
2010					
Assets					
Cash and balances with central banks				5,393	
Treasury bills and other eligible bills					
Loans to credit institutions				216,144	
Loans to customers				51,773,034	
Bonds and other interest-bearing securities	2,318,188				8,656,871
Derivatives	42,351	37,970			
Total financial assets	2,360,539	37,970	0	51,994,571	8,656,871
Financial liabilities					
Liabilities to credit institutions			83,962		
Borrowing from the public			105,000		
Debt securities in issue, etc.	17,375,594		41,037,595		
Derivatives	66,454	540,229			
Subordinated liabilities			549,949		
Total financial liabilities	17,442,048	540,229	41,776,506	0	0

	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets
2009					
Assets					
Cash and balances with central banks				8,946	
Treasury bills and other eligible bills				0	
Loans to credit institutions				87,761	
Loans to customers				46,455,974	
Bonds and other interest-bearing securities	1,608,047				9,924,770
Derivatives	249,710	58,363			
Total financial assets	1,857,757	58,363	0	46,552,681	9,924,770
Financial liabilities					
Liabilities to credit institutions			5,709,996		
Borrowing from the public			45,000		
Debt securities in issue, etc.	9,637,601		39,389,495		
Derivatives	157,108	71,999			
Subordinated liabilities			350,000		
Total financial liabilities	9,794,709	71,999	45,494,491	0	0

CONT.	NOT 34, FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND			PARENT COMPANY	
	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets
2010					
Assets					
Cash and balances with central banks				5,393	
Treasury bills and other eligible bills					
Loans to credit institutions				201,416	
Loans to customers				51,457,391	
Bonds and other interest-bearing securities	2,318,188				8,656,871
Derivatives	42,351	37,970			
Total financial assets	2,360,539	37,970	0	51,664,200	8,656,871
Financial liabilities					
Liabilities to credit institutions			371,722		
Borrowing from the public			105,000		
Debt securities in issue, etc.	17,375,594		41,037,595		
Derivatives	66,454	540,229			
Subordinated liabilities			549,949		
Total financial liabilities	17,442,048	540,229	42,064,266	0	0

	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets
2009					
Assets					
Cash and balances with central banks				8,946	
Treasury bills and other eligible bills				0	
Loans to credit institutions				300,505	
Loans to customers				46,142,049	
Bonds and other interest-bearing securities	1,608,047				9,924,770
Derivatives	249,710	58,363			
Total financial assets	1,857,757	58,363	0	46,451,500	9,924,770
Financial liabilities					
Liabilities to credit institutions			6,224,755		
Borrowing from the public			45,000		
Debt securities in issue, etc.	9,637,601		39,389,495		
Derivatives	157,108	71,999			
Subordinated liabilities			350,000		
Total financial liabilities	9,794,709	71,999	46,009,250	0	0

NOTE 35	DERIVATIVE INSTRUMENTS, SEK THOUSAND			GROUP
2010	With positive closing value or zero Nominal amount	Carrying amount	With negative closing value or zero Nominal amount	Carrying amount
Interest-rate related				
- Swaps	6,200,000	80,321	7,999,500	226,694
Currency related				
- Swaps			6,920,996	379,989
Total	6,200,000	80,321	14,920,496	606,683

2009	With positive closing value or zero Nominal amount	Carrying amount	With negative closing value or zero Nominal amount	Carrying amount
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
Currency related				
- Swaps	9,537,844	189,653		
Total	14,317,844	308,074	6,954,000	229,107

	PARENT COMPANY			
2010	With positive closing value or zero Nominal amount	Carrying amount	With negative closing value or zero Nominal amount	Carrying amount
Interest-rate related				
- Swaps	6,200,000	80,321	7,999,500	226,694
Currency related				
- Swaps			6,920,996	379,989
Total	6,200,000	80,321	14,920,496	606,683

2009	With positive closing value or zero Nominal amount	Carrying amount	With negative closing value or zero Nominal amount	Carrying amount
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
Currency related				
- Swaps	9,537,844	189,653		
Total	14,317,844	308,074	6,954,000	229,107

NOTE 36	FAIR VALUE DISCLOSURES, SEK THOUSAND				GROUP
	2010		2009		
	Carrying amount	Fair value	Carrying amount	Fair value	
Assets					
Cash and balances with central banks	5,393	5,393	8,946	8,946	
Treasury bills and other eligible bills					
Loans to credit institutions	216,144	216,144	87,761	87,761	
Loans to customers	51,773,034	52,643,477	46,455,974	47,292,200	
Bonds and other interest-bearing securities	10,975,059	10,975,059	11,532,817	11,532,817	
Derivatives	80,321	80,321	308,074	308,074	
Shares	1	1	1	1	
Shares in Group companies					
Intangible non-current assets					
Tangible assets					
- Furniture, fixtures and equipment	2,601	2,601	3,334	3,334	
- Buildings and land	348,929	562,300	336,256	492,000	
Other assets	96,875	96,875	449,953	449,953	
Prepaid expenses and accrued income	662,497	662,497	612,446	612,446	
Total assets	64,160,854	65,244,668	59,795,562	60,787,532	
Liabilities and provisions					
Liabilities to credit institutions	83,962	83,962	5,709,996	5,695,103	
Borrowing from the public	105,000	104,907	45,000	45,219	
Debt securities in issue, etc.	58,413,189	59,029,547	46,027,096	49,468,249	
Derivatives	606,683	606,683	229,107	229,107	
Other liabilities	150,218	150,218	161,797	161,797	
Accrued expenses and deferred income	823,004	823,004	816,292	816,292	
Provisions	74,232	74,232	136,431	136,431	
Subordinated liabilities	549,949	557,731	350,000	352,801	
Total liabilities	60,806,237	61,430,284	53,475,719	56,904,999	

	PARENT COMPANY			
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	5,393	5,393	8,946	8,946
Treasury bills and other eligible bills				
Loans to credit institutions	201,416	201,416	300,505	300,505
Loans to customers	51,457,391	52,317,360	46,142,049	46,969,779
Bonds and other interest-bearing securities	10,975,059	10,975,059	11,532,817	11,532,817
Derivatives	80,321	80,321	308,074	308,074
Shares				
Shares in Group companies	514,827	514,827	515,027	515,027
Intangible non-current assets				
Tangible assets				
- Furniture, fixtures and equipment	2,601	2,601	3,334	3,334
- Buildings and land	348,917	561,670	319,903	422,000
Other assets	76,274	76,274	444,778	444,778
Prepaid expenses and accrued income	661,732	661,732	611,595	611,595
Total assets	64,323,931	65,396,653	60,187,027	61,116,855
Liabilities and provisions				
Liabilities to credit institutions	371,722	371,722	6,224,755	6,209,876
Borrowing from the public	105,000	104,907	45,000	45,219
Debt securities in issue, etc.	58,413,189	59,029,547	49,027,096	49,466,249
Derivatives	606,683	606,683	229,107	229,107
Other liabilities	141,480	141,480	151,257	151,257
Accrued expenses and deferred income	823,723	823,723	816,037	804,385
Provisions	48,944	48,944	102,731	102,731
Subordinated liabilities	549,949	557,731	350,000	352,801
Total liabilities	61,060,690	61,684,730	56,945,983	57,361,625

NOTE 37	FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS, SEK THOUSAND							GROUP
	Level 1	2010		Total	Level 1	2009		Total
		Level 2	Level 3			Level 2	Level 3	
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	2,318,188			2,318,188	1,608,047			1,608,047
Derivatives		42,351		42,351		249,710		249,710
Derivatives identified as hedging instruments								
Derivatives		37,970		37,970		58,363		58,363
Available-for-sale financial assets								
Bonds and other interest-bearing securities	5,860,312	2,796,559		8,656,871	9,904,035	20,735		9,924,770
Total assets valued at fair value	8,178,500	2,876,880	0	11,055,380	11,512,082	328,808	0	11,840,890
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.		17,375,594		17,375,594		9,637,601		9,637,601
Derivatives		66,454		66,454		157,108		157,108
Derivatives identified as hedging instruments								
Derivatives		540,229		540,229		71,999		71,999
Total liabilities valued at fair value	0	17,982,277	0	17,982,277	0	9,866,708	0	9,866,708

	PARENT COMPANY							
	Level 1	2010		Total	Level 1	2009		Total
		Level 2	Level 3			Level 2	Level 3	
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	2,318,188			2,318,188	1,608,047			1,608,047
Derivatives		42,351		42,351		249,710		249,710
Derivatives identified as hedging instruments								
Derivatives		37,970		37,970		58,363		58,363
Available-for-sale financial assets								
Bonds and other interest-bearing securities	5,860,312	2,796,559		8,656,871	9,904,035	20,735		9,924,770
Total assets valued at fair value	8,178,500	2,876,880	0	11,055,380	11,512,082	328,808	0	11,840,890
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.		17,375,594		17,375,594		9,637,601		9,637,601
Derivatives		66,454		66,454		157,108		157,108
Derivatives identified as hedging instruments								
Derivatives		540,229		540,229		71,999		71,999
Total liabilities valued at fair value	0	17,982,277	0	17,982,277	0	9,866,708	0	9,866,708

Level 1: Prices quoted on active markets for identical assets or liabilities.

Level 2: Prices quoted are used to determine the value of an asset or liability.

Level 3: Data for assets/liabilities not based on observable market data.

		GROUP		PARENT COMPANY	
NOTE 38	ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	2010	2009	2010	2009
ASSETS					
SEK		216,144	87,761	201,416	300,505
Loans to credit institutions		216,144	87,761	201,416	300,505
SEK		51,753,824	46,432,978	51,438,181	46,119,053
EUR		19,210	22,996	19,210	22,996
Loans to customers		51,773,034	46,455,974	51,457,391	46,142,049
SEK		10,975,059	11,532,817	10,975,059	11,532,817
Bonds and other interest-bearing securities		10,975,059	11,532,817	10,975,059	11,532,817
SEK		80,321	308,074	80,321	308,074
Derivatives		80,321	308,074	80,321	308,074
SEK		1,116,296	1,410,936	1,609,744	1,903,582
Other assets		1,116,296	1,410,936	1,609,744	1,903,582
TOTAL ASSETS		64,160,854	59,795,562	64,323,930	60,187,027
LIABILITIES					
SEK		64,376	5,686,541	352,136	6,201,300
EUR		19,586	23,455	19,586	23,455
Liabilities to credit institutions		83,962	5,709,996	371,722	6,224,755
SEK		105,000	45,000	105,000	45,000
Borrowing from the public		105,000	45,000	105,000	45,000
SEK		44,423,004	40,465,115	44,423,004	40,465,115
CHF		3,241,170	1,721,724	3,241,170	1,721,724
EUR		2,910,750	1,712,259	2,910,750	1,712,259
NOK		7,838,265	5,127,998	7,838,265	5,127,998
Securities in issue		58,413,189	49,027,096	58,413,189	49,027,096
SEK		606,683	229,107	606,683	229,107
Derivatives		606,683	229,107	606,683	229,107
SEK		1,597,403	1,464,520	1,564,096	1,420,025
Other liabilities		1,597,403	1,464,520	1,564,096	1,420,025
TOTAL LIABILITIES		60,806,237	56,475,719	61,060,690	56,945,983

All assets and liabilities in foreign currency are hedged against exchange rate fluctuations using derivative contracts.

Proposed Allocation of Earnings

Retained earnings	SEK 139,513,200
Group contribution	SEK -101,000,000
Tax effect of Group contribution	SEK 26,563,000
Total	SEK 65,076,200
Net profit for 2010	SEK 261,163,348
At the disposal of the Annual General Meeting	SEK 326,239,548

Conditional on the approval of the Annual General Meeting, a Group contribution has been paid in the amount of SEK 101,000,000, which has reduced unrestricted equity as of the balance sheet date by SEK 74,437,000 after taking the tax effect into account. The proposed transfer of value in the form of a Group contribution reduces the company’s capital adequacy ratio to 1.11 percent, calculated in accordance with the transitional rules of the Swedish Financial Supervisory Authority. The Board of Directors is of the opinion that the proposed dividend, in the form of a Group contribution, does not compromise the company’s ability to fulfil its obligations in the short and long term, nor to make any necessary investments. The proposed transfer of value can therefore be justified considering that stated in Chapter 17, Section 3, paragraphs 2-3 of the Swedish Companies Act. The Board of Directors proposes that the year’s funds at the disposal of the Annual General Meeting, SEK 326,239,548, be carried forward. The undersigned hereby certify that, to the best of our knowledge, the annual accounts are prepared in accordance with generally accepted accounting principles for credit market companies and that the information provided agrees with actual circumstances and that nothing of material importance has been omitted that could affect the image of Landshypotek AB created by the annual account.

Stockholm, 9 March 2011

Ulf Dinkelspiel <i>Chairman</i>	Lars-Åke Folkmer	Anders Johansson
Richard Montgomery	Henrik Toll	Charlotte Önnestedt
Catharina Lagerstam	Kjell Hedman <i>Managing Director</i>	

Audit Report

**To the Annual General Meeting of Landshypotek AB,
corporate registration number 556500-2762.**

We have audited the annual accounts, the consolidated financial statements, accounting and the administration of the Board of Directors and the Managing Director of Landshypotek AB for 2010. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 8-56. These accounts and the administration of the company, and the application of the Annual Accounts Act for Credit Institutions and Securities Companies, as well as the International Financial Reporting Standards, IFRS, as adopted by the EU, when preparing the annual accounts and the consolidated financial statements are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in Sweden. These standards require that we plan and perform the audit to obtain high, but not absolute assurance that the annual accounts and the consolidated financial statements are free from material misstatements. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes an assessment of the accounting principles applied and the application thereof by the Board of Directors and the Managing Director, an assessment of the critical estimates made by the Board of Directors and Managing Director in preparing the annual accounts, and an evaluation of the overall information contained in the annual accounts and consolidated financial statements. As a basis for our statement on discharge from liability, we have examined significant decisions, measures and circumstances in the Company in order to evaluate whether or not any member of the Board of Directors or the Managing Director is liable for damages to the company. We have also examined whether any member of the Board of Directors or the Managing Director has acted in contravention of the Swedish Companies Act, the Swedish Annual

Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our statements below.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a true and fair view of the Company's financial position and performance in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, and provide a fair view of the Group's results and position. Our opinions do not encompass the Corporate Governance Report on pages 16-17. The statutory administration report is consistent with the other parts of the annual report.

We recommend that the Annual General Meeting adopt the income statement and the balance sheet for the parent company and the Group, allocate the profit in accordance with the proposal in the administration report and that the members of the Board of Directors and the Managing Director be granted discharge from liability for the financial year.

Auditors' report on the Corporate Governance Report

It is the Board of Directors and the President who are responsible for the Corporate Governance Report on pages 16-17 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Report has been prepared and is consistent with the other parts of the annual accounts and the consolidated financial statements, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

In our opinion, a Corporate Governance Report has been prepared and its statutory content is consistent with the other parts of the annual accounts and the consolidated financial statements.

Stockholm, 9 March 2011

Anna Hesselman
Authorised Public Accountant

Bengt Fröander
Authorised Public Accountant

Senior Management



From left to right: Emanuel Åkerlind, Rolf Åttingsberg, Björn Ordell, Catharina Åbjörnsson Lindgren, Göran Abrahamsson, Kjell Hedman, Olof Helmersson, Annelie von Dahn, Bertil Andersson, Per Ivarsson

Kjell Hedman, MD

Göran Abrahamsson, Chief Member & Market Officer

Bertil Andersson, Chief Sales Officer

Annelie von Dahn, HR Manager

Olof Helmersson, Chief Development Officer

Per Ivarsson, CIO

Catharina Åbjörnsson Lindgren, Chief Legal Officer

Björn Ordell, Chief Financial Officer

Emanuel Åkerlind, Chief Risk Control Officer

Rolf Åttingsberg, Chief Credit Officer

Board of Directors



From left to right: Lars-Åke Folkmer, Henrik Toll, Ulf Dinkelspiel, Catharina Lagerstam, Charlotte Önnestedt, Anders Johansson, Richard Montgomery.

Directors

Ulf Dinkelspiel, b 1939, Stockholm, ambassador, Chairman of Landshypotek AB, Landshypotek Jordbrukskredit AB and Sveriges Allmänna Hypoteksbank. Chairman of AB Ångpanneföreningen, Stiftelsen Sverige i Europa, Föreningen Svenskar i Världen, ICC Sverige and Springtime AB. Director of E. Öhman J:or AB, Nordnet AB, Premiefinans AB and Bockholmen Hav and Restaurang AB.

Lars-Åke Folkmer, b 1946, Kvänum, farmer, Director of Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB.

Anders Johansson, b 1948, Läckeby, farmer, Director of Landshypotek, ek. för., Landshypotek AB, Landshypotek Jordbrukskredit AB and Sveriges Allmänna Hypoteksbank. Director of Lyckeby Stärkelsen och i H. S. Kalmar Kronoberg.

Richard Montgomery, b 1955, Flen, Bachelor of Science (Econ.), Director of Landshypotek AB and Landshypotek Jordbrukskredit AB. Director of Ånhammar Säteri AB and Tham Invest AB.

Catharina Lagerstam, b 1962, Stockholm, PhD (Econ.), graduate engineer, Director of Landshypotek AB and Landshypotek Jordbrukskredit AB. Director of Kommuninvest i Sverige AB, StyrelseAkademien i Stockholm and Alpcot Agro AB. Vice Chairman of Stiftelsen Franska skolan. Director of Franska skolans Fastighetsstiftelse, Fastighetsaktiebolaget Fattighuset and Elektronik-Gruppen BK AB. Chairman of Quaestus AB.

Henrik Toll, b 1954, Sorunda, farmer, Director of Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB. Deputy Director of Sveriges Allmänna Hypoteksbank. Chairman of Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra Borgaren AB and Västra Borgaren AB. Director of Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

Charlotte Önnestedt, b 1963, Ödeshög, farmer and Director of Landshypotek AB and Landshypotek Jordbrukskredit AB.

Auditors

Anna Hesselman, Stockholm, Authorised Public Accountant.

Bengt Fröander, Stockholm, Authorised Public Accountant.

Deputy Auditors

Christina Asseus Sylvén, Sollentuna, Authorised Public Accountant.

Ulf Westerberg, Stockholm, Authorised Public Accountant.





LANDSHYPOTEK

EKONOMISK FÖRENING 2010

Report of the Board of Directors

Local presence is an important success factor for Landshypotek



Landshypotek currently has offices throughout Sweden. Having a local presence is highly important in offering the market a personal service provided by employees who have intimate knowledge of local conditions.

On 9 March 2011, the Board of Directors of Landshypotek, ekonomisk förening, corporate registration number 769600-5003, approved the financial statements. These will be presented for final adoption by the Annual General Meeting of the Association on 5 May 2011.

