



ANNUAL REPORT 2008



LANDSHYPOTEK

Statement of the Managing Director	2
Landshypotek AB	5
Report of the Board of Directors	5
Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening	11
Income Statement	14
Balance Sheet	15
Statement of Changes in Equity	16
Cash Flow Statement	18
Five-year Summary	19
Risk and Capital Management	20
Notes	28
Proposed Allocation of Earnings	48
Audit Report	49
Senior Management	50
The Board of Directors	51
Landshypotek, ekonomisk förening	53
Report of the Board of Directors	53
Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening	59
Income Statement	62
Balance Sheet	63
Statement of Changes in Equity	64
Cash Flow Statement	66
Five-year Summary	67
Risk and Capital Management	68
Notes	76
Proposed Allocation of Earnings	93
Audit Report	94
Senior Management	95
The Board of Directors	96
Addresses	

Schedule of Information

Annual Meeting (association)	5 May 2009
Annual Meeting	5 May 2009
Interim report Q1	May 2009
Interim report Q2	August 2009
Interim report Q3	November 2009

The Year in Brief

Landshypotek, ekonomisk förening Group

4.0

The Group's lending increased by 4.0 percent to MSEK 41,286 (39,711).

165

Operating profit not including "Net result of financial Transactions" amounted to MSEK 165 (182).

89

Equity increased by MSEK 89 (73).

128

The Board of Directors proposes that MSEK 128 (101) of the year's earnings be refunded to the members of Landshypotek, ekonomisk förening.

75

The refund portion amounts to MSEK 75, which is equivalent to 3.75 (3.0) percent of interest paid on ordinary loan interest.

53

Interest on contributed capital is proposed to be paid in an amount of MSEK 53 equivalent to 5.00 percent.

9.29

The Group's capital adequacy ratio stands at 9.29 percent. . .

8.23

... and the Tier 1 capital ratio stands at 8.23 percent.



Our best time is now

To speak about good times now may appear to be cynical. The news we read, see and hear all paint an increasingly gloomy picture about our situation and virtually all forecasts point downward. But a pessimistic outlook is seldom fruitful and as far as Landshypotek is concerned the current situation actually gives rise to a good measure of hope. The meaning of our motto – down-to-earth financing – becomes clearer with each report of questionable bank dealings abroad and at home. But the agriculture and forestry sector appear to weathering the broad economic downturn relatively well.

Stability in uncertain times

Landshypotek has the ambition to be the best financial partner for our members on a long-term basis. This means that we must provide the best possible financing terms and conditions, at the same time as we must guarantee the stability of the incorporated association that the borrowers own. In times of economic boom and prosperity this dual goal may sometimes be perceived as overly cautious. When everything is going well and everybody wants to borrow money, the lender that for the moment offers the lowest rate is the one that comes out the winner. In uncertain times, however, a long-term approach and stability become more marketable. The financial crisis this past autumn is a clear example of this.

When the problems of the American housing lenders spread to Europe, the sources of capital suddenly dried up. Opportunities to borrow came to a screeching halt and created a financial crisis that we still have not seen the end of. For Landshypotek, however, the shortage of capital did not present an acute problem since our principle is to have at least six months liquidity reserves.

Sweden's most secure security

Another reason why we could observe the goings-on with relative calm was that we have refrained from exposing our capital to major risk. In keeping with Landshypotek's traditions, we invest only in things we understand and which can be easily sold. This means, for instance, that we have avoided investments in the Baltic states and we have stuck with Swedish treasury bills and the paper of Swedish mortgage institutions. One year ago there were probably those who felt that we were almost cowardly, but today we are quite happy that we stuck with tradition.

Our specialisation on agricultural and forestry properties also gives us reason for a measure of confidence. Even if the rise in value is now beginning to taper off, the land and forestry market appears to be more stable than others. There is also plenty of room for it to fall before the market value starts to close in on loan value. More than 90 percent of Landshypotek's lending is based on security calculated at 70 percent of market value.

Capital and knowledge for future investments

There is thus little risk of a catastrophic drop in prices. Agriculture does not appear to be very hard hit by the economic downturn and optimism is still pervasive. Food, after all, is something that people also need when times are tough and there is also a great development potential in bioenergy. For Lands-

hypotek, this means that there is a need to fill, both in terms of capital and know-how. There is a great need for capital investments, but also a good market for those who invest correctly. Given our specialisation and broad experience, we can contribute with advice and financing models that provide long-term sustainable solutions.

New generations taking over

In 2009 and beyond we will also begin to see another development that will require a lot of capital. The age structure in agriculture means that a large number of farms are facing a generation shift. Some 30 percent (100,000 properties) are owned by people who have reached retirement age and close to a quarter of a million properties are owned by people who are over 50 years old. The likely scenario is that most of these properties will not come out on the market but will be transferred within the family. This will mean large capital needs for those who have to buy out parents and siblings, but competence and experience with the process will also be required. A generation shift is typically a more complicated deal than an outright sale and includes a number of issues of an emotional character. Landshypotek's loan officers are experienced in this type of ownership transfer and can therefore be useful beyond just putting up capital.

Large values will also change hands in the forestry sector. According to Skogsbarometern, we are looking at values of about SEK 80 billion over the next five years. Much of this will be financed with mortgage loans, but a major portion will be financed by felling. It is therefore gratifying that starting now Landshypotek will be able to offer not only first mortgage loans, but also so-called forest accounts for investment and timing of revenue.

Expertise and service ever more important

In times of uncertainty, the need for know-how and expertise become ever more important. Good financing will be defined, not only by the terms and conditions the borrower gets, but also to a high degree by the lender's knowledge of the customer, experience and market insight. The ability to identify each individual borrower's specific needs and the ability to offer beneficial complete solutions becomes more important than a few basis points on the interest rate.

During 2008, Landshypotek developed a number of bank services as complements to our first mortgage loans. This means that we can now offer full service including all important payment and financing services to the agricultural sector. The advantage for the customer is that there is one contact for all matters, a contact that is well-versed in the market conditions for land and forest owners.

Cautious optimism

Landshypotek will continue to work according to the principles that have made us the market leader in land and forestry financing. Moderation and reflection will continue to be lodestars for the way we handle money. We will help our customers make wise investments and aim to be the best financial partner, even when times are tough.

Now is the time to prove it!

Stockholm, March 2009



Kjell Stillman,
Managing Director



Report of the Board of Directors

These financial statements were authorised for issue on 11 March 2009 by the Board of Directors of Landshypotek AB (publ.), registration number 556500-2762. They are to be ultimately adopted by the regularly scheduled Annual General Meeting to be held 5 May 2009.

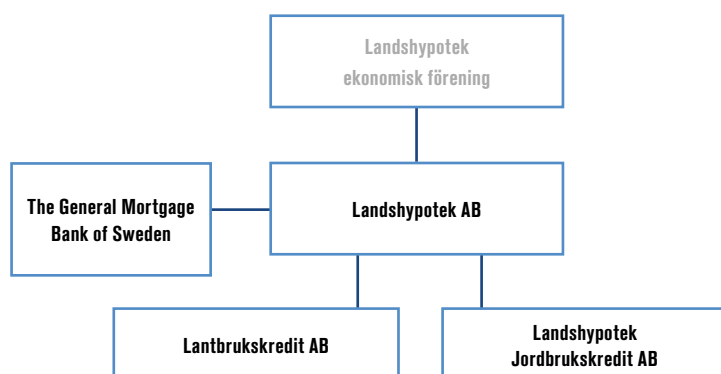
Business and ownership structure

Landshypotek is a member-owned credit institution specialised in lending to Swedish agriculture and forestry with real property as collateral. Landshypotek offers first mortgage loans on competitive terms and conditions and, in co-operation with partners, also other bank products and services. Lending is primarily concentrated to Landshypotek AB, but certain lending activities are also conducted by subsidiaries Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Landshypotek AB is responsible for all borrowing. The Company uses the capital market as its funding source. The Company achieves the desired flexibility by offering a variety of borrowing programmes that attract different types of investors.

Landshypotek AB is owned by Landshypotek, ekonomisk förening (incorporated association). All of Landshypotek's customers automatically become members of Landshypotek, ekonomisk förening. The co-operative association is a democratic organisation where all members have one vote at the annual regional meeting.

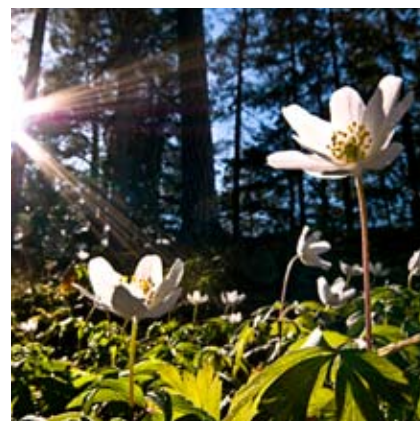
Operations were conducted during 2008 by the following corporate entities:

- Landshypotek AB – parent company of the Landshypotek AB Group.
Landshypotek AB is in the business of granting loans to agriculture and forestry secured by real property up to 75 percent of estimated market value of the collateral.
- Landshypotek Jordbrukskredit AB – a subsidiary of Landshypotek AB.
Landshypotek Jordbrukskredit AB is in the business of granting loans to agriculture and forestry secured by real property.
- Lantbrukskredit AB – a subsidiary of Landshypotek AB. Lantbrukskredit AB is in the business of granting loans to businesses in close proximity to agriculture, but lending to other sectors has occurred. Since July 2003 and until further notice there is no new lending in Lantbrukskredit AB.
- The General Mortgage Bank of Sweden (Hypoteksbanken) – is being phased out. Was responsible for Landshypotek AB's borrowing until 1997.