Business

Landshypotek, ekonomisk förening, is a parent company in the Landshypotek, ekonomisk förening Group. The association is owned by its members. Operations in the Group are primarily driven through Landshypotek AB. All borrowers of Landshypotek AB are also members of Landshypotek, ekonomisk förening. Landshypotek AB is a credit institution specialised in lending to Swedish agriculture and forestry, using real property as collateral. Landshypotek offers first mortgage loans on competitive terms, along with other banking products and services in collaboration with partners.

Loans are concentrated in Landshypotek AB, although a certain amount of lending is also provided through the subsidiaries Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Landshypotek AB is responsible for all borrowing. The company uses the capital market as its source of funding. The desired level of flexibility is achieved by way of a number of loan programmes, attracting various types of investor.

Landshypotek AB is owned by Landshypotek, ekonomisk förening. The cooperative association is a democratic organisation in which all members have one vote at the annual regional meeting.

During 2010, operations were conducted by the following corporate entities:

- Landshypotek, ekonomisk förening
- Landshypotek AB
- Landshypotek Jordbrukskredit AB
- Lantbrukskredit AB
- Sveriges Allmänna Hypoteksbank (Hypoteksbanken) – being discontinued.

Organisation

Landshypotek has around 110 employees based in 19 sales offices throughout Sweden. Local presence is an important success factor for the company. Staff all have a good local knowledge and proven expertise of agricultural and forestry criteria, as well as entrepreneur-driven enterprises. In order to increase availability and levels of service during the year, Landshypotek continued to develop its interaction with customers through sales offices and by offering new online services.

The representatives that sit on Landshypotek's regional boards of directors are tasked with appraising customers' properties. The members of these boards are themselves owners of agricultural properties and have good local knowledge and industry expertise. Board members with the greatest possible geographic and industrial breadth are appointed in each region. Members are also active advocates of the company and represent Landshypotek in a variety of contexts.

Market overview

Market trends

Profitability in the forest and agricultural sector improved during 2010 compared with the preceding year. Price trends in sectors important to Swedish agriculture, namely milk and grain production, have been positive. Milk prices gradually rose throughout the year, while grain prices experienced a rally during the summer, afterwards stabilising on a high level. This year, many Swedish grain producers saw a reduction in the volume of high-quality grain in their harvests. However, this fall in volume was offset by higher prices.

One area of agricultural operations that noted reduced profitability in 2010 was that of pig producers. The price of pork declined, while the price of input goods, mainly grain, rose.

Profitability in forestry was favourable during 2010. Demand for both timber and solid wood has been strong, and prices have risen accordingly. However, a slight slackening in the timber market was noted during the autumn, primarily driven by falling demand from sawmills.

Price trends for forestry and agricultural properties

The price of agricultural properties continued to rise during 2010. The best arable lands consistently fetched new record prices. However, this trend is not a nationwide phenomenon. While prices for the best arable lands are reaching record levels, it can be difficult to sell smaller farms situated outside traditional farming areas. The price of forestry properties experienced significant growth during 2010, driven by higher prices of both timber and solid wood. The trend here has been more evenly distributed throughout the country.

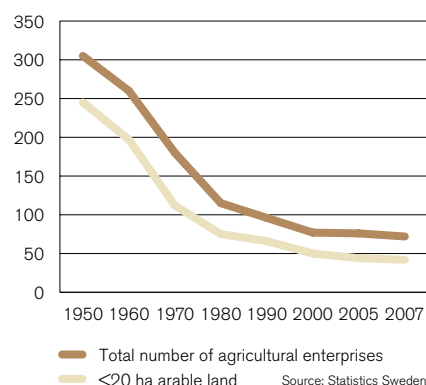
Landshypotek's development

Landshypotek increased net lending by SEK 5.3 billion during the year. This increase corresponds to a lending growth of 11.4 percent, compared with 12.5 percent in the preceding year. From high levels, demand for credit from Swedish farmers and foresters slackened somewhat during the autumn. Overall, bank lending to Swedish farmers and foresters grew 9.9 percent in 2010. Accordingly, Landshypotek increased its market share during the year.

The organisational changes implemented by Landshypotek in recent years have come about out of a desire to get closer to our customers and be more present and visible in the market. One of the ways we have done this is by increasing the number of sales offices, from 10 at the beginning of 2000, to the current level of 19. We have also extended our product offering. Landshypotek's core business focuses on offering farm and forest owners the most attractive first mortgage loans available in the market. In order to satisfy customers' other needs for banking services, Landshypotek offers its customers banking services in collaboration with a network of partners. It is important for Landshypotek to be able to offer a wide range of banking services. Many customers appreciate the simplicity in being able to turn to just one contact that can satisfy all their banking and financing service requirements. Landshypotek also offers its customers a range of insurance products, including farm insurance and life insurance, acting as a broker. The insurers used are well respected insurance companies that are part of Landshypotek's partner network.

Number of agricultural enterprises

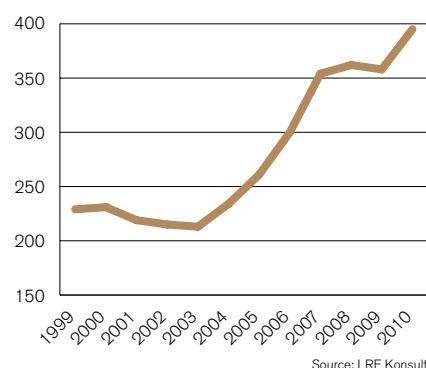
Number, thousand



The structural transformation in agriculture has meant that the number of agricultural enterprises has dropped sharply in the past 50 years. This transformation is continuing and has regained momentum in recent years.

Prices of forest properties

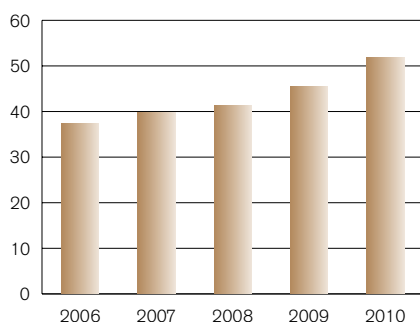
SEK/m³



The average price of forest properties was SEK 395/m³ in Sweden as a whole in 2010.

Loans to customers

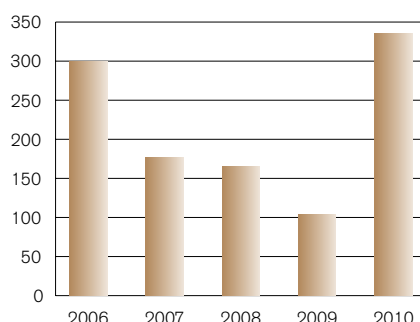
SEK billion



Landshypotek's loans to customers amounted to MSEK 51,773 at 31 December 2010. During the year, lending increased by 11.4 percent.

Operating profit

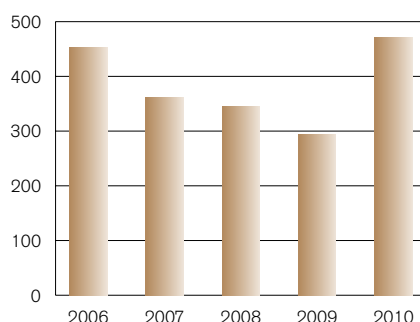
MSEK



Operating profit for 2010 amounted to MSEK 334.5, excluding "Net result of financial transactions." This increase in profit is primarily attributable to higher net interest income.

Net interest income

MSEK



In 2010, net interest income amounted to MSEK 471.0. The size of net interest income is determined by the lending volume, the margin between borrowing and lending interest rates and the return received on equity invested in lending operations.

Success factors

Crucial factors to ensure that Landshypotek continues to experience good development on the market and defend its position as a leading player in its area of business include:

- good knowledge of customers' business,
- products that satisfy customers' requirements,
- elected appraisers who can accurately value our collateral,
- good credit rating, which, together with accurately appraised collateral, ensure continued low loan losses, and
- low borrowing costs.

Profit and profitability

Group key ratios	2010	2009
Net interest income, SEK thousand	470,983	293,957
Interest-rate margin, %	0.96 %	0.67 %
Other operating income, SEK thousand	87	87
Costs, SEK thousand	-212,143	-228,785
Cost level, %	-0.38 %	-0.52 %
Loan losses, SEK thousand	-6,662	-8,484
Loan loss level %	0.01 %	0.02 %
Operating profit, SEK thousand	338,695	152,528
Operating profit, excl. net result from financial transactions, SEK thousand	334,476	103,463

The Group's operating profit for 2010 amounted to MSEK 338.7, an increase of MSEK 176.1 on the preceding year (MSEK 162.6). Operating profit, excluding the Net result of financial transactions', amounted to MSEK 334.5 (113.6). This increase in profit is primarily attributable to higher net interest income and lower costs. In addition, two operating properties were sold during the year.

Net interest income

Net interest income for 2010 amounted to MSEK 271.0, an increase of MSEK 177.0 compared with 2009 (MSEK 294.0). This increase can be attributed primarily to the margin between deposit and borrowing interest rates being higher during the year. These margins have gradually increased since the middle of 2009 as a consequence of the competition situation and the introduction of new regulations. The increased lending volume also made a contribution to net interest income.

Other operating income

Operating income, excluding net interest, amounted to MSEK 86.5, a reduction of MSEK 9.3 MSEK compared with 2009. This reduction can be primarily attributed to "Net result from financial transactions" reducing from MSEK 44.8 during the period. Net result from financial transactions includes realised profits from the purchase and sale of financial instruments, as well as the result from the repurchase of own bonds. In addition, this item also includes the result from the revaluation of certain financial instruments. To gain an understanding of the total effect of market revaluations, the revaluations carried directly to equity must also be taken into account. Stability fees to the Swedish National Debt were

Landshypotek's covered bonds

Landshypotek has issued covered bonds to a value of SEK 53.5 billion. Assets in the covered pool corresponding to SEK 60.8 billion are in place as collateral for these bonds.

Collateral base and covered bonds

Collateral base

Loans	SEK 49.8 billion
Supplemental collateral	SEK 11.0 billion

SEK 60.8 billion

Covered bonds

Issued in SEK	SEK 38.9 billion
Issued in foreign currency	SEK 14.6 billion

SEK 53.5 billion

Excess collateral SEK 7.3 billion 14.6 %

Key ratios, collateral base

LTV - Loan-to-value

Average volume-weighted LTV 39.7 %

Number of pledged properties 36,889

Number of borrowers 50,174

Number of loans 133,984

Supplemental collateral

Swedish covered bonds SEK 8.2 billion

Swedish municipalities SEK 2.8 billion

Geographic distribution of lending

Norrbottnens County 1.1 %

Västerbottens County 2.3 %

Jämtlands County 1.7 %

Dalarnas County 1.9 %

Västmanlands County 2.1 %

Värmlands County 5.1 %

Örebro County 6.5 %

Västra Götalands

County 15.0 %

Jönköpings County 3.5 %

Halland County 4.9 %

Blekinge County 1.2 %

Skåne County 14.9 %

Västernorrlands County 2.3 %

Gävleborgs County 2.7 %

Uppsala County 4.0 %

Stockholms County 3.7 %

Södermanlands County 4.7 %

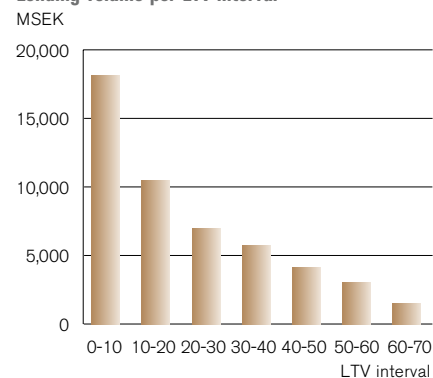
Östergötlands County 11.0 %

Kronobergs County 2.4 %

Gotland County 4.4 %

Kalmar County 4.7 %

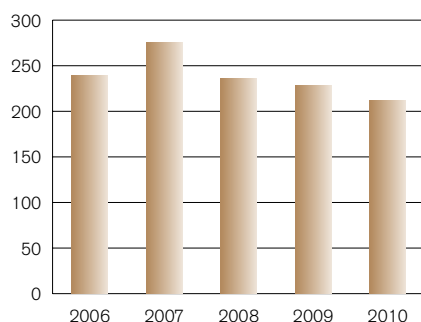
Lending volume per LTV interval



Of Landshypotek's lending, 63 percent takes place against collateral where the loan amount is less than 20 percent of the value of the collateral. Only 2 percent of lending is against collateral where the loan amount is 70 percent of the value of the collateral.

Costs

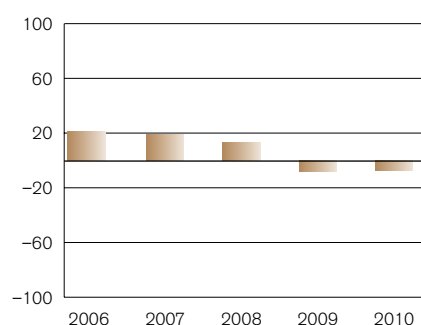
MSEK



Landshypotek works long term to reduce its costs and enhance the efficiency of its operations. Compared with 2007, costs have decreased by 20 percent.

Loan losses

MSEK



Loan losses amounted to MSEK 6.7, equivalent to 0.01 percent of lending.

charged against earnings in the amount of MSEK 20.0. In addition, two operating properties were sold during the year. These sales brought about a capital gain of MSEK 68.3.

Costs

Costs amounted to MSEK 212.1 (218.7). This reduction in costs of MSEK 6.5 can be attributed to lower general administration costs, principally IT costs.

For a number of years, Landshypotek has been working on a long-term programme designed to reduce cost levels in the company. This has produced good effects, enabling Landshypotek to reduce its costs by 20 percent since 2007.

Loan losses and doubtful credits

Loan losses for 2010 amounted to MSEK 6.7 (8.5). Write-offs of realised losses amounted to MSEK 6.7 (1.8). Reservations for likely loan losses during the period amounted to MSEK 11.9 (9.4). Recoveries of previously realised losses or previously expected losses amounted to MSEK 5.4 (1.1). Doubtful credits amounted to MSEK 37.2, equivalent to 0.07 percent of loans outstanding. At year-end 2009, doubtful credits amounted to MSEK 42.8.

Landshypotek continuously analyses the quality of its loan portfolio and conducts various types of stress test with a view to assessing performance under various macroeconomic scenarios. We are currently not seeing any realistic scenario that would result in a significant increase in loan losses. The reason for this is, in part, that the loan value is low; the average volume-weighted loan value is 41.7 percent, and the overall repayment ability of Landshypotek customers is strong. Landshypotek customers derive income from several sources, such as earned income, contracting business, forestry and agriculture.

The balance sheet total increased by 7.3 percent to MSEK 64,166 (59,800), due to increased lending to customers and an increased holding of interest-bearing securities.

Financial structure**Assets**

The largest asset item in the balance sheet is "Loans to customers", which amounted to MSEK 51,773 (46,456). More information about Landshypotek's lending to customers can be found in the Risk and Capital Management section.

Financial structure**Consolidated Balance Sheet****Assets, MSEK**

Loans to credit institutions	224
Loans to customers	51,773
Bonds and other interest-bearing securities	10,975
Derivatives	80
Non-current assets	352
Other assets	762
	64,166

Liabilities, MSEK

Liabilities to credit institutions	84
Borrowing from the public	216
Securities in issue	58,413
Derivatives	607
Other liabilities	1,506
Equity	3,340
	64,166

At year-end 2010, Landshypotek's holding of interest-bearing securities amounted to MSEK 10,975 (11,533). The portfolio consists of securities issued by Swedish institutions with high credit ratings. As of 31 December, 75 percent of the portfolio consisted of covered bonds with a high rating, which can immediately be borrowed against or sold. The remaining 25 percent consisted of bonds issued by Swedish municipalities, also with the highest rating. The reason for holding these interest-bearing securities is that they function as a liquidity portfolio. If necessary, the securities can be sold or borrowed against to handle the financing of liabilities falling due.

Landshypotek uses derivatives for the purpose of handling the differences in periods of fixed interest between assets and liabilities. At year-end 2010, the nominal value of the Group's derivative contracts amounted to MSEK 21,120 (21,272). Additional detail about derivative contracts is presented in Note 35. Positive market values entail counterparty risk. To also capture the uncertainty of future market development, credit exposure is calculated. A standard amount is then added to the market value, depending on the type of contract and the remaining time to maturity. The resulting amount constitutes a part of Landshypotek's credit exposure. Counterparties are Swedish and international banks with very high credit ratings. At year-end, the credit exposure in derivative contracts totalled MSEK 1,295 (1,075).

Non-current assets amounted to MSEK 352 (340) and consist mainly of five operating properties.

Liabilities

Landshypotek's financing consists primarily of bond loans and money market instruments issued on the Swedish and European markets in the form of MTN, EMTN and commercial paper programmes. Funding is also obtained via borrowings from credit institutions. At year-end 2010, bonds and money market instruments in issue amounted to MSEK 58,413 (49,027). Borrowing from the public amounted to MSEK 216 (190), and borrowing from credit institutions amounted to MSEK 84 (5,670). During the year, borrowing from credit institutions declined in favour of increased financing through bonds.

Equity

At year-end 2010, Landshypotek had equity of MSEK 3,340 (3,312). During the year, equity rose by MSEK 26.9.

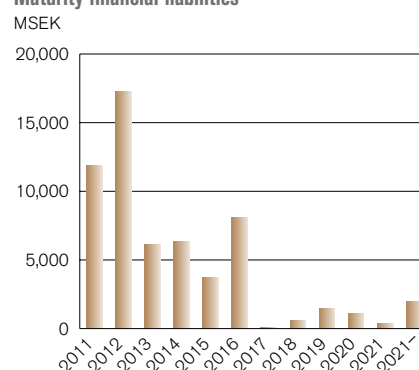
Financing

Landshypotek aims to borrow funds on the best possible terms, given a low risk profile. By adopting an extremely flexible approach to markets and instruments, financing is obtained efficiently and where the best terms are offered. Landshypotek utilises several borrowing programmes, both domestic and international. This allows the company to meet most investors' needs for investment in interest-bearing instruments. Landshypotek's primary source of financing during the year was covered bonds.

Covered bonds were issued in an amount of approximately MSEK 33.



Maturity financial liabilities



Rating	Long	Short
S&P covered bonds	AAA	
S&P	A-	A2, K1
Fitch	A+	F1
Moody's	A3	P2

Our vision is to be the obvious partner with a complete range of financial and economic services in agriculture and forestry in Sweden.