Organisation

Landshypotek has approximately 99 employees at 18 sales offices all over the country. The local presence, in combination with the staff's sound knowledge of the conditions for agriculture and forestry are important suc-



Landshypotek's business concept is to offer Sweden's farmers and forest owners financing in the form of first mortgage loans at the most favourable terms in the market.

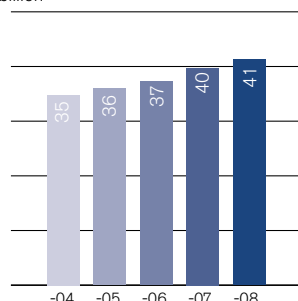


Definition of agricultural property

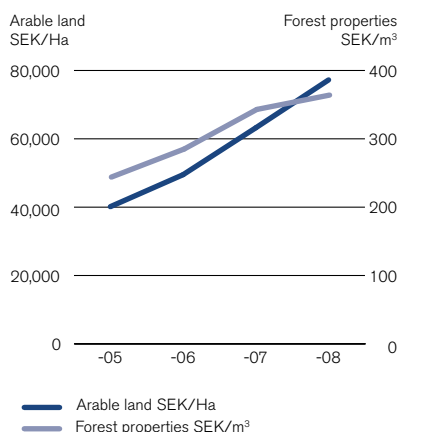
Agricultural properties are properties used mainly for agricultural, forestry or horticultural operations. What is classified as agricultural property is governed by the Swedish Real Property Formation Act. Virtually all arable land, and half of the forest land in the country, consists of agricultural properties owned by private individuals. These persons are Landshypotek's target group for first mortgage financing.

Lending to customers

SEK billion

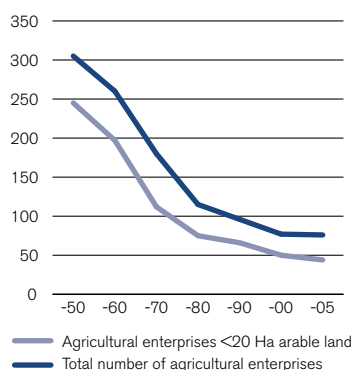


Prices on arable land and forest properties



Source: LRF Konsult

Number of farm units



Source: The Swedish Board of Agriculture

cess factors for the Company. Knowledge of entrepreneurial enterprise is also required to meet the demands of customers. During the year Landshypotek continued its efforts in developing its associates' small business skills in areas such as forestry, energy and horse farms.

In its quest to increase accessibility, Landshypotek will continue to develop its interaction with customers, for instance by establishing new branch offices and by developing new internet services.

The representatives on Landshypotek's regional boards of directors have the assignment to perform appraisals on customer properties. The members are themselves owners of agricultural properties and possess superior local knowledge and industry expertise. Board members with the greatest possible geographic and industrial breadth of know-how are appointed in each region. The members are also active advocates of the Company and represent Landshypotek in a variety of contexts.

Market overview

During 2008 Landshypotek increased its lending to SEK 41 billion, which is equivalent to a lending growth of 4.0 percent, compared to 6.5 percent during the preceding year, which was a record year for growth. Landshypotek's assessment is that the Company is maintaining its position as market leader in the market for first mortgage loans to land and forest owners. The lower growth rate during 2008 is explained by a lower level of activity in the market and to new players making the market even more competitive. The sharp increase during 2007 was the effect of a favourable development for Swedish agriculture and forestry in combination with Landshypotek's increased presence in the marketplace. Customers still have a positive outlook for the future, even though conditions have deteriorated somewhat, with rising prices for input goods and weaker prices for goods produced. Prices on agricultural and forest products rose sharply during 2007. Prices continued to rise until the end of summer, when the rising trend slowed down. Prices were generally stable during autumn. Landshypotek's assessment is that prices will remain stable during 2009, but that there may be softer prices for specific types of properties during 2009. Leverage remains low. The average loan value for Landshypotek's lending is 40.5 percent.

The structural transformation in Swedish agriculture continues. The number of producers in traditional agriculture is declining, both in milk and hog production, at the same time as diversification among farms is on the rise. New, major operating segments are primarily construction and energy, such as small-scale wind power.