Programme	Utilised 31 Dec. 2010	Maximum amount	Utilised 31 Dec. 2009
Swedish commercial paper	2,350	10,000	1,975
Swedish MTN programme	38,508	50,000	38,004
International EMT programme	15,126	25,000	8,358
Registered Covered Bonds	2,996		
Other bonds	15		6
Subordinated loans	550		350

Support for the Swedish capital market from Swedish Central Bank (Riksbanken) and the Swedish National Debt Office was gradually withdrawn during 2010. The market now operates without support, albeit not entirely smoothly. Landshypotek believes that the market will function much better during 2011.

Rating

Landshypotek's rating remained unchanged in 2010. In September, Moody's confirmed the company's A3, P2 rating with stable outlook. In February 2011, Landshypotek was given the rating A+, F1, confirmed by Fitch with a stable outlook.

Capital situation

The capital base as of 31 December was MSEK 3,856 and the capital ratio according to Basel II was 5.1. The capital requirement according to Basel II was MSEK 758 as of 31 December. The capital requirement is calculated as a minimum capital requirement based on credit, market and operative risks (Pillar I). In addition to the minimum capital requirement, each institution must also conduct an internal assessment of its capital requirement. This internal capital assessment shall take account of all risks and their capital requirements. The supervisory authorities expect institutions to maintain a larger capital base than specified in the formal minimum capital requirement.

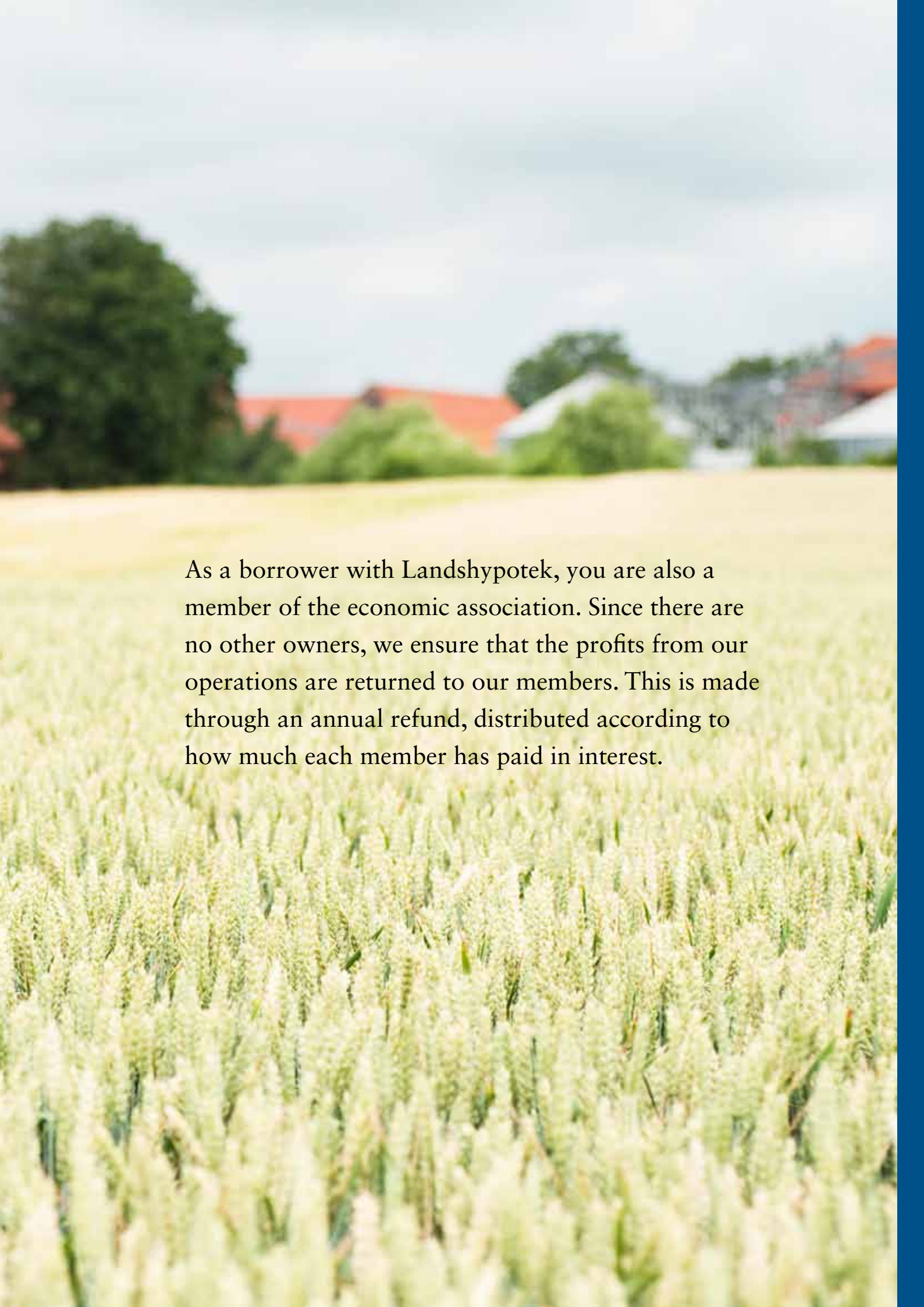
The capital adequacy rules as stipulated in Basel II were to be fully applied as of 1 January 2010. This transition to Basel II was preceded by transitional rules which were applied for three years. The period during which the transitional rules are applied is being extended. Under the transitional rules, Landshypotek has a capital ratio of 1.1. Additional information can be found in the Risk and Capital Management section and in Note 33.

Group contribution

A Group contribution was paid during 2010 in the amount of MSEK 101 (102) to the Parent Company, Landshypotek, ekonomisk förening from Landshypotek AB, subject to approval by the Annual General Meeting.

Events after year-end

On 28 February, Landshypotek received the rating AAA for its covered bonds from Standard & Poor's. At the same time, the outlook assigned was stable. The highest rating for covered bonds is important for ensuring that Landshypotek can secure financing on competitive terms.



As a borrower with Landshypotek, you are also a member of the economic association. Since there are no other owners, we ensure that the profits from our operations are returned to our members. This is made through an annual refund, distributed according to how much each member has paid in interest.



Corporate Governance, Landshypotek, ekonomisk förening

Ownership structure

Landshypotek, ekonomisk förening is member owned.

Code of Governance of Co-operative Agricultural Associations and Association Enterprises

The Swedish Code of Corporate Governance was published in December 2004. Modelled on that code, the Code of Governance of Cooperative Agricultural Associations and Association Enterprises was drafted in 2005 by LRF, the Federation of Swedish Farmers. The purpose was to develop a code of governance for agricultural cooperative associations that was adapted to the special conditions that prevail in the agricultural cooperative sector. Large blocks of text were transferred from the Swedish Code of Corporate Governance with only minor modifications. Other sections are completely new and have no equivalent in the Swedish Code. The 2006 Association Meeting of Landshypotek, ekonomisk förening adopted a code that largely corresponds to the Code of Governance for Cooperative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

Association Meeting

The Meeting appoints a Board of Directors and auditors, and also makes decisions on the setting of fees. The Meeting also adopts income statements and balance sheets, and decides on the matter of discharge from liability of the Board of Directors and the Managing Director. Advance information and minutes from the Meeting can be found on the Landshypotek website.

Appointment of the Board of Directors and auditors

The Preparation Committee is the Association Meeting's body tasked with preparing the Meeting's decisions in respect of appointments. The 2010 Association Meeting appointed 10 representatives to the Preparation Committee prior to the following Board elections. The members of the Preparation Committee appoint a Chairman from among their number. Committee members may not sit on the Board of Directors. The composition of the Preparation Committee prior to the Board election must be finalised at least six months prior to the Annual General Meeting. Members are specified on the Landshypotek website.

Prior to the 2011 Association Meeting, the Preparation Committee will evaluate the work of the Board of Directors. In addition, the Committee will also submit proposals concerning the Chairman of the Association Meeting, members of the Board of Directors, fees payable to Board members (Chairman, Vice Chairman and other Directors) and proposals concerning auditors and the fees paid for their work.

The method for appointment of Board members is stipulated in the statutes. The method for dismissal of Board members is not stipulated in the statutes; nor is the method for amending the statutes.

Boards of Directors

The overall duty of the Board of Directors is to manage the affairs of the association on behalf of the members. The association's Board of Directors comprises 13 members appointed by the Association Meeting.

Senior Management

The senior management team is presented in the column opposite.

Auditors

The Association Meeting appoints external auditors for the association, at least one of which must be an authorised public accountant. The mandate period of the auditors appointed by the Meeting is four years. The 2009 Annual General Meeting appointed authorised public accountant Anna Hesselman and the elected auditors for the next four years, i.e. until the 2013 Annual General Meeting.

Internal control and risk management

The basis for the internal control with respect to financial reporting consists of Landshypotek's control environment in the form of the organisation, decision pathways, authority and responsibility, all of which are documented in internal policies, instructions and guidelines. A separate risk control unit is responsible for following-up and monitoring all the Group's risks. A compliance officer is responsible for monitoring the company's regulatory compliance. These units operate completely independently of business operations and administration. Risk control is directly subordinate to the MD and the compliance officer is subordinate to the Chief Legal Officer, who is directly subordinate to the MD. Risk control and the compliance office report to the MD and, if required, directly to the Board of Directors. Follow-up and oversight of the internal control is carried out by active internal audit. During 2008, the internal audit function was reorganised. Since that time, internal audits have been performed by KPMG.

Senior Management**Kjell Hedman**

Managing Director

Göran Abrahamsson

Chief Member and Market Officer

Income Statement

SEK THOUSAND	Note	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Interest income		1,719,117	1,777,356	630	256
Interest expense		-1,248,134	-1,483,399	-1,481	-765
Net interest income	2	470,983	293,957	-851	-509
Dividend income	3		10,000		
Commission income	4	11,529	11,840		
Commission expense	5	-20,620	-1,759		
Net result of financial transactions	6	4,219	49,065		
Other operating income	7	91,389	26,694	15	
Total operating income		557,500	389,797	-836	-509
General administrative expense	8	-179,812	-185,362	-10,059	-8,184
Depreciation and impairment of tangible and intangible non-current assets	9	-10,658	-12,598		
Other operating expenses	10	-21,673	-20,712	-1,059	-826
Total expenses before loan losses		-212,143	-218,672	-11,118	-9,010
Profit before loan losses		345,357	171,125	-11,954	-9,519
Loan losses, net	11	-6,662	-8,484		
Operating profit		338,695	162,641	-11,954	-9,519
Year-end appropriations	12	-89,345	-90,606	12,150	11,394
Tax on profits for the year	13	-50,529	-16,740	-184	-597
Profit for the year	39	198,820	55,294	12	1,278

The comparison figures have been changed for the Group as the result of the transition to full IFRS, IAS19 Employee Benefits

Statement of Comprehensive Income

SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2010	2009	2010	2009
Profit for the period	198,820	55,294	12	1,278
Other comprehensive income				
Cash-flow hedges	68,098	10,438		
Available-for-sale financial instruments	-291,379	-81,240		
Income tax related to other comprehensive income	58,723	18,621		
Total other comprehensive income	-164,558	-52,181	0	0
Comprehensive income for the period	34,262	3,113	12	1,278

Balance Sheet

		GROUP			PARENT ASSOCIATION	
SEK THOUSAND	Note	2010	2009	Opening balance 2009	2010	2009
Assets						
Cash and balances with central banks		5,393	8,946	2,707		
Loans to credit institutions	14	218,115	89,574	61,646	91,843	41,683
Loans to customers	15	51,773,034	46,455,974	41,286,123		
Bonds and other interest-bearing securities	16	10,975,059	11,532,817	8,473,460		
Derivatives	17, 35, 36	80,321	308,074	362,497		
Shares and participations	18	2	2	2	1	1
Shares in Group companies	19				1,870,378	1,870,378
Intangible non-current assets	20					
Tangible assets						
Furniture, fixtures and equipment	21	2,601	3,334	4,602		
Buildings and land	21	348,929	336,256	339,470		
Other assets	22	99,620	452,464	169,776	103,945	104,533
Prepaid expenses and accrued income	23	662,633	612,606	543,226	372	195
Total assets	33, 34, 35, 37, 39	64,165,707	59,800,047	51,243,510	2,066,539	2,016,790
Liabilities, provisions and equity						
Liabilities to credit institutions	24	83,962	5,669,996	7,509,565		
Borrowing from the public	25	215,573	190,083	32,022	200,573	145,083
Debt securities in issue, etc.	26	58,413,189	49,027,096	38,387,385		
Derivatives	27, 35, 36	606,683	229,107	327,324		
Other liabilities	28	59,668	59,962	164,903	10,650	8,362
Accrued expenses and deferred income	29	822,767	816,453	869,736		197
Provisions	30	74,232	144,606	179,181		
Subordinated liabilities	31	549,949	350,000	449,983		
Total liabilities		60,826,023	56,487,303	47,920,099	211,223	153,642
Untaxed reserves						495
Equity						
Member investments		1,022,492	1,029,841	1,043,588	1,022,492	1,029,841
Other contributed capital		1,796,404	1,796,404	1,797,796	713,399	713,399
Revaluation reserve		-67,922	96,636	148,816		
Retained earnings		389,890	334,569	425,785	119,413	118,135
Profit for the year		198,820	55,294	-92,574	12	1,278
Total equity		3,339,684	3,312,744	3,323,411	1,855,316	1,862,653
Total liabilities, provisions and equity	33, 34, 35, 37, 39	64,165,707	59,800,047	51,243,510	2,066,539	2,016,790
Memorandum items						
- Pledged assets	32	None	None		None	None
- Contingent liabilities		447,066	356,357		None	None
- Guarantees		100,000	100,000		None	None

Statement of Changes in Equity

GROUP, SEK THOUSAND

	Contribution capital added	Voluntary contri- bution	Other contri- buted capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2008	1,041,321	2,267	1,797,796	-58,048	206,864	371,526	3,361,726
Effects of transition to full IFRS IAS 19							
Employee benefits						-38,315	-38,315
Opening equity 2009 after adjustments	1,041,321	2,267	1,797,796	-58,048	206,864	333,211	3,323,411
Comprehensive income for the period				7,693	-59,874	55,294	3,113
Other items						-33	-33
Total change before transactions with owners	0	0	0	7,693	-59,874	55,261	3,080
Contribution capital paid in/disbursed during year	-17,762	-19					-17,781
Regular refund	64,574						64,574
Refund paid to member account	-18,292						-18,292
Disbursement in advance	-63						-63
Interest on capital contribution accounts*	25,975	57					26,032
Preliminary tax deducted*	-7,428	-1					-7,429
Disbursement of surplus contribution funds*	-12,346	-9					-12,355
Regular disbursements	-48,340	-93					-48,433
Equity as of 31 December 2009	1,027,639	2,202	1,797,796	-50,355	146,990	388,472	3,312,744
Comprehensive income for the period				50,189	-214,747	198,820	34,262
Other items						27	27
Total change before transactions with owners	0	0	0	50,189	-214,747	198,847	34,289
Contribution capital paid in/disbursed during year	-5,392						-5,392
Regular refund	58,161						58,161
Refund paid to member account	-16,376						-16,376
Disbursement in advance	-63						-63
Interest on capital contribution accounts*	31,175	66					31,241
Preliminary tax deducted*	-9,004						-9,004
Disbursement of surplus contribution funds*	-13,121	-11					-13,132
Regular disbursements	-52,748	-36					-52,784
Equity as of 31 December 2010	1,020,271	2,221	1,797,796	-166	-67,757	587,319	3,339,684

* The net of interest and preliminary tax remains in the contribution account until it has reached the contribution ceiling of 8 percent.
Surplus contribution funds are then disbursed.

Continued: **Statement of Changes in Equity****PARENT ASSOCIATION, SEK THOUSAND**

	Contribution capital added	Voluntary contri- bution	Other contri- buted capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2008	1,041,321	2,267	713,399	0	0	118,135	1 875,121
Comprehensive income for the period						1,278	1,278
Total change before transactions with owners	0	0	0	0	0	1,278	1,278
Contribution capital paid in/disbursed during year	-17,762	-19					-17,781
Regular refund	64,575						64,575
Refund paid to member account	-18,292						-18,292
Disbursement in advance	-63						-63
Interest on capital contribution accounts*	25,975	57					26,032
Preliminary tax deducted*	-7,428	-1					-7,429
Disbursement of surplus contribution funds*	-12,346	-9					-12,355
Regular disbursements	-48,340	-93					-48,433
Equity as of 31 December 2009	1,027,640	2,202	713,399	0	0	119,413	1,862,653
Comprehensive income for the period						12	12
Total change before transactions with owners	0	0	0	0	0	12	12
Contribution capital paid in/disbursed during year	-5 392						-5 392
Regular refund	58,161						58,161
Refund paid to member account	-16,376						-16,376
Disbursement in advance	-63						-63
Interest on capital contribution accounts*	31,175	66					31,241
Preliminary tax deducted*	-9,004						-9,004
Disbursement of surplus contribution funds*	-13,121	-11					-13,132
Regular disbursements	-52,748	-36					-52,784
Equity as of 31 December 2010	1,020,272	2,221	713,399	0	0	119,425	1,855,316

* The net of interest and preliminary tax is held in the contribution account until it has reached the contribution ceiling of 8 percent.
Surplus contribution funds are then paid out.