Landshypotek's core business is to offer farmers and forest owners the market's most favourable first mortgage loans. In order to satisfy its customers' other needs for bank services, Landshypotek offers its customers banking services in co-operation with partners. Landshypotek can offer an array of bank services, such as second and third mortgage loans, object financing and committed credit facilities as well as account and payment services. It is important for Landshypotek to be able to offer a extensive range of bank services. Many customers appreciate the simplicity of being able to turn to just one contact for all their financing and bank service needs.

During the year a new co-operation agreement was concluded with Sparbanken Finn, which thus becomes one of Landshypotek's important partners.

Financing

Landshypotek's goal is to borrow money at as favourable terms and condi-

tions as possible, given a low risk profile. By working with great flexibility in terms of markets and instruments, financing is efficient and is done where it is most advantageous. Landshypotek utilises a number of borrowing programs, both on the national and the international markets. This makes it possible for Landshypotek to meet most investors' needs of investing in interest-bearing paper.

The transition to covered bonds that occurred in 2007 has been of great strategic importance for Landshypotek and the desired effect has been achieved.

Financing during 2008 was mostly in Sweden. Internationally, Landshypotek issued interest-bearing securities in Norway and Switzerland.

The unrest prevailing in the world's financial markets during the autumn has affected all players, thus even Landshypotek. Credit spreads have widened sharply and the supply of capital has been limited. Landshypotek has managed to refinance maturing loans at a rate that is at a level similar to other Swedish housing lending institutions. The loan facilities placed at the disposal of monetary policy counterparts by the Riksbank have also been important, providing Landshypotek with the required liquidity.

The situation in the capital market has improved somewhat in early 2009. Landshypotek believes that continued government and central bank intervention will be important to ensure satisfactory functioning of the market during 2009. Landshypotek has ample assets of high quality that can be used as security for transactions with central banks and other public entities. We are therefore of the opinion that Landshypotek's liquidity situation will be satisfactory during the year.

During the second quarter of 2008 Landshypotek AB was upgraded to A- by S&P, from the previous BBB+. The fact that Landshypotek amid the current unrest in the credit market improves its rating is a sign of the Company's long-term financial strength. Already since before, Landshypotek has an AAA rating by S&P on its covered bonds.

Success factors

Landshypotek will continue to strive to give its members/customers the market's best terms and conditions for first mortgage loans. Crucial factors to make this possible include that Landshypotek has an efficient and appropriate organisation, low financing costs, good credit analysis and products that satisfy the needs of the customers.

Profit and profitability

Operating profit for 2008 amounted to MSEK 13.1, a drop by MSEK 198.4 compared to 2007 (211.5). Not including the "Net result of financial transactions" operating profit amounted to MSEK 183.0 (196.9).

Net interest income amounted to MSEK 345.2, a drop by MSEK 19.7 compared to 2007 (MSEK 364.9). The decline is primarily due to a narrower margin between borrowing and lending rates. On average, the spread was 0.12 percent lower during 2008 than it was during 2007. Margins came under severe pressure during the latter part of 2007 and in the beginning of 2008, but have since remained stable around the 0.50-percent level. The volume of loans outstanding increased by 4.0 percent during the year and this had a positive impact on net interest income.

Operating income not including net interest income amounted to MSEK -126.1, a drop by MSEK 283.4 compared to 2007 (157.3). The decline is primarily explained by a drop in "Net result of financial transactions" to

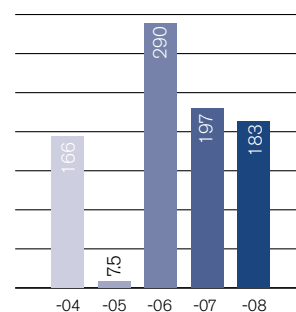
AAA

Thanks to the stable collateral on which the Company's operations are based funding can be obtained on favourable terms Landshypotek's covered bonds have been awarded the highest rating of AAA by Standard & Poor's.

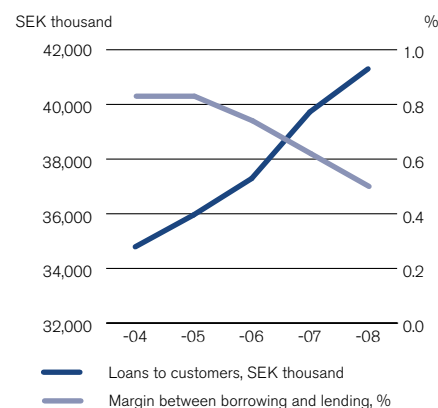
	Long	Short
S&P "Covered bonds"	AAA	
S&P	A-	A2, K1
Fitch	A+	F1
Moody's	A2	P1