Cash-Flow Statement

SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2010	2009	2010	2009
Operating activities				
Cash flow from income statement				
Interest income	1,666,687	1,712,090	427	223
Interest expense	-1,232,452	-1,412,523	-1,481	-890
Dividend income		10,000		0
Commission income	11,529	11,840		0
Commission expense	-20,620	-1,759		0
Net proceeds of financial transactions	-45,931	-35,019		0
Other operating cash receipts	22,037	25,878		0
Administrative expenses paid	-191,558	-225,506	-11,289	-8,797
Recovery of losses realised in preceding years	418	893		0
Income tax paid	-39,246	-16,339	-8,027	-597
Total cash flow from income statement	170,864	69,555	-20,355	-10,061
Cash flow from balance sheet				
Increase (-)/decrease (+) Loans to credit institutions	-128,541	-27,928	-50,160	-39,475
Increase (-)/decrease (+) Loans to customers	-5,317,060	-5,169,851		0
Increase (-)/decrease (+) Bonds and other interest-bearing securities	905,320	-3,069,795		0
Increase (+)/decrease (-) Liabilities to credit institutions	-5,586,034	-1,839,569		-15,000
Increase (+)/decrease (-) Borrowing from the public	25,490	158,061	55,490	145,083
Increase (+)/decrease (-) Securities in issue, etc.	9,338,639	10,397,918		0
Change in other balance sheet items	340,668	-390,289	2,875	-78,194
Total cash flow from balance sheet	-421,518	58,547	8,205	12,414
Cash flow from operating activities	-250,654	128,102	-12,150	2,353
Investment activities				
Sale of shares	81,904			
Group contributions received				
Change of intangible and tangible non-current assets	-22,598	-8,116		
Dividends and Group contributions paid	-12,154	-13,747	12,150	-2,353
Total cash flow from investment activities	47,152	-21,863	12,150	-2,353
Cash flow from financing activities				
Subordinated liabilities	199,949	-100,000		0
Total cash flow from financing activities	199,949	-100,000	0	0
Cash flow for the period	-3,553	6,239	0	0
Change in cash and cash equivalents	-3,553	6,239	0	0
Cash and cash equivalents at beginning of year	8,946	2,707	0	0
Cash and cash equivalents at year-end	5,393	8,946	0	0

Five-year Summary

Earnings trend, Landshypotek ekonomisk förening – Group

SEK THOUSAND	2010	2009	2008	2007	2006
Income statement					
Net interest income	471.0	294.0	344.6	364.7	453.2
Other operating income	86.5*	95.8*	-126.1*	157.3	23.5
Operating expenses	-201.5	-206.1	-224.8	-236.1	-223.5
Depreciation and amortisation	-10.7	-12.6	-11.5	-38.6	-15.4
Loan losses	-6.7	-8.5	12.6	18.8	21.1
Impairment of financial instruments				-70.0	0.0
Operating profit/loss	338.7	162.6	-5.2	196.1	259.0
Balance Sheet					
Assets					
Loans to customers – net	51,773	46,456	41,286	39,711	37,289
Other assets	12,393	13,344	9,944	5,349	4,760
Total assets	64,166	59,800	51,230	45,059	42,049
Liabilities					
Borrowing	58,787	49,567	38,869	39,918	37,861
Other liabilities	1,563	6,920	8,999	1,868	988
Untaxed reserves	0				
Equity	3,340	3,313	3,362	3,273	3,200
Total liabilities and equity	63,690	59,800	51,230	45,059	42,049
Key financial ratios					
Interest-rate margin	1.0 %	0.6 %	0.8 %	0.9 %	1.2 %
Return on equity	5.9 %	1.4 %	-2.8 %	2.4 %	3.9 %
Loan loss level	0.0 %	0.0 %	0.0 %	-0.1 %	-0.1 %
Loan loss provision/lending	0.0 %	0.0 %	0.0 %	0.0 %	0.1 %

* Other operating income includes net result from financial transactions. For 2010, this item amounted to MSEK 4.2 (49.1).
Also refer to the explanation in the Report of the Board of Directors under the heading "Profit and profitability".

Risk and Capital Management



To provide its members – who are also borrowers – with first mortgage loans, Landshypotek assumes various risks that must be managed, which is why risk management is a priority area.

Board support, an explicit decision-making structure with a high level of risk awareness among the staff, common definitions and assessment principles, as well as sophisticated tools, make for high quality risk and capital management at Landshypotek. Historically speaking, Landshypotek has not been affected by economic downturns as much as its competitors, thanks in no small part to borrowers' long term perspective and the stable value of the collateral involved (agricultural properties). In order to assess the effect of economic downturns, Landshypotek uses very conservative adjustment to its risk parameters when calculating its capital requirements and thereafter the company also conducts a series of stress tests.

IRB institution

In Sweden, the new capital adequacy framework (Basel II) has been in effect since 1 February 2007. At the end of 2006, Landshypotek received a positive ruling from the authorities to use the Internal Ratings Board (IRB) approach for reporting all assets that can be reported in this way (96 percent of total credit volume). At year-end, these assets were reported with an average risk weighting of 7.6 percent.

Landshypotek reports operational risk using the Basic Indicator approach. All Landshypotek staff have been involved in adapting to this new regulatory framework, which has resulted in a more stringent credit assessment process throughout Sweden, improved data quality and a good understanding of the new capital adequacy rules.

The quality of the credit portfolio and the internal risk management culture will result in a substantial reduction in the capital requirement, albeit limited by transitional rules. Landshypotek does not believe that this can be directly translated into freed-up capital due to the increased sensitivity of the regulatory framework to the business cycle, taking into account other risks and ratings. Details of Landshypotek's capital requirement, and an analysis of the company's capital adequacy, is presented in Note 33.

Risk organisation and responsibility

The Board of Directors has the ultimate responsibility for the Group's risk organisation and ensuring that operations are conducted with a satisfactory level of internal control. The Board's Risk and Credit Committee have the task of supporting the Board in this work, e.g. by reviewing the Group's risk, capital and liquidity policy documents. The Committee is also charged with making decision in respect of large loans and approves risk parameters and models. The Board receives a report concerning the company's risks each time it meets.

Subordinated to the Board and Managing Director are committees with mandates to make decisions depending on the type of risk. Landshypotek's Risk and Capital Council, chaired by the Chief Risk Control Officer, deals with issues relating to all the risks to which Landshypotek is exposed and decides if there is a need to mitigate those risks. The Council also discusses

the design of stress tests, the relationship between risk and capital and other capital issues. The Risk and Capital Council held six meetings during 2010.

The Finance Committee convenes on a weekly basis. Its task is to monitor market and liquidity risk and to decide on the pricing of credits.

The Board and its Risk and Credit Committee constitute the highest credit-granting body. The Credit Committee is responsible for regularly reviewing credit granting rules and submitting proposal for changes to the Risk and Credit Committee. The Chief Credit Officer is chairman of the Committee. The Credit Committee convenes as and when necessary.

The Credit Department is responsible for administering and managing the credit approval process. It is also responsible for analysing the credit portfolio and managing insolvency matters. Its work is governed by the credit policy and the credit instruction, which are approved by the Board. The Chief Credit Officer reports to the Managing Director and presents credit matters to the Board's Risk and Credit Committee.

The Group has a number of control functions that are independent of business operations: Risk Control, Compliance and Internal Audit.

The Risk Control unit is responsible for conducting independent control, analysis and reporting on all risks to which Landshypotek is exposed. In this context, "independent" means that the unit is not involved in the day-to-day operation of the business and reports to the Managing Director and the Board of Directors. The Chief Risk Control Officer is Chairman of the Risk and Capital Council, and is a co-opted member of the Management Group, Credit Committee and the Finance Committee. The Compliance function is responsible for monitoring the company's regulatory compliance. The Compliance Officer is subordinate to the Chief Legal Officer, but reports directly to the Board of Directors and the Managing Director on issues relating to regulatory compliance. The Group's Internal Audit function is an independent auditing body, directly subordinate to the Board of Directors. Internal Audit is responsible for evaluating risk management, control and governance processes within the Group, and ensuring that business in the Group is carried out in accordance with the intentions of the Board of Directors and the Managing Director. Internal Audit reports to the Board of Directors and also informs the Managing Director. The Board adopts an annual work plan for Internal Audit.

Assignment of exposure class and reporting method

The structural transformation of agriculture has seen the number of entrepreneurs in agriculture and forestry decrease and be replaced by rural living where business operations are more of a secondary pursuit or a leisure time activity. In order to monitor this trend, and to assess borrowers fairly, Landshypotek divides its customers into two categories: Rural Living and Rural Enterprises. This categorisation aims to distinguish between those borrowers whose income is mostly derived from business activity (rural enterprise) from those who earn most of their living from employment and capital (rural living). All customers are categorised as part of the credit application process.

Documentation has been drafted that describes, in detail, the exposure classification distribution and associated definitions, linking to all accounts where assets can be booked and the sub-portfolios to which these are to be classified. All customers who are legal entities are, for conservative reasons, currently reported with a risk weighting of 100 percent. All other lending is categorised as belonging to the "Retail" exposure class. Retail exposures

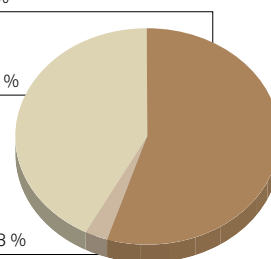


Breakdown of volume by customer categories
%

Rural living 55 %

Rural
enterprises
– individuals 42 %

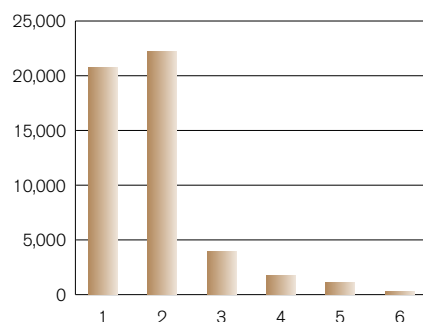
Rural
enterprises
– legal entities 3 %



Exposure breakdown	Exposure (SEK thousand)	Average risk weight
IRB method		
Without counterparty		
counterparty	351,655	100 %
Retail – real estate credits	49,926,925	7 %
Total	50,278,580	
Standard method		
Companies	1,951,602	100 %
Retail	672,095	74 %
Institutions	11,566,517	20 %
Municipalities, associations and authorities	2,160,229	-
Non-performing items	8,487	130 %
Governments and central banks	81,304	0 %
Other items	43	0 %
Total	16,440,277	

Exposure per PD risk class

MSEK



reported in accordance with the IRB model are attributed to the “Residential Property” sub-group. “Exposures without counterparty”, defined by Landshypotek as all exposures where no performance is required on the part of the counterparty, are also used under the IRB model (e.g. intangible and tangible non-current assets and real estate holdings, etc.)

Since Landshypotek reports the absolute majority of its assets, equivalent to an exposure, including accrued interest, of around SEK 50 billion, as retail exposure in the Residential Property sub-group, more detailed descriptions and breakdowns by geographic area, risk class, etc. will only be done at that level.

CREDIT RISK

Landshypotek has defined credit risk as follows:

The risk that Landshypotek does not receive payment as agreed and the risk that the value of the collateral is not adequate and therefore will not cover the outstanding claim. The risk includes concentration risk, environmental risk and political risk.

Key concepts and the calculation and validation of risk estimates

Landshypotek calculates its own risk estimates (PD, EAD and LGD), which are used for the Retail exposure class to calculate capital requirement and expected loss. In order for these estimates to be calculated, Landshypotek must apply an unambiguous definition of default. Landshypotek defines default as follows:

Technical default – when the customer is more than 90 days late in making a payment. The customer is automatically categorised as being in default.

Soft default – when it is likely that the customer will be unable to fulfil its obligations without Landshypotek having to sell collateral or take similar action. The credit officer responsible places the customer in default.

PD – Probability of Default: The risk classification model for the Retail exposure class is a statistical model (logical regression) where the Swedish card forecast is used as a “super factor” in the model. For each risk class, Landshypotek estimates the one-year probability of default based on eight years of internal data. The risk classification and the PD estimates represent what is known as a “Point-In-Time analysis”, as the information regarding the counterparty’s history of payment behaviour describes a “present situation” and not a forward-looking scenario. The risk classification is performed on a scale of 1-6, where 1 represents the highest credit quality and 6 is for credits in default. As of 31 December 2010, exposure-weighted average PD was 2.22 percent (including cyclical adjustment and a safety margin). The distribution of retail exposure by risk class is shown in the diagram to the left.

The risk classification model is used to rank borrowers in risk classes 1 to 5. The average default rate of each risk class is then calculated using actual data. PD estimates are significantly lower than the final values used when reporting capital adequacy as a cyclical adjustment is required (to account for model data not extending across a full business cycle) and an overall safety margin. Landshypotek validates the model on an annual basis. Estimated PD for 2010 was 0.54 percent, compared with a realised actual rate of 0.38 percent.

EAD – Exposure At Default. The size of exposure in the event of default is measured primarily in nominal terms (for all lending), and for flexible first mortgage loans as an estimated exposure with an increment for possible future

exposure. Since flexible first mortgage loans are a relatively new product, Landshypotek has insufficient data to create a statistically reliable model, which is why a conservative safety margin has been added. Landshypotek uses the “momentum approach”. The conversion factor is calculated on the entire limit of the flexible first mortgage loan and is currently set at 107 percent.

LGD – Loss Given Default. The assessment of how much the outstanding claim Landshypotek stands to lose in the event of default is based on internal data gathered during the period 1995 to 2004. The loss ratio per observation and loan-to-value range are calculated by using the ratio of the economic loss and EAD in each loan-to-value range. LGD classes are divided into five loan-to-value classes. LGD per risk class is derived by calculating the exposure-weighted average LGD for all observations in each risk class (i.e. realised values are used to calculate the estimate). The distribution of exposure per LGD risk class is shown in the diagramme on the right. In order to calculate the capital requirement, the “Downturn LGD” must be used, which is the LGD equivalent to the worst year during a business cycle. For Landshypotek, this is 1994 and, by applying a very conservative approximation, an average LGD of 4.97 percent has been calculated. Finally, a safety margin has been added to the estimate. As of 31 December 2010, the exposure-weighted LGD of Landshypotek’s IRB portfolio was 6.41 percent.

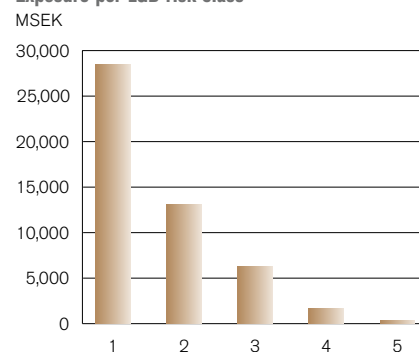
Landshypotek validates the model on an annual basis, and the outcome for the period 2007 to 2010 produced an exposure-weighted average LGD of 0.42 percent (excluding Downturn LGD and a safety margin).

At year-end, Landshypotek had 194 customers in default. For these, an individual assessment of future cash flows has been carried out and the same discount principles applied as when developing the LGD model.

Credit approval process and the use of risk estimates

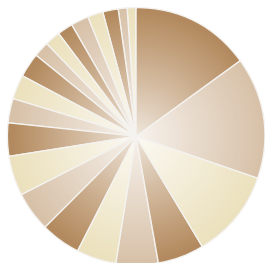
The central elements of the credit approval process are the external control of payment behaviour, the risk classification of the borrower and the collateral, as well as the determination of the value of the property to be financed. These elements comprise the grounds for the assessment of credit risk and estimated loss ($PD \times LGD \times EAD$). If the aggregate risk assessment of the borrower and the collateral indicates a higher level of risk, standardised decision documentation is prepared and the matter is brought before a higher decision-making body. Loans are made against real estate mortgage deeds within 75 percent of an internally determined collateral value based on an assessment of the fair value of the collateral. The collateral value is the amount on which the loan to value ratio is calculated and constitutes the sustainable value of the collateral on a long-term basis. At Landshypotek, loan to value has long been used as the primary instrument for management and control of the risk of not having adequate collateral in the event of default. The relationship between loan to value and economic loss has been confirmed statistically and Landshypotek can demonstrate that the probable economic loss, even at the highest loan to value range, is very low. At Landshypotek Jordbrukskredit AB, loans can be granted against collateral in real estate mortgage deeds within 85 percent of the internally determined collateral value. At both Lantbrukskredit AB and Landshypotek Jordbrukskredit AB, loans may be secured with collateral other than real estate mortgage deeds, such as a personal guarantee or floating charge, while such collateral is only permitted as a complement to real estate mortgage deeds in Landshypotek AB.

Exposure per LGD risk class





Geographic breakdown of volume



Skåne County	15 %	Jönköpings County	3 %
Västra Götalands County	15 %	Gävleborgs County	3 %
Östergötlands County	11 %	Västernorrlands County	2 %
Örebro County	6 %	Kronobergs County	2 %
Hallands County	5 %	Västerbottens County	2 %
Värmlands County	5 %	Västmanlands County	2 %
Kalmar County	5 %	Dalarnas County	2 %
Södermanlands County	5 %	Jämtlands County	2 %
Gotlands County	5 %	Blekinge County	1 %
Uppsala County	4 %	Norrbottnens County	1 %
Stockholms County	3 %		

Valuation of collateral – agricultural property

Regional office staff are assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who, in the form of regional boards of directors comprising 4-8 members per region, play a key role. The network of representatives, which is unique to Landshypotek, ensures that all property valuations are based on sound industry experience and familiarity with local conditions. Landshypotek's lending is based on the principle of individual appraisal of financed properties. The value is determined based on the tax assessment values and other circumstances known about the property. Alternatively, an on-site inspection of the property is conducted by Landshypotek's authorised appraisers and the value is documented in a written appraisal opinion.

Credit portfolio monitoring

In addition to the credit portfolio being monitored from a credit quality standpoint, the credit portfolio is also regularly examined from a number of different perspectives: by industry, geographically, by risk class, by limit group and so on. At year-end, Landshypotek's retail exposure was geographically distributed as shown in the diagram on the left. In conjunction with its internal capital evaluation, Landshypotek has performed in-depth analyses of the credit portfolio. In the course of this effort, Landshypotek did not identify any major concentration to any particular industry or geographic area.

MARKET RISKS

Market risks are defined as:

The risk that the value of assets, liabilities and/or financial contracts is affected by changes in general economic conditions or events that affect a large part of the market.

Market risks to which Landshypotek is exposed are interest-rate risks, currency risks, liquidity risks and counterparty risks.

Risk management and analysis

The Board of Directors establishes Landshypotek's financial risk policy, which specifies how the Group's financial risks are to be measured and reported, and sets limits. Risks are continuously monitored and are reported to both Landshypotek's financial committee and the Board of Directors. The Chief Financial Officer has overall responsibility for the management of the Group's financial risks. The Chief Risk Control Officer is responsible for independent control and reporting of the financial risk limits set by the Board of Directors in the financial risk policy. Operations are also supported by state-of-the-art financial administrative systems with well-developed procedures for both day-to-day work and risk estimation and analysis.

Interest-rate risks

Interest-rate risks arise when fixed interest terms or interest bases for assets and liabilities are mismatched. Landshypotek seeks to manage the interest-rate risk that arises in the course of business by having the same

Periods of fixed interest for interest-bearing assets and liabilities, Group 2010

SEK thousand	3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Assets						
Loans to credit institutions	218,115					218,115
Loans to customers	34,755,514	5,054,357	8,577,740	4,500,505	784,495	53,672,611
Bonds and other interest-bearing securities	64,929	566,801	6,969,972	3,910,950	736,750	12,249,402
Derivatives	7,402,710	1,924,329	2,255,746	2,722,988	12,281,135	26,586,908
Total assets	42,441,268	7,545,487	17,803,458	11,134,443	13,802,380	92,727,036
Liabilities						
Liabilities to credit institutions	83,962					83,962
Borrowing/deposits from the public	215,573					215,573
Securities in issue	30,773,979	2,609,770	8,564,401	8,070,561	14,820,612	64,839,323
Derivatives	19,405,963	2,313,848	3,505,079	1,167,375	751,986	27,144,251
Total liabilities	50,479,477	4,923,618	12,069,480	9,237,936	15,572,598	92,283,109
TOTAL	-8,038,209	2,621,869	5,733,978	1,896,507	-1,770,218	443,927
Interest-sensitive net	-9,755	12,728	83,505	73,651	-85,933	
Cumulative interest sensitivity		2,972	96,232	157,155	-12,282	

The above table includes all contracted cash-flows. Nominal amounts are carried under the time slots when interest is reset.

fixed interest term on borrowing as on lending. Due to actual conditions and availability on the capital market, there may be certain instances of imbalance between borrowing and lending. This imbalance gives rise to an interest-rate risk that Landshypotek manages using mechanisms such as interest swaps. No trading takes place.