Operating profit not including "Net result of financial transactions"

MSEK

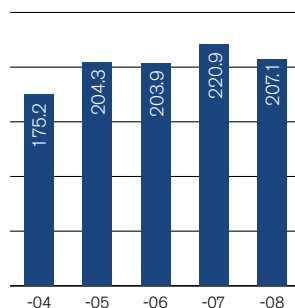


Operating profit



Operating expenses

SEK million



MSEK –169.9 from MSEK 14.6 in 2007. The net result of financial transactions includes realised results of purchases and sales of financial instruments and own bonds. The line “Net result of financial transactions” also includes the results of revaluation of financial instruments. Landshypotek is not an active trader for the purpose of taking risk to make money. On the other hand, Landshypotek has a large portfolio of derivative contracts, interest rate swaps and currency interest rate swaps. These are used to manage the difference in periods of fixed interest between lending to customers and bonds in issue. Landshypotek is obliged to mark these derivative instruments to market at the same time as the Company is not permitted to mark the underlying assets and liabilities unless they are classified as fair value hedges. Since long-term interest rates fell sharply during the latter part of 2008, this has meant a sharp drop in market value. It is worth noting that Landshypotek’s portfolio of interest-bearing securities classified as available-for-sale financial assets are also valued at market, but that the result from changes in market value is accounted for in equity. The market value changes on derivative financial instruments and the investment portfolio offset each other, but are reported differently, in the income statement and in equity, respectively. The lower number for operating income not including interest income is also explained by the fact that Landshypotek in 2007 reported a dividend of approximately MSEK 70 from a non-consolidated subsidiary at the same time as the value of the shares held in the company was written down by a like amount. The difference is explained by lower cost for impairment and the fact that Landshypotek in 2007 reported a gain from the sale of an operating property in the amount of MSEK 33.4. Revenue from the corresponding sales during 2008 amounts to MSEK 10.4.

Costs amounted to MSEK 218.6, which represents a decline by MSEK 40.8 or 16 percent compared to 2007 (259.4). The decline in costs is above all due to lower administrative expenses.

Loan losses for 2008 amounted to MSEK +12.6 (+18.8). Recovery of previously realised losses or previously probable losses amounted to MSEK 14.9 (25.8). Doubtful accounts are at a historically low level. Expectations are that doubtful credits will increase, albeit modestly. As of 31 December 2008 doubtful credits amounted MSEK 1.0 (13.9), equivalent to 0.002 (0.03) percent of the loans outstanding.



Key financial indicators	2008	2007
Net interest income	345,190	364,928
Interest rate margin (spread)	0.85%	0.90 %
Costs	–218,630	–259,426
Cost level, %	–0.54%	–0.64 %
Operating profit, MSEK	13,070	211,520
Loan loss level, %	–0.03 %	–0.05 %
Loans to customers	41,301,123	39,724,633
Increase in lending	4.0 %	6.5 %

Financial structure

The balance sheet total increased by 14 percent to MSEK 51,254 (45.070) due to increased lending to customers and a larger holding of interest-bearing securities.

The largest asset item in the balance sheet is “Loans to customers,” which amounts to MSEK 41,301 (39,725). The year’s increase in loans to customers by 4 percent is smaller than last year and slightly below Landshypotek’s target growth rate. More information about Landshypotek’s loans to customers is found in the Risk and Capital Management section.

Landshypotek’s holding of interest-bearing securities amounted to MSEK 8,473 at year-end 2008 (4,296). The portfolios consist of securities issued by Swedish institutions with high credit rating. As of 31 December the portfolios consisted exclusively of covered bonds with the highest rating, which can be immediately sold or borrowed against. The remaining 1 percent consisted of bonds issued by Swedish municipalities, also with the highest rating. The securities can be sold or borrowed against to handle the financing of liabilities coming due.

Landshypotek uses derivatives for the purpose of handling the differences in periods of fixed interest between assets and liabilities. At year-end 2008 the nominal value of the Group’s derivative contracts amounted to MSEK 16,245 (14,031). Additional detail about derivative contracts is provided in Note 35. Positive market values entail counterparty risk; in order to capture the uncertainty of future market development, credit exposure is also calculated. A standard amount is then added to the market value depending type of contract and remaining time to maturity. The thus calculated amount constitutes a part of Landshypotek’s credit exposure. The counterparties are Swedish and International banks with very high credit rating. At year-end the credit exposure in the derivative contracts stood at a total of MSEK 739 (252).

Tangible non-current assets amounted to MSEK 344 (353). The principal component of non-current assets is seven properties used in operations.