For purposes of calculating and managing interest-rate risk, Landshypotek's equity is deemed to be invested at the same average fixed interest term as its lending to customers. This means that equity is equated to an interest-bearing liability for purposes of calculating and managing interest-rate risk. Interest-rate risk is calculated as the change in value (change in present value) that occurs if the interest-rate curve is moved in parallel up or down by one percentage point.

Limits for Landshypotek's interest-rate risk are set by Landshypotek's Board of Directors in the financial risk policy. Interest-rate risks are continuously monitored and reported by the Risk Control unit to Landshypotek's financial committee and its Board of Directors. At year-end, the interest-rate risk at a parallel movement of the interest-rate curve by one percentage point amounted to MSEK 12.3 (80.1).

Currency risks

Foreign exchange exposure consists of the sum of the differences between liabilities and assets as well as future cash flows in all currencies other than Swedish kronor (SEK). Landshypotek has parts of its financing in currencies other than SEK and a very limited portion of its lending in EUR. Where financing is done in currencies other than SEK, the nominal amount as well as all cash-flows associated with the financing are swapped to SEK, why no currency risk arises. The part of the lending denominated in EUR is



Currency exposure, Group 2010

Local currency (thousands)

Currency	Assets	Liabilities	Exposure
CHF	450,000	450,000	0
EUR	327,647	327,727	-80
NOK	6,825,000	6,825,000	0

refinanced by borrowing in EUR. Marginal differences may arise here. As a result, Landshypotek is exposed to only marginal currency risk. Limits pertaining to Landshypotek's currency risk are set in the financial risk policy. Management tracks the currency risk on a monthly basis. At year-end, the nominal currency exposure amounted to a negative EUR 80,000.

Maturity analysis of financial assets and liabilities, Group 2010

SEK thousand	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	218,115					218,115
Loans to customers	34,755,514	5,054,357	8,577,740	4,500,505	784,495	53,672,611
Bonds and other interest-bearing securities	64,929	566,801	6,969,972	3,910,950	736,750	12,249,402
Derivatives	151,703	713,871	1,585,998	1,232,132	2,108,044	5,791,748
Total	35,190,261	6,335,029	17,133,710	9,643,587	3,629,289	71,931,876
Financial liabilities						
Liabilities to credit institutions	83,962					83,962
Borrowing from the public	200,573	15,000				215,573
Granted credit facilities	447,066					
Securities in issue	5,624,605	7,573,065	24,610,241	11,360,771	15,670,612	64,839,294
Derivatives	162,378	652,156	1,638,383	1,391,544	2,428,877	6,273,338
Subordinated liabilities	1,875	17,315	374,546	218,349		612,085
Total	6,520,459	8,257,536	26,623,170	12,970,664	18,099,489	72,024,252
Net cash flow	28,669,802	-1,922,507	-9,489,460	-3,327,077	-14,470,200	-92,376
Unutilised credit facility			750,000			750,000
Refinancing risk	28,669,802	-1,922,507	-8,739,460	-3,327,077	-14,470,200	
Accumulated refinancing risk	28,669,802	26,747,295	18,007,835	14,680,758	210,558	

The above table includes all contracted cash-flows. The amounts are not discounted and are recognised during the time slot when Landshypotek is entitled to request payment or has an obligation or right to repay. Future variable rates of interest have been included in the calculation for derivatives and financial liabilities, but not for lending to the public. Future rates of interest are calculated based on forward rates plus any credit spreads.



Liquidity risks

Refinancing risk is defined as the risk that maturing loans cannot be refinanced. Landshypotek endeavours to secure longer terms for its borrowing than its lending. In addition, Landshypotek's borrowing strategy is also one of deliberate diversification of borrowing, both in terms of different types of instrument and different geographic markets. In order to maintain good preparedness to make payments, liquid funds equivalent to the liquidity requirements of a certain future period shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from the Swedish Central Bank (Riksbanken). In this case, Riksbanken is the "lender of last resort". The portfolio consists of securities issued by Swedish institutions with a high credit rating, primarily in the form of covered bonds. This liquidity reserve gives Landshypotek the opportunity of bridging temporary strains on liquidity, but also provides the opportunity of procuring the necessary funds at times of severe liquidity crises by selling assets in an orderly fashion, or reducing the financing need by calling in loans.

Counterparty risks

Counterparty risks arise in the management of Landshypotek's financial risks, i.e. the risk that a counterparty in financial transactions will be unable to fulfil its obligations. This risk arises in both interest-bearing securities and derivative contracts.

Landshypotek's holdings of interest-bearing securities all have the highest credit rating and are all issued by Swedish housing finance institutions or Swedish municipalities. The counterparties in derivative contracts are Swedish or international banks with high credit ratings.

OPERATIONAL RISKS

Operational risk is defined by Landshypotek as follows:

The risk of loss due to inadequate or failed internal processes, human error, defective systems or external events, which would affect business operations. This definition includes legal risk.

To enable follow-up of operational risk, Landshypotek has defined seven loss categories, which further specify the overall definition.

During the year, Landshypotek worked to improve the criteria for a more stringent follow-up of operational risk. This work included both the implementation of the operational risks policy, as adopted by the Board of Directors' Risk and Credit Committee during 2007, and the introduction of a tool to facilitate the systematic reporting of occurred incidents. All reported incidents and potential risks have been reviewed and compiled. Risks and incidents have been discussed during Risk and Capital Council meetings and reported to the Board of Directors.

Internal capital assessment

In order to evaluate its capital adequacy requirement, Landshypotek has developed an internal capital adequacy assessment process (ICAAP), and this has been adopted by the Board. The purpose of the ICAAP is to ensure that Landshypotek is capable of identifying, reporting and managing all risks to which the Group is exposed. The ICAAP results in a detailed report of the current risk profile and the risk profile in the medium term, and forms the basis for the evaluation of the capital adequacy requirement, which must be on a par with the chosen risk profile. This capital constitutes a buffer against unexpected losses. Due consideration is also given to strategic business decisions and rating. The annual capital evaluation also includes an overview of the organisation, company-critical documentation such as policies and instructions, and the risk management system as a whole.

Stress tests are performed in order to stress the capital requirement under different circumstances, such as a deep economic recession. The ICAAP includes all types of risks that are believed to have an impact on operations. Besides credit risks, financial risks and operational risks, Landshypotek also actively monitors environmental risks, political risks, reputational risk, model and residual risks and strategic risks.

Landshypotek's Chief Financial Officer is responsible for conducting the ICAAP and the Chief Risk Control Officer is responsible for compiling the risk report, i.e. the overall risk profile. In addition, there is an ongoing monitoring and reporting of capital matters to the Board of Directors and the Risk and Capital Council, which ensures that the risk and capital matters are continuously in focus.



Notes

NOTE 1 ACCOUNTING PRINCIPLES

Basis for preparing the Annual Accounts

The Annual Accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. Also applied are the amendments and limitations that follow from the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the directives of the Swedish Financial Supervisory Authority, FFFS 2008:25, and RFR 1 Supplementary Accounting Rules for Groups. This involves a transition from legally restricted IFRS to full IFRS application in the Group, requiring a change of accounting policies, thus impacting the comparative figures in the income statement and balance sheet, equity and certain notes. Differences in accounting policies between the Group and the Parent Company are set out under each heading below. The accounting currency is Swedish kronor (SEK).

Transition to full IFRS

The Group's financial statements for the 2010 financial year are the first financial statements to be unconditionally prepared in accordance with full IFRS. The Group previously applied legally restricted IFRS, which is why the differences in relation to policies applied earlier are limited. Landshypotek, ekonomisk förening (incorporated association) applied IFRS in the preparation of the consolidated financial statements.

The transitional date for the Group was 1 January 2009, and the opening balance was set on this date.

IAS 19 Employee Benefits: Landshypotek's pension commitments under the BTP plan is a defined-benefit pension plan. Landshypotek had funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek. According to IAS 19, the opening balance of the liability for defined-benefit plans shall comprise the present value of commitments after deductions for the fair value of plan assets. Landshypoteks net debt at 1 January 2009 amounted to MSEK 38. Insofar as the liability was not previously recorded, it is recognised as a liability in the balance sheet after deduction for deferred tax has been recognised against equity.

Landshypotek, ekonomisk förening made the transition to full IFRS as of 1 January 2010, which is later than the sub-group Landshypotek AB's transition to IFRS. Consequently, the company applied the exception rule in IFRS 1 D17, which states that the Group will measure the assets and liabilities of subsidiaries at the same carrying amounts as in the subsidiaries' financial statements, following adjustments for consolidation purposes. The value recognised for the pension liability under IAS 19 in Landshypotek AB is thus also recognised in Landshypotek, ekonomisk förening

Actuarial gains and losses resulting from changed actuarial assumptions, and the difference between actual and anticipated return on managed assets, are amortised based on the employees' remaining time of service, insofar as the net amount of accumulated, unrecognised actuarial gains and losses exceeds the higher of 10 percent of the present value of the commitments and 10 percent of the fair value of managed assets. The transition to accounting in accordance with IFRS did not have any material impact on Landshypotek's pension costs. IAS 19 is only applied to the consolidated financial statements.

For determining the classification of member contributions as a liability or equity, refer to Assessments and estimates.

Definitions and comparative data

The Landshypotek Group includes Landshypotek AB and subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB, inactive companies and the General Mortgage Bank of Sweden. In running text in the Annual Report, "Landshypotek" refers to the Group as defined above. The complete corporate names are used for individual Group companies. Unless otherwise specified, annual reports (Annual Accounts) are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and all amounts are stated in SEK thousand. In running text, the previous year's data are shown in parentheses.

Standards, amendments and interpretations that entered into force during the year, but did not impact the consolidated financial statements

New standards, amendments and interpretations as well as annual improvement projects that have not yet come into force and were not applied in advance

IFRS 9, Financial Instruments. This standard is the first stage in a process aimed at replacing IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 specifies two new methods for the recognition and measurement of financial assets and will probably impact the manner in which the Group recognises financial assets. For financial assets, these elements are essentially transferred from IAS 39 with the exception of the fair value alternative. The standard does not apply until financial years that commence on or after 1 January 2013, but can be applied in advance. However, the standard has not yet been adopted by the EU.

The Group has yet to evaluate the full impact of IFRS 9 on the financial statements.

IAS 1, Presentation of Financial Statements. Clarifies that a company must present a statement for each item contained in other comprehensive income for each component in equity, either as a statement of changes in equity or in the notes to the annual report.

Landshypotek presents the items in other comprehensive income in a statement of changes in equity.

Other new standards, amendments and interpretations as well as annual improvement projects that have not yet come into force were not considered to have any material impact on the consolidated financial statements.

Estimates and important assessments

The application of the Group's accounting principles means that, in certain instances, reported amounts are based on estimates and assumptions about the future. The estimates and assumptions made are always based on company management's best and fairest assessment of the future and are the subject of continual review and validation. Despite this, future outcomes may, to a certain extent, differ from original assumptions made.

The calculation of Group expenses and obligations for defined-benefit pensions is based on a number of actuarial, demographic and financial assumptions that have a significant impact on reported amounts. A list of the most important assumptions used in the calculation of provision for the year is presented in Note 30.

The value of the Group's loan receivables is subject to continual testing and is individual for each receivable. If necessary, receivables are written down to the assessed recoverable amount. In order to estimate the recoverable amount, a number of assessments are carried out, including an assessment of the counterparty's repayment ability and the realisation value of any securities. The final outcome may deviate from original credit loss reservations.

Landshypotek's contribution capital is, in principal, a debt instrument according to IAS 32, but based on the Board of Director's entitlement to prevent outward payments of member contributions – if such payment were to entail that the association, at any given time, would be in non-compliance with the capital requirements under the Swedish Capital Adequacy and Large Exposures Act – all or parts of the member contributions can be classified as equity in line with IFRIC 2. According to Chapter 2, Section 2 of the Swedish Capital Adequacy and Large Exposures Act, the Swedish Financial Supervisory Authority shall decide if an institute shall have a minimum threshold for its capital base (Tier 2) that is larger than the minimum capital requirement (Tier 1). An amount corresponding to the estimated capital requirements in accordance with Tier 2 is classified as equity. Based on this, Landshypotek, ekonomisk förening has chosen to report its entire contribution capital as equity.

Consolidated accounting

The consolidated financial statements include the parent company and its subsidiaries. All subsidiaries are 100-percent owned by Landshypotek AB. Subsidiaries are consolidated in accordance with the purchase method of accounting. All companies in the Group are Swedish limited liability companies with SEK as their accounting currency. Landshypotek AB has no associated companies.

Subsidiaries are all companies in which the Group is entitled to frame financial and operative strategy in a way that is consistent with a shareholding in excess of 50 % of the voting rights. The occurrence and effect of potential voting rights that may currently be utilised or converted must be taken into account when assessing whether the Group exercises a controlling influence over another company. Subsidiaries are included in the consolidated accounts as of the date on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts as of the date on which the controlling interest ceases to apply.

The purchase method is used to report Group acquisitions of subsidiaries. The acquisition value comprises the fair value of all assets, liabilities and issued equity instruments placed as consideration for net assets in the subsidiary. Any surplus due to the acquisition value exceeding the identifiable net assets of the acquisition balance is recognized as goodwill.

Segment reporting

A segment is a business segment or a geographic area. A business segment is a part of a company that is identifiable for accounting purposes, which offers products or services and which is exposed to risks and opportunities that differ from those of other business segments. A geographic area is part of a company that is identifiable for accounting purposes that offers products or services in an economic environment and which is exposed to risks and opportunities that differ from those of other economic environments.

Landshypotek offers one type of product – first mortgage loans – in one geographic area – Sweden – thereby operating in only one business segment. Because of this, no separate segment reporting is prepared.

Measurement of receivables and liabilities in foreign currency

The reporting currency and the functional currency of the Parent Company and the Group is Swedish kronor (SEK). Receivables and liabilities in foreign currency are valued at the rate of exchange prevailing on the balance sheet date.

Recognition and measurement rules of financial assets

Financial assets are divided into the following categories for measurement:

1. Loans and trade receivables
2. Financial assets valued at fair value through the income statement
3. Available-for-sale financial assets

Loans to credit institutions and loans to customers are classified as "Loans and other trade receivables". This means that they are valued at amortised cost.

Bonds and other interest-bearing securities are classified as "Available-for-sale financial assets" or as "Financial assets valued at fair value through the income statement". The classification is determined for each specific transaction. These assets are valued at fair value in the balance sheet regardless of classification. The following applies to those holdings classified as "Available-for-sale financial assets": Gains and losses that arise as a result of changes in value are reported after taxes directly in the valuation reserve under equity until the financial asset is sold or written down. When the asset is sold or impaired, the accumulated gain or loss, previously reported in equity, is reported through the income statement. For bonds and other interest-bearing securities classified as "Financial assets valued at fair value through the income statement", the rule applies that gains and losses arising as a result of changes in value are reported in the income statement under the heading "Net result of financial transactions". At year-end, all bonds and interest-bearing securities were classified as "Available-for-sale financial assets" and "Financial assets valued at fair value through the income statement". Regardless of classification, interest is reported in the income statement with application of the effective interest method.

Derivative instruments with a positive market value are classified as "Financial assets valued at fair value through the income statement". Gains and losses that arise as a result of changes in value are carried to the income statement under the item "Net result of financial transactions". Upon sale or impairment, the accumulated gain or loss is recognised under the item "Net result of financial transactions". Accrued and realised interest in derivative financial instruments is reported as interest income or interest expense.

Financial assets are removed from the balance sheet when the right to receive cash flows from the instruments expires or is transferred and the Group has transferred virtually all risks and benefits associated with the right of ownership.

Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical form. An asset is a resource that is expected to yield future economic benefits over which control is exercised. Expenses associated with intangible assets are capitalised from the point in time when it is probable that the economic benefits that can be calculated in a reliable manner will arise. Amortisation is based on the useful life of the asset and starts when the asset is put to use. A test for impairment is performed when there is an indication that the asset may have diminished in value.

Tangible assets

Tangible assets consist mainly of real estate properties. Properties are valued at acquisition value less accumulated depreciation. Each part of a tangible non-current asset with an acquisition value that is significant relative to the aggregate acquisition value of the asset is depreciated separately. The depreciation method used reflects how the future economic benefits of the asset are expected to be used. Landshypotek has reviewed the components of the properties and assigned separate depreciation plans to each significant component. Property components are depreciated over 20 to 150 years.

Classification and valuation of financial liabilities

For purposes of valuation, financial liabilities are divided into two categories:

1. Other financial liabilities
2. Financial liabilities valued at fair value through the income statement

Liabilities to credit institutions, and borrowing from the public, securities in issue and subordinated liabilities are classified as financial liabilities. Financial liabilities are valued and recorded at amortised cost by using the effective interest method. Transaction costs directly attributable to a specific liability are added to the acquisition cost and consideration is given thereto when calculating amortised cost. Reporting of financial liabilities subject to hedge accounting is dealt with in the hedge accounting section.

Derivative instruments with a negative market value are classified as "Financial liabilities valued at fair value through the income statement". Gains and losses that arise as a result of changes in value are recognized on a current basis in the income statement under the item "Net result of financial transactions". Upon sale or impairment, the accumulated gain or loss is recognised under the item "Net result of financial transactions". Accrued and realised interest in derivative financial instruments is reported as interest income or interest expense.

Financial liabilities are removed from the balance sheet when the obligation to pay cash flows from the instruments has expired or been transferred and the Group has largely transferred all risks and obligations associated with the liability.

Fair value option: Landshypotek has utilised the opportunity of valuing certain financial liabilities at fair value where this provides a more accurate illustration of the company's financial position. This possibility has been utilised for certain fixed-interest financial liabilities.

Provisions

Provisions consist of recognised expected negative outflows of resources from the Group. Provisions are reported when the Group has a legal or informal obligation as a result of events that have occurred when it is probable that an outflow of resources will be required to settle the undertaking. Landshypotek has set aside provisions for future pension commitments and deferred taxes. For more information, refer to the section on Pension Costs.