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 issuance of private bonds to the public and borrowings from credit institutions. At year-end 2008 bond loans and money market instruments in issue amounted to MSEK 38,387 (39,420). Borrowing from the public amounted to MSEK 32 (60) and borrowing from credit institutions amounted to MSEK 7,510 (760). This item also includes collateralised loans from the Riksbank. Borrowing from credit institutions increased as a consequence of Landshypotek greater reliance on funding its operations with the aid of repurchase agreements.

At year-end 2008 Landshypotek had equity of MSEK 3,318 (3,227). During 2008 shareholders’ equity grew by MSEK 91. No dividend payment is reported in Landshypotek; a transfer is instead made to the parent organisation, Landshypotek, ekonomisk förening, in the form of a group contribution.



Landshypotek has a market share of about 40 percent

More than half (52 percent) of Sweden’s area is covered by forest. Historically, the price trend for forest properties has been very positive.

Consolidated balance sheet, MSEK	2008	2007
Assets		
Lending to financial institutions	62	66
Loans to customers	41,301	39,725
Bonds and other interestbearing securities	8,473	4,296
Derivatives	363	79
Non-current assets	344	353
Other assets	710	551
Total	51,254	45,070
Liabilities		
Liabilities to financial institutions	7,510	760
Borrowing from the public	32	60
Securities in issue	38,387	39,420
Derivatives	327	186
Other liabilities	1,679	1,417
Equity and untaxed reserves	3,318	3,227
Total	51,254	45,070

Capital situation

The new body of regulation for capital adequacy (Basel II) is applied from 1 February 2007 and Landshypotek has obtained approval to use Internal Risk Classification (the IRB Approach) for reporting most of its assets (refer to the section on Risk and Capital Management). This has the effect that the capital requirement to a greater degree than before will be linked to Landshypotek's risk profile. The new body of regulations will have the effect of sharply reducing the capital requirement for Landshypotek, but the full impact will not be seen until 2010 when the transitional rules are removed.

For purposes of calculating capital adequacy, Landshypotek bases itself on the concept of "The financial corporate group" rather than the Group. The financial corporate group consists of Landshypotek AB and subsidiaries, but also of Landshypotek, ekonomisk förening. The consolidated capital adequacy ratio for the financial corporate group (which includes the proposal of the Board of Directors for allocation of earnings) was 1.16 (1.18), the capital adequacy was 9.29 (9.42) percent and the Tier 1 capital ratio was 8.23 (8.27) percent. The capital adequacy analysis will be found in Note 33.

Group contribution

A group contribution was rendered during 2008 in the amount of MSEK 140 (115) to the parent organisation, Landshypotek, ekonomisk förening.

Personnel

Information about the Landshypotek's management and personnel will be found in Note 8 to the Annual Accounts.

Events after the end of the year

No events of significant importance have occurred after the end of the period under review.



Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening

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

The Swedish Code for Corporate Governance was presented in December 2004. Modelled on that code, the Code for Governance of Co-operative Agricultural Associations and Association Enterprises was drafted during 2005 by LRF, The Federation of Swedish Farmers. The purpose was to develop a code for governance of agricultural co-operative associations adapted to the special conditions that prevail in the agricultural co-operative sector.

Large blocks of text were transferred from the Swedish Code for Corporate Governance with only minor modifications. Other parts are new and lack corresponding language in the Swedish Code for Corporate Governance. The 2006 annual meeting of Landshypotek, ekonomisk förening adopted a code that in large parts corresponds to the Code for Governance of Co-operative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

Association and annual general meetings

The meetings appoint directors and auditors and make decisions on fees. The meetings also adopt the income statements and balance sheets, and decide on the matter of discharge from responsibility for the Board of Directors and the Managing Director. Information about and minutes from the Association Meeting are available at Landshypotek's website.

Appointment of Board of Directors and auditors

The Election Committee is the association meeting's body for preparation of the meeting's decision in matters of appointment. The 2008 Association Meeting appointed ten representatives to constitute Election Committee for the next following election of directors. The members of the Election Committee appoint a chairman among its members. The members of the Election Committee must not be directors. The composition of the Election Committee must be published not less than six months before the regularly scheduled association meeting. The names of the members can be found at Landshypotek's website.

It is up to the Election Committee to evaluate the work of the Board of Directors in preparation for the 2009 Association Meeting. The Election Committee will also suggest a chairman to preside over the Association Meeting, directors and directors' fee to be distributed among the Chairman, the Vice Chairman and other directors, as well as suggest auditors and fees to be paid for the audit effort.

Boards of Directors

The over-arching duty of the boards of directors is to manage the affairs of the Association and the Company. The Board of Directors of the Association has 12 members appointed by the Association Meeting. The Managing Director and two employee representatives are also members of the Board of Directors. The Board of Directors of Landshypotek AB has six members elected by the Annual General Meeting. The Managing Director is also a member of the Board of Directors.