Embedded derivatives

The main rule is that embedded derivatives are separated from the host contract and reported in the same way as other derivatives that are not a part of hedging circumstances. Embedded derivatives are not separated if their economic properties and risks are closely related with the economic properties and risks of the host contract. At year-end 2010, Landshypotek had no embedded derivatives.

Calculation of fair value

Fair value of financial instruments traded on an active market, such as available-for-sale financial assets, is based on quoted market prices. Fair value of financial instruments not traded on an active market is calculated with the help of discounting future of future cash flows. Quoted market rates for the period in question are used for discounting.

Transaction or settlement date accounting

Purchases and sales of money market and capital market instruments in the spot market are accounted for by applying transaction date accounting. The same holds true for derivative instruments. Other financial assets and liabilities are typically accounted for on the settlement date. However, all instruments valued at fair value are already valued from the transaction date.

Interest income and interest expense

Interest income and interest expense on financial assets and liabilities are accounted for in the income statement in accordance with the effective interest method under the headings interest income and interest expense. The change in value of financial assets and liabilities valued at fair value is also accounted for under the heading "Net result of financial transactions". This is also true for changes in fair value of financial assets and liabilities included in hedge accounting.

Hedge accounting

Hedge accounting is divided into different types of hedges, depending on the purpose of the hedge.

Fair-value hedges: The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in fair value due to interest changes. Interest swaps and currency interest swaps are used for this purpose. Changes in the fair value of a derivative instrument formally identified as a fair value hedge, and which fulfil the requirements for hedge accounting, are recognised in the income statement together with changes in fair value of the hedged asset or liability attributable to the hedged risk.

Cash-flow hedges: The Group hedges parts of its exposure to interest-rate risk in variable interest financial liabilities against changes in future cash flows due to interest-rate changes. Interest swaps and currency interest swaps are used for this purpose. The effective portion of changes in the fair value of a derivative instrument identified as a cash-flow hedge, and which fulfils the requirements for hedge accounting is recognised in equity through other comprehensive income. When the hedged transaction occurs, the accumulated equity reserve is returned to the income statement. The gain or loss attributable to the ineffective portion is reported immediately in the income statement under the heading "Net result of financial transactions".

Hedge accounting is terminated when the hedging relationship is no longer deemed to be effective or if the hedged item or hedging instrument is sold.

Commission income and commission expense

Income and expense for different types of services are reported as commission income and commission expense, respectively.

Net result of financial transactions

Realised and unrealised gains and losses attributable to market value changes of financial instruments are reported under the heading "Net result of financial transactions".

Other income

Income from services sold and external rental income relating to real property owned are reported under other income. Results of sales of operating properties are also reported here.

Personnel costs

All direct personnel costs, including various forms of payroll overhead and fringe benefits are classified as personnel costs.

Pension costs

Landshypotek's pension commitment under the BTP plan is a defined-benefit pension plan. Landshypotek had funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek.

Premiums paid relating to pension commitments secured in a pension foundation as an operating expense are reported in the Parent Company. The calculation is made in accordance with the Swedish Safeguarding of Pension Commitments Act.

The net of the three items below are reported in the Group as an operating expense:

- Pension entitlement earned during the year. The item refers to the year's share of the estimated final total pension payment. The item is based on estimated final salary and is subject to actuarial assumptions.
- Interest expense. The present value of the pension liability changes during the year as a result of the fact that the time until payment becomes shorter, and any changed assumptions with respect to discount rate.
- Expected return. The expected return is based on assumptions of the average return that will be received on the body of assets. The time horizon for assessments is related to the entire duration of the commitment.

In addition, actuarial gains and losses arise as a result of changed actuarial assumptions, and the difference between actual and expected return on the managed assets. These are amortised based on the remaining time of service of the employees, to the extent that the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10 percent of the present value of obligations or 10 percent of the fair value of the managed assets. The liability reported in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation on the balance sheet date less the fair value of managed assets. The defined-benefit pension obligation is calculated annually by independent actuaries using the "projected unit credit method". For more information about pensions, refer to Note 8 and Note 30.

Other expenses

The "Other expenses" item contains other costs, including operating costs for own properties.

Loan losses

Receivables of which any component is more than 90 days overdue are reported as overdue receivables regardless of the possibility of recovering the receivable by realising collateral.

A loan receivable is reported as a doubtful credit when an individual assessment indicates that it is unlikely to be paid in accordance with the terms of the loan agreement and where the value of the collateral

is feared to be insufficient to cover the value of the receivable with a sufficient margin. Doubtful credits are valued at the present value of estimated recoveries. For purposes of calculating the present value, estimated cash flows are discounted using the original contract rate. The difference between the loan receivable and the present value of estimated recovery is reported as a probable loan loss.

Restructuring of loan receivables

Agreements on concessions that entail a restructuring of the loan receivable are only made on an exceptional basis since all lending is against collateral, the value of which is realised in the event of default. Where appropriate, restructured loan receivables are commented on in the Report of the Board of Directors.

Valuation of properties and other assets taken over to protect claims

Properties and other assets taken over to protect claims constitute current assets. Upon takeover, properties and other assets are carried at market value. If this value is less than Landshypotek's claim, the difference is recorded as realised loan loss.

Group contributions

Group contributions are reported in accordance with statement URA 7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related Group contributions paid by Landshypotek AB to the Parent Company, Landshypotek, ekonomisk förening, are recognised directly in equity in Landshypotek AB. Group contributions paid to reduce the Group's taxes are recognised directly in equity in each company.

Tax expenses

Reported tax expenses include taxes for the current year, adjustments relating to prior years' current taxes and changes in deferred taxes. Deferred taxes are the taxes attributable to all temporary differences that arise between carrying amount and values for tax purposes of assets and liabilities.

	GROUP		PARENT ASSOCIATION		
NOTE 2	NET INTEREST INCOME, SEK THOUSAND	2010	2009	2010	2009
Interest income					
Interest income on loans to credit institutions		568	462	5	6
Interest income on loans to Group companies				624	231
Interest income on loans to customers		1,363,053	1,394,360		
Less interest losses		-2,081	-865		
Interest income on interest-bearing securities		357,565	383,269		
- of which interest income on financial assets value at fair value in the income statement		111,627	65,107		
- of which interest income on available-for-sale financial assets		245,938	326,162		
Other interest income		12	130	1	19
Total		1,719,117	1,777,356	630	256
Average interest on loans to customers		2.78 %	3.18 %		
All interest income is attributable to the Swedish market.					
Interest expense					
Interest expense for liabilities to Group companies				-30	-209
Interest expense for liabilities to credit institutions		-20,765	-69,585		
Interest expense for borrowing from the public		-1,451	-556	-1,451	-556
Interest expense for interest-bearing securities		-1,381,627	-1,400,831		
- of which interest expense for other financial liabilities		-295,117	-1,188,460		
- of which interest expense on financial assets valued at fair value in the income statement		-1,086,510	-212,371		
Interest expense on subordinated liabilities		-8,981	-6,534		
Interest expense for derivative instruments		169,102	-812		
- of which interest income on derivative instruments valued at fair value in the income statement		203,008	-1,040		
- of which interest expense on derivative identified as hedging instrument		-33,906	228		
Other interest expense		-4,412	-5,081		
Total		-1,248,134	-1,483,399	-1,481	-765
Total net interest income		470,983	293,957	-851	-509

NOTE 3	DIVIDEND INCOME AND IMPAIRMENT OF FINANCIAL NON-CURRENT ASSETS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Dividends from Group companies			10,000		

NOTE 4	COMMISSION INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Loan commissions		11,521	11,585	-	-
Commissions on securities		8	256	-	-
Total		11,529	11,840	-	-

NOTE 5	COMMISSION EXPENSE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Commissions on securities	-343	-404	-	-
	Other commissions	-20,277	-1,354	-	-
	Total	-20,620	-1,759	-	-

NOTE 6	NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Financial assets valued at fair value in the income statement				
	Realised result of sales of bonds and other interest-bearing securities	11,244	5,319		
	Available-for-sale financial assets				
	Realised result of sales of bonds and other interest-bearing securities	132,461	132,423		
	Other financial liabilities				
	Realised result on repurchase of own bonds issued	-205,406	-142,728		
	Financial liabilities valued at fair value in the income statement				
	Realised result from purchase/sale of derivative contracts	15,770	-30,033		
	Total realised result	-45,931	-35,019		
	Financial assets valued at fair value in the income statement				
	Change in value of bonds and other interest-bearing securities	-56,183	20,495		
	Financial liabilities valued at fair value in the income statement				
	Change in value of issued bonds included in fair value hedge	47,454	237,679		
	Change in value of derivatives included in fair value hedge	-39,584	-234,037		
	Change in value of bonds valued in accordance with fair value option		4,113		
	Change in value of derivatives not included in any hedging relationship	98,463	55,834		
	Total unrealised result	50,150	84,084		
	Net result of financial transactions	4,219	49,065		

Fair-value hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in fair value due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

Cash-flow hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in future cash flows due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

Fair-value option:

Landshypotek has utilised the opportunity of valuing certain financial liabilities at fair value where this provides a more accurate illustration of the company's financial position. This possibility has been utilised for certain fixed-interest financial liabilities.

Landshypotek has no hedges that are ineffective.

NOTE 7	OTHER OPERATING INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Income from property	23,100	26,946		
	Sale of operating property	67,984	-365		
	Other	305	111	15	
	Total	91,389	26,692	15	

NOTE 8	GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Personnel costs					
Salaries and other remuneration to MD, senior executives and Board		-11,231	-9,857	-788	-705
Salaries, etc. to other personnel		-51,839	-52,612	-3,834	-3,583
Provision to profit sharing foundation		-2,660	-540		
Pension costs		-7,758	-10,585		
Social insurance charges		-19,907	-18,116	-1,385	-1,190
Other personnel costs		-1,691	-1,110	-901	-314
Total		-95,086	-92,820	-6,908	-5,792
Specification of pension costs					
Change in provision for pensions		-204	11,058		
Pension premiums		-12,655	-17,069		
- of which to senior executives		-4,774	-5,407		
Directly paid pensions		-1,162	-1,165		
Payroll and yield taxes attributable to pension costs		-4,190	-3,409		
Defined-benefit pension plans		10,453			
Total		-7,758	-10,585		
Pension costs in the Group are reported in accordance with IAS 19, Employee Benefits. Pension costs in Landshypotek AB have been calculated in accordance with the regulations of the Swedish Financial Supervisory Authority.					
The company's pension obligations are covered by insurance in Sparinstitutens Pensionskassa and by provisions for pensions covered by credit insurance from FPG (Försäkringsbolaget Pensionsgaranti, mutual). Further information about the pension liability is reported in Note 30.					
Number of male employees		55	45	2	2
Number of female employees		55	50	0	0
Total		110	95	2	2
Average number of paid employees, including substitutes			95.7	1.0	2.0
Absence due to illness in Landshypotek AB					
Total absence due to illness		1.87 %	1.91 %		
Long-term absence due to illness in percent of total absence due to illness		28.79 %	28.34 %		
Absence due to illness, men		1.22 %	0.88 %		
Absence due to illness, women		2.62 %	3.04 %		
Employees -29 years		0.96 %	1.95 %		
Employees 30-49 years		1.36 %	2.50 %		
Employees 50+ years		2.54 %	1.36 %		
Loans to directors and senior executives					
Loans to directors		169,204	177,901		0
Loans to senior executives		4,283	4,309		0
Directors and senior executives					
Number of directors		36	37	11	13
- of which men		31	32	10	10

For the Managing Director of Landshypotek AB and the Managing Director of Landshypotek, ekonomisk förening, the retirement age is 65 years. In the event of termination at the initiative of the company, the MD is entitled to termination pay equivalent to one year's annual salary and severance pay equal to one year's annual salary. Fixed fees in the amount of SEK 788,000 (705,000) were paid to the Board of Directors in accordance with the Annual General Meeting resolution, of which the Chairman of the Board received SEK 193,000 (150,000). Daily expense allowances were also paid. No other remuneration was paid for Board work.

		GROUP		PARENT ASSOCIATION	
CONT.	NOTE 8, GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2010	2009	2010	2009
Other administrative expenses					
Cost of premises		-5,829	-5,099	-4	
Office expenses		-3,660	-3,994	-5	-1
Telephone, data networks and postage expenses		-4,634	-4,462	-64	-536
IT expenses		-29,263	-41,630		
Purchased services		-28,109	-25,839	-1,993	-1,051
Auditing					
Audit fee as per audit assignment		-1,833	-1,926	-225	-138
Audit fee for action other than the audit assignment		-395	-237	-26	-35
Tax advice fee		-151	-219		
Fees for other services		-571	-579	-37	
Swedish Financial Supervisory Authority auditor					
Other		-10,281	-8,557	-797	-631
Total		-84,726	-92,542	-3,151	-2,392
Total		-179,812	-185,362	-10,059	-8,184

		GROUP		PARENT ASSOCIATION	
NOTE 9	DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Intangible non-current assets					
	Amortisation of non-current assets		-	-	-
	Impairment of non-current assets		-	-	-
Tangible non-current assets					
	Depreciation of furniture and fixtures	-1,365	-1,704	-	-
	Impairment of furniture and fixtures	0	-	-	-
	Depreciation of real property	-9,266	-10,894	-	-
	Impairment of real property	0	-	-	-
	Depreciation of land improvements	-27			
	Impairment of land improvements	0			
Total		-10,658	-12,598	-	-

NOTE 10	OTHER OPERATING EXPENSES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Marketing expenses		-12,431	-10,794	-422	-30
Property expenses		-7,936	-8,200		-
Other		-1,306	-1,718	-637	-796
Total		-21,673	-20,712	-1,059	-826

		GROUP		PARENT ASSOCIATION	
NOTE 11	NET LOAN LOSSES, SEK THOUSAND	2010	2009	2010	2009
Loan losses					
Year's write-off for realised losses		-6,683	-1,784	-	-
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts		6,460	1,596	-	-
Year's provision for probable loan losses		-11,888	-9,414	-	-
Recovery of previously realised losses		418	900	-	-
Reversal of prior provisions for probable loan losses		5,031	218	-	-
Total		-6,662	-8,484	-	

All loan losses are attributable to loans to customers.
There are no properties taken over in foreclosure.

NOTE 12	YEAR-END APPROPRIATIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Change in tax allocation reserve			495	
	Group contribution from subsidiaries			101,000	102,000
	Refund of member contributions	-58,121	-64,574	-58,121	-64,574
	Interest on member contributions	-31,224	-26,032	-31,224	-26,032
	Total	-89,345	-90,606	12,150	11,394

NOTE 13	TAX ON PROFITS FOR THE YEAR, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Current tax for the year	-48,410	-16,339	-186	-597
	Changes in deferred tax relating to temporary differences	-2,119	-401	2	
	Total	-50,529	-16,740	-184	-597
	Specification of change in deferred tax related to temporary differences				
	Deferred tax relating to pension costs	-2,749	-2,660		
	Deferred tax relating to depreciation of real estate	1,538	2,151		
	Deferred tax receivables relating to loss carry-forwards	-908	108	2	
	Total changes in deferred tax	-2,119	-401	2	
	The average tax rate for the year was 26.3 %				
	Income tax related to other comprehensive income				
	Tax relating to cash flow hedges	-17,910	-2,745		
	Tax relating to available-for-sale financial instruments	76,633	21,366		
	Total income tax related to other comprehensive income	58,723	18,621		

NOTE 14	LOANS TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Loans to Group companies			90,000	40,000
	Loans to banks	215,872	67,034	1,749	1,581
	Loans to PlusGiro	2,243	22,540	94	102
	Total	218,115	89,574	91,843	41,683
	Loans to credit institutions by time remaining to maturity				
	- payable on demand	218,115	89,574	91,843	41,683
	- up to 3 months	-	-	-	-
	- more than 3 months up to 1 year	-	-	-	-
	- more than 1 year up to 3 years	-	-	-	-
	- more than 3 years up to 5 years	-	-	-	-
	- more than 5 years	-	-	-	-
	Total	218,115	89,574	91,843	41,683

NOTE 15	LOANS TO CREDIT CUSTOMERS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Loans outstanding		51,780,974	46,462,871		
Less specific provisions for individually assessed loan receivables		-7,940	-6,897		
Net loans outstanding		51,773,034	46,455,974		
Disclosures on overdue loan receivables					
Loan receivables overdue 1–30 days		1,193,729	1,832,631		
Loan receivables overdue 31–60 days		291,581	292,199		
Loan receivables overdue more than 61–90 days		67,119	536,492		
Loan receivables overdue more than 90 days		361,535			
Total overdue loan receivables		1,552,429	2,661,322		
Disclosures on overdue loan receivables					
Loan receivables more than 90 days overdue where interest is recognised as income		198,441	237,356		
Overdue loan receivables that are doubtful credits		18,916	32,823		
Total overdue loan receivables		217,357	270,179		
Disclosures on doubtful loan receivables					
Doubtful credits that are not overdue		18,247	10,005		
Doubtful credits that are overdue		18,916	32,823		
Total		37,163	42,828		
Less provisions made		-7,940	-6,897		
Total doubtful credits		29,223	35,931		
Doubtful credits at beginning of year		42,828	1,078		
New/settled doubtful credits during year		-5,665	41,750		
Doubtful credits at year-end		37,163	42,828		
Capital provisions at beginning of year		-6,897	-82		
Additional provisions during the year		6,835			
Deducted provisions during the year		-7,878	-6,815		
Capital provisions at year-end		-7,940	-6,897		
Loans to customers by remaining time to maturity					
- payable on demand					
- up to 3 months		34,498,964	27,341,890		
- more than 3 months up to 1 year		4,562,749	6,543,965		
- more than 1 year up to 3 years		7,781,427	7,163,660		
- more than 3 years up to 5 years		4,215,105	3,741,274		
- more than 5 years		714,789	1,665,185		
Total		51,773,034	46,455,974		
Overdue loan receivables (more than one day)		15,707	24,312		

NOTE 16	BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Bonds					
Issued by Swedish municipalities		2,796,559	20,735		
Issued by Swedish banks					
Issued by Swedish housing finance institutions		8,178,500	11,512,082		
- of which covered bonds		-8,175,500	11,512,082		
Total		10,975,059	11,532,817		
Holdings by time remaining to maturity					
- change in market value		-127,624	219,939		
- up to 3 months		20,958			
- more than 3 months up to 1 year		200,000	1,717,309		
- more than 1 year up to 3 years		6,388,940	6,705,580		
- more than 3 years up to 5 years		3,800,270	1,888,678		
- more than 5 years		692,515	1,001,311		
Total		10,975,059	11,532,817		
Valuation of bonds and other interest-bearing securities					
Nominal amount		10,815,000	11,070,000		
Amortised cost		11,102,683	11,312,878		
Market value		10,975,059	11,532,817		
Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as financial assets valued at fair value in the income statement.					
Bonds and other interest-bearing securities by category					
Financial assets valued at fair value in the income statement		2,318,188	1,608,047		
Available-for-sale financial assets		8,656,871	9,924,770		
Total		10,975,059	11,532,817		

		GROUP		PARENT ASSOCIATION	
NOTE 17	DERIVATIVES, SEK THOUSAND	2010	2009	2010	2009
Derivatives not included in hedge accounting					
Positive closing value of interest swaps		42,351	38,766	-	-
Positive closing value of currency swaps			210,944	-	-
Total		42,351	249,710	-	-
Derivatives included in hedge accounting					
Positive closing value of interest swaps		37,970	79,654	-	-
Positive closing value of currency swaps			-21,291	-	-
Total		37,970	58,363	-	-
Total		80,321	308,074	-	-

The above presentation pertains to the market value of derivative contracts. Accrued interest is included under prepaid expenses and accrued income.