Senior management

The roster of senior management is set forth on page 50.

Senior management

Kjell Stillman
Managing Director

Göran Abrahamsson
Chief Member Officer

Håkan Ahlsten
Business Development

Bertil Andersson
Chief Operating Officer

Olof Helmersson
Chief Product Officer and
Managing Director of Landshypotek
Jordbrukskredit

Björn Ordell
Chief Financial Officer

Åsa Simonsson Lönegren
Chief Administrative Officer

Rolf Åttingsberg
Chief Credit Officer

Auditors

The Association Meeting appoints external auditors of the Association, at least one of whom must be an authorised public accountant.

The Annual General Meeting appoints external auditors for Landshypotek AB. The auditors must be authorised public accountants. The term of the auditors appointed by the Annual General Meeting is four years. The 2005 Annual General Meeting appointed authorised public accountants Anna Hesselman and Bengt Fröander for the coming four years, i.e. until the 2009 Annual General Meeting.

Internal control

The basis for the internal control with respect to financial reporting consists of Landshypotek's control environment in the form of organisation, decision-making process, authority and responsibility, all of which documented in internal policies, instructions and guidelines. Follow-up and supervision of the internal control function is by active internal auditing. The function for internal auditing was reorganised during 2008. Internal auditing is now performed by KPMG. There is also a separate unit for risk control and compliance. This unit is responsible for follow-up and monitoring of all of the Group's risks and for surveillance of the Company's compliance. The unit is a from the day-to-day business and administrative function independent unit reporting directly to the Managing Director, and if need be directly to the Board of Directors.



Income Statement

SEK THOUSAND	NOTE	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
Interest income		2,352,047	1,895,553	2,345,617	1,889,369
Interest expense		-2,006,857	-1,530,625	-2,025,461	-1,542,469
Net interest income	2	345,190	364,928	320,156	346,900
Dividend income	3	120	70,674	-	-
Commission income	4	9,575	12,919	9,545	12,896
Commission expense	5	-1,394	-636	-1,349	-586
Net result of financial transactions	6	-169,874	14,648	-169,874	14,648
Other operating income	7	35,481	59,686	33,501	58,111
Total operating income		219,097	522,219	191,979	431,969
General administrative expense	8	-183,235	-191,802	-185,738	-198,405
Depreciation, amortisation and impairment of tangible and intangible non-current assets	9	-11,528	-38,556	-11,483	-38,190
Other operating expenses	10	-23,867	-29,068	-22,694	-29,019
Total expenses before loan losses		-218,630	-259,426	-219,915	-265,614
Profit before loan losses		467	262,793	-27,936	166,355
Loan losses, net	11	12,603	18,764	1,093	-975
Impairment of financial assets	3	-	-70,037	-	-
Operating profit		13,070	211,520	-26,843	165,380
Year-end appropriations	12	-	-	-	-
Taxes on the period's profit	13	-656	-49,790	10,070	-37,313
Net profit for the year		12,414	161,730	-16,773	128,067