		GROUP		PARENT ASSOCIATION	
NOTE 18	SHARES, SEK THOUSAND	2010	2009	2010	2009
Shares					
ESS-gruppen, acquisition cost in 2004		50,000	50,000		
ESS-gruppen, impairment in 2004		-49,999	-49,999		
Other		1	1	1	1
Total		2	2	1	1
Participating interest					
ESS-gruppen, participating interest		100 %	100 %		

		GROUP		PARENT ASSOCIATION	
NOTE 19	SHARES AND PARTICIPATION IN GROUP COMPANIES, SEK THOUSAND	2010	2009	2010	2009
Holdings in credit institutions					
Landshypotek AB; 1,927,000 shares with a quotient value of SEK 1,000				1,870,328	1,870,328
Other holdings					
Samkredit AB; 10,000 shares with a quotient value of SEK 10				50	50
Total				1,870,378	1,870,378
All subsidiaries are wholly owned. See separate organisation chart.					

		GROUP		PARENT ASSOCIATION	
NOTE 20	INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Other intangible non-current assets					
	Acquisition cost at beginning of year		8,038		
	Disposals during year		-3,991		
Closing acquisition cost			4,047		
	Accumulated depreciation at beginning of year		-8,038		
	Depreciation for the year		3,991		
	Impairments				
Closing accumulated amortisation and impairment			-4,047		
Carrying amount			0		

Intangible non-current assets consist of investments in software.

		GROUP		PARENT ASSOCIATION	
NOTE 21	TANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2010	2009	2010	2009
Furniture, fixtures and equipment					
Non-current assets					
Acquisition cost at beginning of year		33,568	35,070	-	-
Purchases during the year		943	651	-	-
Disposals during the year		-2,731	-2,153	-	-
Closing acquisition cost		31,780	33,568	-	-
Accumulated depreciation at beginning of year		-30,234	-30,468	-	-
Depreciation and impairment for the year		-1,676	-1,919	-	-
Accumulated depreciation of assets sold		2,731	2,153	-	-
Closing accumulated depreciation		-29,179	-30,234	-	-
Total furniture, fixtures and equipment		2,601	3,334	-	-
Buildings and land					
Current assets					
Agricultural properties taken over to protect claims					
Number of properties		0	-	-	-
Tax assessment value		0	-	-	-
Estimated fair value		0	-	-	-
Carrying amount		0	-	-	-
Recognised net return					
Non-current assets					
Operating properties					
Number of properties		5	7	-	-
Tax assessment value		260,397	276,876	-	-
Estimated fair value		562,300	492,000	-	-
Acquisition cost at beginning of year		398,865	390,820	-	-
Activated renovation costs		38,823	8,045	-	-
Sales		-17,217	0	-	-
Closing acquisition cost		420,471	398,865	-	-
Write-up for the year				-	-
Accumulated depreciation at beginning of year		-62,609	-51,350	-	-
Closing accumulated depreciation		398	0	-	-
Depreciation for the year		-9,331	-11,259	-	-
Closing accumulated depreciation		-71,542	-62,609	-	-
Carrying amount		348,929	336,256	-	-
Total buildings and land		348,929	336,256	-	-

NOTE 22	OTHER ASSETS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Announced interest and repayments	29,688	34,375		
	Receivables from Group companies			101,000	102,000
	Other receivables	30,454	348,517	565	2,533
	Deferred prepaid tax	39,478	69,572	2,380	
	Total	99,620	452,464	103,945	104,533

NOTE 23	PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Prepaid expenses	7,412	9,815	136	162
	Loans to credit institutions	5			
	Accrued interest on loans to customers	171,308	127,060		
	Accrued interest on interest-bearing instruments	483,908	475,731		
	Accrued interest, Group internal			236	33
	Total	662,633	612,606	372	195

NOTE 24	LIABILITIES TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Borrowing from Group companies				
	Swedish banks	83,962	5,669,996		
	Total	83,962	5,669,996		
	Liabilities to credit institutions by remaining time to maturity				
	- payable on demand	83,962	58,997		
	- up to 3 months		1,926,999		
	- more than 3 months up to 1 year		3,684,000		
	- more than 1 year up to 3 years				
	- more than 3 years up to 5 years				
	- more than 5 years				
	Total	83,962	5,669,996		

NOTE 25	BORROWING FROM THE PUBLIC, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
	Member account	200,573	145,083	200,573	145,083
	Other notes payable	15,000	45,000		
	Total	215,573	190,083	200,573	145,083
	Borrowing from the public by remaining time to maturity				
	- payable on demand	200,573	145,083	200,573	145,083
	- up to 3 months		15,000		
	- more than 3 months up to 1 year	15,000			
	- more than 1 year up to 3 years		30,000		
	- more than 3 year up to 5 years				
	- more than 5 years				
	Total	215,573	190,083	200,573	145,083

NOTE 26	DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Commercial paper		2,346,972	1,974,685		
Bond loans		56,066,217	47,052,411		
Total		58,413,189	49,027,096		
Borrowing by time remaining to maturity					
- market value adjustment		20,358	67,813		
- up to 3 months		5,076,450	3,087,460		
- more than 3 months up to 1 year		6,829,895	11,150,509		
- more than 1 year up to 3 years		22,867,347	21,321,043		
- more than 3 years up to 5 years		10,026,339	7,782,044		
- more than 5 years		13,592,800	5,618,227		
Total		58,413,189	49,027,096		
Securities in issue classified as fair-value hedging					
Amortised cost		17,355,236	9,569,788		
Fair value		17,375,594	9,637,601		

Fair-value hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in fair value due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

Cash-flow hedges

The Group hedges part of its exposure to interest-rate risk in fixed interest financial liabilities against changes in future cash flows due to interest changes. Interest swaps and currency interest swaps are used for this purpose.

NOTE 27	DERIVATIVES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Derivatives not included in hedge accounting					
Negative closing value of interest swaps		66,454	157,108		
Negative closing value of currency interest swaps					
Total		66,454	157,108		
Derivatives included in hedge accounting					
Negative closing value of interest swaps		160,240	71,999		
Negative closing value of currency interest swaps		379,989			
Total		540,229	71,999		
Total		606,683	229,107		

The above presentation pertains to the market value of derivative contracts. Accrued interest is included under Accrued Expenses and Deferred Income.

NOTE 28	OTHER LIABILITIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Tax liabilities		3,181	5,128		
Liabilities to Group companies				202	22
Other liabilities		56,487	54,834	10,448	8,340
Total		59,668	59,962	10,650	8,362

NOTE 29	ACCRUED EXPENSES AND DEFERRED INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Accrued interest on liabilities to credit institutions		13	793,144		
Accrued interest on borrowing from the public		244			
Accrued interest on issued securities		616,711			
Accrued interest on derivatives		174,296			
Accrued interest, Group internal					
Other accrued expenses		26,624	19,100		197
Prepaid income		4,879	4,209		
Total		822,767	816,453		197

NOTE 30	PROVISIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Provisions for pensions		29,551	45,933		
Deferred tax		44,681	98,673		
Total		74,232	144,606		
Opening deferred tax on property write-up		44,425	45,222		
Add deferred tax on property write-up					
Less deferred tax depreciation/impairment of property		-590	-797		
Closing deferred tax on property write-up		43,835	44,425	0	0
Opening deferred tax on property write-up IFRS		1,794	3,148		
Add deferred tax on property write-up IFRS					
Less deferred tax on property write-up IFRS		-948	-1,354		
Closing deferred tax on property write-up IFRS		846	1,794	0	0
Opening deferred tax on fair value reserve		52,454	73,821		
Add deferred tax on fair value reserve					
Less deferred tax on fair value reserve		-52,454	-21,367		
Closing deferred tax on fair value reserve		0	52,454	0	0
Total deferred tax		44,681	98,673	0	0

CONT.	PROVISIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Discount interest		3.70 %	3.50 %		
Expected return on assets		4.50 %	5.00 %		
Expected change in income base amount		3.00 %	3.00 %		
Expected future salary increase rate		3.00 %	3.00 %		
Expected inflation		2.00 %	2.00 %		
Inflation adjustment in respect of pensions paid		2.00 %	2.00 %		
Staff turnover		5.00 %	5.00 %		
Early retirement		20.00 %	20.00 %		
Current value of OB pension obligations		286,645	306,973		
Service cost		5,037	4,923		
Interest expense		9,953	9,110		
Pension payment		-13,003	-13,584		
Actuarial gain/loss		11,658	-20,777		
Current value of pension obligations as of 31 December, 2010		300,290	286,645		
Managed assets OB		253,327	246,752		
Return		12,533	14,528		
Payments to fund		10,869	7,643		
Pension payouts		-13,003	-13,584		
Actuarial gain/loss		15,580	-2,013		
Managed assets as of 31 December, 2010		279,306	253,326		
Net liability OB		-33,319	-60,221		
Pension cost for year		-2,457	495		
Payments to fund		10,869	7,643		
Actuarial gain/loss		3,922	18,764		
Net liability as of 31 December, 2010		-20,985	-33,319		
Accumulated actuarial gain/loss		4,303	381		
Corridor value		28,664	28,664		
Recognised liability as of 31 December, 2010		-25,288	-33,700		
Other pension liabilities		-4,263	-4,058		
Total recognised pension liability		-29,551	-37,758		
Specification of pension costs					
Service cost		-5,037	-4,923		
Interest expense		-9,953	-9,110		
Expected return		12,533	14,528		
Pension cost		-2,457	495		

Deferred tax for 2010 is estimated to be at a rate of 26.3 %

Provisions for pensions are reported under general administrative expenses in the income statement.

Landshypotek's pension plan is a "defined-benefit pension plan". Landshypotek has funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek. The current value of the obligations, after deductions for fair value of managed assets, amounted to MSEK 21.0 as of 31 December 2010. The difference between the booked amount and the value of the liability reported above is the result of actuarial profits and losses incurred due to changes in actuarial assumptions and the fact that the difference between actual and expected returns on managed assets has been amortised. This is based on the remaining time of service of the employees, to the extent that the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10 percent of the present value or 10 percent of the fair value of managed assets.

NOTE 31	SUBORDINATED LIABILITIES, SEK THOUSAND		GROUP		PARENT ASSOCIATION	
			2010	2009	2010	2009
In SEK	Nominal amount	Interest				
2002/2012	SEK 350,000,000	3 mths STIBOR +0.33 %	350,000	350,000	-	-
2015/2020	SEK 200,000,000	Fixed interest 4.60 %	199,949		-	-
Summa			549,949	350,000	-	-

NOTE 32	MEMORANDUM ITEMS, SEK THOUSANDS	GROUP		PARENT ASSOCIATION	
		2010	2009	2010	2009
Pledged assets		None	None	None	None
Contingent liabilities					
Försäkringsbolaget Pensionsgaranti, FPG		85	81		
Commitments					
Flexible first mortgage loan, granted unutilised amount		446,981	356,276		
Total		447,066	356,357		
Guarantees		100,000	100,000	None	None

NOTE 33	CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	FINANCIAL CORPORATE GROUP		
		Basel II	Transitional rules	Basel I
Tier 1 capital		3,336,852	3,336,852	3,368,128
Share capital paid in or equivalent, after deduction of cumulative preference shares		1,022,492	1,022,492	1,022,492
Equity component of reserves and profit or loss brought forward from preceding financial year		2,186,294	2,186,294	2,186,294
Profit for the year		198,820	198,820	198,820
Deduction for deferred tax assets		-39,478	-39,478	-39,478
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-31,276	-31,276	
Tier 2 capital		518,711	518,711	549,988
Subordinated term loans in accordance with Chapter 8, Sections 18-30		549,988	549,988	549,988
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-31,277	-31,277	
Capital base		3,855,563	3,855,563	3,918,116
Capital requirement for credit risks in accordance with the standard method		378,494	378,494	4,370,165
Exposure to governments and central banks		0	0	
Municipalities, similar entities and authorities		0	0	
Institutional exposure		182,164	182,164	
Corporate exposure		155,483	155,483	
Retail exposure		39,963	39,963	
Non-performing items		884	884	
Other items		0	0	
Capital requirement for credit risks in accordance with IRB		319,032	319,032	
Retail – real estate credits		290,899	290,899	
Without counterparty		28,132	28,132	
Capital requirement for operational risks – Base method		60,210	60,210	
Additional capital requirement in accordance with transitional rules			2,675,844	
Capital requirement		757,736	3,433,579	4,370,165
Capital adequacy ratio		5.09	1.12	0.90
Capital adequacy		41.71 %	8.98 %	7.17 %
Tier 1 capital adequacy		35.23 %	7.77 %	6.17 %
IRB deduction				
Anticipated loss amount in excess of provisions		-62,553		
Capital adequacy ratio = Capital base/Capital requirement				

		LHAB PARENT COMPANY		
CONT.	NOTE 33, CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	Basel II	Transitional rules	Basel I
Tier 1 capital		3,274,563	3,274,563	3,305,839
Share capital paid in or equivalent, after deduction of cumulative preference shares		1,927,000	1,927,000	1,927,000
Equity component of reserves and profit or loss brought forward from preceding financial year		1,142,998	1,142,998	1,142,998
Profit for the year		261,163	261,163	261,163
Deduction for deferred tax assets		-25,322	-25,322	-25,322
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-31,276	-31,276	-
Tier 2 capital		518,711	518,711	549,988
Subordinated term loans in accordance with Chapter 8, 18-30 §§		549,988	549,988	549,988
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-31,277	-31,277	-
Capital base		3,793,274	3,793,274	3,855,827
Capital requirement for credit risks in accordance with the standard method		351,663	351,663	4,344,934
Exposure to governments and central banks		0	0	
Municipalities, similar entities and authorities		0	0	
Institutional exposure		176,467	176,467	
Corporate exposure		150,126	150,126	
Retail exposure		25,048	25,048	
Non-performing items		22	22	
Other items		0	0	
Capital requirement for credit risks in accordance with IRB		361,242	361,242	
Retail – real estate credits		290,899	290,899	
Without counterparty		70,343	70,343	
Capital requirement for operational risks – Base method		56,852	56,852	
Additional capital requirement in accordance with transitional rules			2,643,637	
Capital requirement		769,757	3,413,394	4,344,934
Capital adequacy ratio		4.93	1.11	0.89
Capital adequacy		39.42 %	8.89 %	7.10 %
Tier 1 capital adequacy		34.03 %	7.67 %	6.09 %
IRB deduction				
Anticipated loss amount in excess of provisions		-62,553		
Capital adequacy ratio = Capital base/Capital requirement				

NOTE 34	FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND			GROUP	
2010	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets
Assets					
Cash and balances with central banks				5,393	
Treasury bills and other eligible bills					
Loans to credit institutions				216,144	
Loans to customers				51,773,034	
Bonds and other interest-bearing securities	2,318,188				8,656,871
Derivatives	42,351	37,970			
Total financial assets	2,360,539	37,970	0	51,994,571	8,656,871
Financial liabilities					
Liabilities to credit institutions			83,962		
Borrowing from the public			105,000		
Debt securities in issue, etc.	17,375,594		41,037,595		
Derivatives	66,454	540,229			
Subordinated liabilities			549,949		
Total financial liabilities	17,442,048	540,229	41,776,506	0	0

CONT.	NOTE 34, FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND			KONCERNEN	
	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available- for-sale financial assets
2009					
Assets					
Cash and balances with central banks				8,946	
Treasury bills and other eligible bills				0	
Loans to credit institutions				89,574	
Loans to customers				46,455,974	
Bonds and other interest-bearing securities	1,608,047				9,924,770
Derivatives	249,710	58,363			
Total financial assets	1,857,757	58,363	0	46,554,494	9,924,770
Financial liabilities					
Liabilities to credit institutions			5,669,996		
Borrowing from the public			190,083		
Debt securities in issue, etc.	9,637,601		39,389,495		
Derivatives	157,108	71,999			
Subordinated liabilities			350,000		
Total financial liabilities	9,794,709	71,999	45,599,574	0	0
PARENT ASSOCIATION					
	Valued at fair value in income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available- for-sale financial assets
2010					
Assets					
Cash and balances with central banks					
Treasury bills and other eligible bills					
Loans to credit institutions				91,843	
Loans to customers					
Bonds and other interest-bearing securities					
Derivatives					
Total financial assets	0	0	0	91,843	0
Financial liabilities					
Liabilities to credit institutions					
Borrowing from the public			200,573		
Debt securities in issue, etc.					
Derivatives					
Subordinated liabilities					
Total financial liabilities	0	0	200,573	0	0
2009					
Assets					
Cash and balances with central banks					
Treasury bills and other eligible bills					
Loans to credit institutions				41,683	
Loans to customers					
Bonds and other interest-bearing securities					
Derivatives					
Total financial assets	0	0	0	41,683	0
Financial liabilities					
Liabilities to credit institutions					
Borrowing from the public			145,083		
Debt securities in issue, etc.					
Derivatives					
Subordinated liabilities					
Total financial liabilities	0	0	145,083	0	0

NOTE 35	DERIVATIVE INSTRUMENTS, SEK THOUSAND		GROUP	
2010	With positive or zero closing value Nominal amount	Carrying amount	With negative closing value Nominal amount	Carrying amount
Interest-rate related				
- Swaps	6,200,000	80,321	7,999,500	226,694
Currency related				
- Swaps			6,920,996	379,989
Total	6,200,000	80,321	14,920,496	606,683

2009	With positive or zero closing value Nominal amount	Carrying amount	With negative closing value Nominal amount	Carrying amount
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
Currency related				
- Swaps	9,537,844	189,653		
Total	14,317,844	308,074	6,954,000	229,107

PARENT ASSOCIATION				
2010	With positive or zero closing value Nominal amount	Carrying amount	With negative closing value Nominal amount	Carrying amount
Interest-rate related				
- Swaps				
Currency related				
- Swaps				
Total	0	0	0	0

2009	With positive or zero closing value Nominal amount	Carrying amount	With negative closing value Nominal amount	Carrying amount
Interest-rate related				
- Swaps				
Currency related				
- Swaps				
Total	0	0	0	0

NOTE 36	FAIR VALUE DISCLOSURES, SEK THOUSAND		GROUP	
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	5,393	5,393	8,946	8,946
Loans to credit institutions	218,115	218,115	89,574	89,574
Loans to customers	51,773,034	52,643,477	46,455,974	47,292,200
Bonds and other interest-bearing securities	10,975,059	10,975,059	11,532,817	11,532,817
Derivatives	80,321	80,321	308,074	308,074
Shares and participations	2	2	2	2
Shares in Group companies			0	0
Intangible non-current assets			0	0
Tangible assets			0	0
- Furniture, fixtures and equipment	2,601	2,601	3,334	3,334
- Buildings and land	348,929	562,300	336,256	492,000
Other assets	99,620	99,620	441,451	441,451
FPrepaid expenses and accrued income	662,633	662,633	612,606	612,606
Total assets	64,165,707	65,249,521	59,789,034	60,781,004
Liabilities, provisions and equity				
Liabilities to credit institutions	83,962	83,962	5,669,996	5,655,101
Borrowing from the public	215,273	215,480	190,083	190,083
Debt securities in issue, etc.	58,413,189	59,029,547	49,027,096	49,468,249
Derivatives	606,683	606,683	229,107	327,324
Other liabilities	59,668	59,668	59,962	59,962
Accrued expenses and deferred income	822,767	822,767	816,453	816,453
Provisions	74,232	74,232	102,731	102,731
Subordinated liabilities	549,949	557,731	350,000	352,801
Total liabilities	60,825,723	61,450,070	56,445,428	56,972,704

	PARENT ASSOCIATION			
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	0	0	-	-
Loans to credit institutions	91,843	91,843	41,683	41,683
Loans to customers	0	0	-	-
Bonds and other interest-bearing securities	0	0	-	-
Derivatives	0	0	-	-
Shares and participations	1	1	1	1
Shares in Group companies	1,870,378	1,870,378	1,870,378	1,870,378
Intangible non-current assets	0	0	-	-
Tangible assets	0	0	-	-
- Furniture, fixtures and equipment	0	0	-	-
- Buildings and land	0	0	-	-
Other assets	103,945	103,945	104,533	104,533
Prepaid expenses and accrued income	372	372	195	195
Total assets	2,066,539	2,066,539	2,016,790	2,016,790
Liabilities, provisions and equity				
Liabilities to credit institutions	0	0	0	0
Borrowing from the public	200,573	200,573	145,083	145,083
Debt securities in issue, etc.	0	0	-	-
Derivatives	0	0	-	-
Other liabilities	10,650	10,650	8,362	8,362
Accrued expenses and deferred income	0	0	197	197
Provisions	0	0	-	-
Subordinated liabilities	0	0	-	-
Total liabilities	211,223	211,223	153,642	153,642

NOTE 37	FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS, SEK THOUSAND							GROUP
	2010				2009			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	2,318,188			2,318,188	1,608,047			1,608,047
Derivatives		42,351		42,351		249,710		249,710
Derivatives identified as hedging instruments								
Derivatives		37,970		37,970		58,363		58,363
Available-for-sale financial assets								
Bonds and other interest-bearing securities	5,860,312	2,796,559		8,656,871	9,904,035	20,735		9,924,770
Total assets valued at fair value	8,178,500	2,876,880	0	11,055,380	11,512,082	328,808	0	11,840,890
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.		17,375,594		17,375,594		9,637,601		9,637,601
Derivatives		66,454		66,454		157,108		157,108
Derivatives identified as hedging instruments								
Derivatives		540,229		540,229		71,999		71,999
Total liabilities valued at fair value	0	17,982,277	0	17,982,277	0	9,866,708	0	9,866,708

PARENT ASSOCIATION							
	2010				2009		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets valued at fair value in the income statement							
Bonds and other interest-bearing securities							
Derivatives							
Derivatives identified as hedging instruments							
Derivatives							
Available-for-sale financial assets							
Bonds and other interest-bearing securities							
Total assets valued at fair value							
Financial liabilities valued at fair value in the income statement							
Securities in issue, etc.							
Derivatives							
Derivatives identified as hedging instruments							
Derivatives							
Total liabilities valued at fair value							

Level 1: Prices quoted on active markets for identical assets or liabilities.

Level 2: Prices quoted are used to determine the value of an asset or liability.

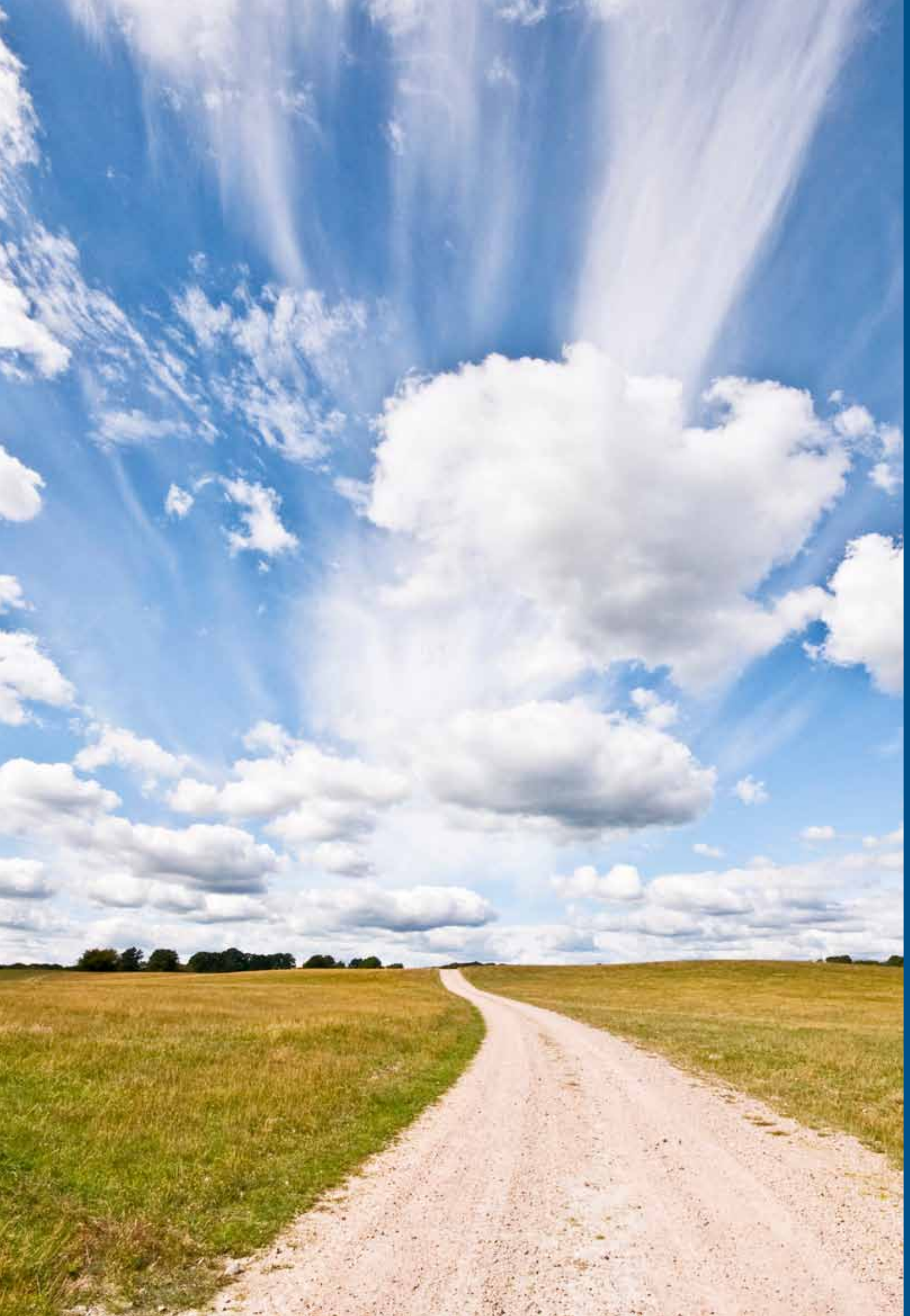
Level 3: Data for assets/liabilities not based on observable market data.

		GROUP		PARENT ASSOCIATION	
NOTE 38	ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	2010	2009	2010	2009
ASSETS					
SEK		218,115	89,574	91,843	41,683
Loans to credit institutions		218,115	89,574	91,843	41,683
SEK		51,753,824	46,432,978		
EUR		19,210	22,996		
Loans to customers		51,773,034	46,455,974		
SEK		10,975,059	11,532,817		
Bonds and other interest-bearing securities		10,975,059	11,532,817		
SEK		80,321	308,074		
Derivatives		80,321	308,074		
SEK		1,119,178	1,402,595	1,974,696	1,975,107
Other assets		1,119,178	1,402,595	1,974,696	1,975,107
TOTAL ASSETS		64,165,707	59,789,034	2,066,539	2,016,790
LIABILITIES					
SEK		64,376	5,646,541		
EUR		19,586	23,455		
Liabilities to credit institutions		83,962	5,669,996		
SEK		215,573	190,083	200,573	145,083
Borrowing from the public		215,573	190,083	200,573	145,083
SEK		44,423,004	40,465,115		
CHF		3,241,170	1,721,724		
EUR		2,910,750	1,712,259		
NOK		7,838,265	5,127,998		
Securities in issue		58,413,189	49,027,096		
SEK		606,683	229,107		
Derivatives		606,683	229,107		
SEK		1,506,616	1,329,146	10,650	8,559
Other liabilities		1,506,616	1,329,146	10,650	8,559
TOTAL LIABILITIES		60,826,023	56,445,428	211,223	153,642

All assets and liabilities in foreign currency are hedged against exchange rate fluctuations using derivative contracts.

NOTE 39	EFFECTS OF AMENDED ACCOUNTING POLICIES, TSEK			GROUP		
				Earlier policies	Effect of transition	According to full IFRS
Settlement of profit for the year 2009						
General administrative costs				-195,475	10,113	-185,362
Tax on profit for the year				-14,080	-2,660	-16,740
Profit for the year				47,841	7,453	55,294
				Earlier policies	1 Jan. 2009 Effect of transition	According to full IFRS
				Earlier policies	31 Dec. 2009 Effect of transition	According to full IFRS
Settlement of balance sheet and equity						
Assets						
Other assets				156,103	13,673	169,776
				441,451	11,013	452,464
Total assets				51,229,837	13,673	51,243,510
				59,789,034	11,013	59,800,047
Liabilities						
Provisions				127,193	51,988	179,181
				102,731	41,875	144,606
Total liabilities				47,868,111	51,988	47,920,099
				56,445,428	41,875	56,487,303
Shareholders' equity						
Profit brought forward and profit for the year				371,526	-38,315	333,211
				420,725	-30,862	389,863
Total equity				3,361,726	-38,315	3,323,411
				3,343,606	-30,862	3,312,744
Total liabilities and equity				51,229,837	13,673	51,243,510
				59,789,034	11,013	59,800,047

The transition to full IFRS involved measurement of the pension liability in accordance with IAS 19. Landshypotek previously recognised the pension liability in accordance with the Swedish Law on the Safeguarding of Pension Commitments.



Proposed Allocation of Earnings

The Board of Directors proposes that the profit for the year be allocated as follows:

- that MSEK 58.2, equivalent to 4.50 percent of interest paid, be applied as a refund to members.
- that interest on contribution capital accounts be paid in an amount of MSEK 31.2. The rate of interest is proposed to be 3.0 percent on the regular portion of the contribution and 3.0 percent on voluntary contributions.
- 30 percent of the refund is to be paid.
- members' preliminary tax of 30 percent of interest is to be paid to the Swedish Tax Agency.
- that of the year's disposable funds:

Retained earnings	SEK 119,412,767
Net profit for 2010	SEK 11,867
<hr/>	
At the disposal of the Annual Association Meeting	SEK 119,424,634

MSEK 119.4 be carried forward.

The undersigned hereby certify that, to the best of our knowledge, the annual accounts are prepared in accordance with generally accepted accounting principles and that the information provided agrees with actual circumstances and that nothing of material importance has been omitted that could affect the image of Landshypotek, ekonomisk förening created by the annual account.

Stockholm, 9 March 2011

Lars Bäckström
Chairman

Gunnar Granqvist

Lars-Åke Folkmer

Inga-Lill Gilbertsson

Hans Pettersson

Anders Johansson

Eivor Nilsson

Peder Thott

Pär Sahlin

Kjell Hedman
Managing Director

Lars Öhman

Henrik Toll

Eva Wedberg

Audit Report

To the Annual Association Meeting of Landshypotek, ekonomisk förening, organisation number 769600-5003.

We have audited the annual accounts, the consolidated financial statements, accounting and the administration of the Board of Directors and the Managing Director of Landshypotek, ekonomisk förening for 2009. The association's annual accounts and consolidated financial statements are included in the printed version of this document on pages 61-111. These accounts and the administration of the company and the application of the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the annual accounts and the consolidated accounts are the responsibility of the Board of Directors and the Managing Director. Our responsibility is to express an opinion on the annual accounts, the consolidated financial statements and the administration based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in Sweden. These standards require that we plan and perform the audit to obtain high, but not absolute assurance that the annual accounts and the consolidated accounts are free from material misstatements. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes an assessment of the accounting principles applied and the application thereof by the Board of Directors and the Managing Director, an assessment of the critical estimates made by the Board of Directors and Managing Director in preparing the annual accounts, and an evaluation of the overall information contained in the annual accounts and consolidated accounts. As a basis for our statement on discharge from liability, we have examined significant decisions, measures and circumstances in the association in order to evaluate whether or not any member of the Board of Directors or the Managing Director is liable for damages to the association. We have also examined whether any member of the Board of Directors or the Managing Director has acted in contravention of the Swedish Co-operative Societies Act, the Swedish Banking and Financing Businesses Act, the Swedish Annual Accounts Act

for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our statements below.

The annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a true and fair view of the performance of the association and group in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, IFRS, as adopted by the EU, and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a fair view of the Group's earnings and position. Our statements do not include the Corporate Governance Report on page 71. The statutory administration report is consistent with the other parts of the annual report.

We recommend that the Annual Association Meeting adopt the income statement and the balance sheet for the association and the Group, allocate the profit in accordance with the proposal in the administration report and that the members of the Board of Directors and the Managing Director be granted discharge from liability for the financial year.

Report of the Corporate Governance Report

The Board of Directors and the Managing Director are responsible for the Corporate Governance Report on page 71 and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

As a basis for our statement that the Corporate Governance Report has been prepared and complies with the Annual Accounts Act and the other sections of the consolidated financial statements, we have read the Corporate Governance Report and assessed its statutory content based on our knowledge of the company.

A Corporate Governance Report has been prepared and its statutory information corresponds with the Annual Accounts Act and the other sections of the consolidated financial statements.

Stockholm, 9 March 2011

Anna Hesselman
Authorised Public Accountant

Magnus Aaby-Ericsson

Teri Lee Eriksson

Senior Management



Kjell Hedman
Managing Director



Göran Abrahamsson
Chief Member Officer

Board of Directors and Auditors



From left to right: Kjell Hedman, Pär Sahlin, Henrik Toll, Inga-Lill Gilbertsson, Lars Öhman, Eivor Nilsson, Lars Bäckström, Eva Wedberg, Lars-Åke Folkmer, Peder Thott, Anders Johansson, Gunnar Granqvist, Hans Pettersson.

Directors

Lars Bäckström, b 1946, Tösse, accounting consultant, Chairman of Landshypotek, ek. för. and Deputy Director of Sveriges Allmänna Hypoteksbank.

Lars-Åke Folkmer, b 1946, Kvänum, farmer, Director of Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB.

Inga-Lill Gilbertsson, b 1960, Askersund, economist/farmer, Director of Landshypotek, ek. för.

Gunnar Granqvist, b 1955, Lit, University Diploma in Agricultural and Rural Management, Director of Landshypotek, ek. för.

Anders Johansson, b 1948, Läckeby, farmer, Director of Landshypotek, ek. för., Landshypotek AB, Landshypotek Jordbrukskredit AB and Sveriges Allmänna Hypoteksbank. Director of Lyckeby Stärkelsen, Solanum Kalmar AB and H. S. Kalmar Kronoberg.

Eivor Nilsson, b 1961, Kalmar, salaried employee Landshypotek, employee representative Finansförbundet, Director of Landshypotek, ek. för.

Hans Pettersson, b 1966, Havdhem, Director of Landshypotek, ek. för.

Pär Sahlin, b 1963, Kilafors, farmer, Director of Landshypotek, ek. för.

Kjell Hedman, b. 1951, Stockholm, MD of Landshypotek AB and Landshypotek ekonomisk förening, Chairman Lantbrukskredit AB, Hypoteksbanken AB and Sveriges Allmänna Hypoteksbank AB, Director of Landshypotek, ek.för., Chariman of Visa Sweden. Director of Nordnet AB and Visa Europe.

Peder Thott, b 1942, Svedala, Bachelor of Science (Econ.), Director of Landshypotek, ek. för. Deputy Director of Sveriges Allmänna Hypoteksbank. Managing Director and Director of Skabersjö Gods, Chairman of Sannarp AB. Director of Näsbyholm Fideikommiss AB and Söderslättis Spannmålsgrupp ek. för. Deputy Director of Skånska Biobränslebolaget AB.

Henrik Toll, b 1954, Sorunda, farmer, Director of Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB. Deputy Director of Sveriges Allmänna Hypoteksbank. Chairman of Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra Borgaren AB and Västra Borgaren AB. Director of Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

Eva Wedberg, b 1970, Lund, salaried employee Landshypotek, employee representative SACO, Director of Landshypotek, ek. för.

Lars Öhman, b 1953, Skänninge, farmer, Director of Landshypotek, ek. för. Managing Director and Director of Stavlösa Gård AB. Director of Sveriges Spannmålsodlare ekonomisk förening, Lovang gruppens Handelshus AB and Chairman of Vadstena fastighets AB

Auditors

Anna Hesselman, Stockholm, Authorised Public Accountant.

Teri Lee Eriksson, Svartsjö, horticulturalist.

Magnus Aaby-Ericsson, Alvesta, University Diploma in Agriculture and Rural Management.

Deputy Auditors

Bengt Fröander, Stockholm, Authorised Public Accountant.

Johan von Kantzow, Norrköping, University Diploma in Agriculture and Rural Management.



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