Balance Sheet

		GROUP		PARENT COMPANY	
SEK THOUSAND	NOTE	2008	2007	2008	2007
Assets					
Cash and balances with central banks		2,707	295	2,707	295
Treasury bills and other eligible bills		–	–	–	–
Due from financial institutions	14	59,308	66,165	71,991	309,790
Loans to customers	15	41,301,123	39,724,633	41,024,606	39,456,518
Bonds and other interest-bearing securities	16	8,473,460	4,296,199	8,473,460	4,296,199
Derivative financial instruments	17, 35	362,497	79,030	362,497	79,030
Shares	18	1	1	–	–
Shares in Group companies	19	–	–	514,927	514,927
Intangible non-current assets	20	–	237	–	237
Tangible assets					
Equipment	21	4,602	6,431	4,602	6,431
Buildings and land	21	339,470	346,375	335,803	345,749
Other assets	22	167,224	72,347	144,111	95,848
Prepaid expenses and accrued income	23	543,167	478,123	542,386	479,123
Total assets	33, 34, 36, 37	51,253,559	45,069,836	51,477,089	45,584,147
Liabilities and provisions					
Due to financial institutions	24	7,509,565	760,407	7,836,229	1,177,735
Borrowing from the public	25	32,022	60,000	32,022	60,000
Debt securities in issue, etc.	26	38,387,386	39,420,471	38,387,386	39,370,471
Derivative financial instruments	27, 35	327,324	186,172	327,324	186,172
Other liabilities	28	190,475	180,081	176,738	374,775
Accrued expenses and prepaid income	29	869,730	708,638	871,986	711,689
Provisions	30	169,031	76,919	127,194	46,434
Subordinated liabilities	31	449,983	449,983	449,983	449,983
Total liabilities and provisions	33, 34, 36, 37	47,935,516	41,842,671	48,208,862	42,377,259
Untaxed reserves		–	–	–	–
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		1,026,248	1,026,244	1,010,000	1,010,000
Revaluation reserve		148,816	–29,975	148,817	–29,975
Retained earnings		304,365	224,966	299,983	254,596
Net profit for the year		12,414	161,730	–16,773	128,067
Group contributions		–100,800	–82,800	–100,800	–82,800
Total equity		3,318,043	3,227,165	3,268,227	3,206,888
Total liabilities, provisions and equity		51,253,559	45,069,836	51,477,089	45,584,147
Memorandum items	32				
– Pledged assets		None	None	None	None
– Contingent liabilities		227,637	84,662	227,637	84,662
– 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 2006	1,927,000	1,026,244	4,764	-45,432	224,935	3,137,511
Change in available-for-sale instruments, before taxes				756		756
Change in instruments for cash flow hedges, before taxes			9,937			9,937
Other items					31	31
Total change in equity not carried to income statement	-	-	9,937	756	31	10,724
Net profit for the year					161,730	161,730
Total change before transactions with the owner	-	-	9,937	756	161,761	172,454
Dividend/group contribution rendered					-115,000	-115,000
Taxes on group contribution rendered					32,200	32,200
Equity 31 December 2007	1,927,000	1,026,244	14,701	-44,676	303,896	3,227,165
Change in available-for-sale instruments, before taxes				251,540		251,540
Change in instruments for cash flow hedges, after taxes			-72,749			-72,749
Other items		4			469	473
Total change in equity not carried to income statement	-	4	-72,749	251,540	469	179,264
Net profit for the year					12,414	12,414
Total change before transactions with the owner	-	4	-72,749	251,540	12,883	191,678
Dividend/group contribution rendered					-140,000	-140,000
Taxes on group contribution rendered					39,200	39,200
Equity 31 December 2008	1,927,000	1,026,248	-58,048	206,864	215,979	3,318,043

Statement of changes in equity, continued

PARENT COMPANY, SEK THOUSAND						
	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2006	1,927,000	1,010,000	4,764	-45,432	254,564	3,150,896
Change in available-for-sale instruments, before taxes				756		756
Change in instruments for cash flow hedges, after taxes			9,937			9,937
Other items					32	32
Total change in equity not reported in the income statement	-	-	9,937	756	32	10,725
Net profit for the year					128,067	128,067
Total change before transactions with the owner	-	-	9,937	756	128,099	138,792
Dividend/group contribution rendered					-115,000	-115,000
Taxes on group contribution rendered					32,200	32,200
Equity as of 31 December 2007	1,927,000	1,010,000	14,701	-44,676	299,863	3,206,888
Change in available-for-sale instruments, after taxes				251,540		251,540
Change in instruments for cash flow hedges, after taxes			-72,749			-72,749
Other items					121	121
Total change in equity not reported in income statement	-	-	-72,749	251,540	121	178,912
Net profit for the period					-16,773	-16,773
Total changes before transactions with the owner	-	-	-72,749	251,540	-16,652	162,139
Dividend/group contribution rendered					-140,000	-140,000
Taxes on group contribution rendered					39,200	39,200
Equity as of 31 December 2008	1,927,000	1,010,000	-58,048	206,864	182,411	3,268,227

The share capital and other contributed capital constitute restricted equity. The hedging reserve and the fair value reserve are referred to as revaluation reserve in the balance sheet.

Cash Flow Statement

SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Cash flow from income statement				
Interest income	2,285,830	1,796,252	2,281,376	1,790,072
Interest expense	-1,848,976	-1,351,040	-1,872,002	-1,344,129
Dividend income	120	70,674	0	0
Commission income	9,575	12,919	9,456	12,896
Commission expense	-1,394	-636	-1,349	-586
Net proceeds of financial transactions	25,796	19,223	25,796	19,223
Other operating cash receipts	34,162	42,521	31,919	41,453
Administrative expenses paid	-192,916	-220,491	-194,473	-225,995
Recovery of losses realised in prior years	12,361	6,423	852	411
Income taxes paid	-42,781	-49,790	-39,998	-37,313
Total cash flow from income statement	281,777	326,055	241,577	256,032
Cash flow from balance sheet				
Increase (-)/decrease (+) Loans to financial institutions	6,857	52,549	237,799	159,873
Increase (-)/decrease (+) Loans to customers	-1,576,490	-2,412,060	-1,568,170	-2,510,588
Increase (-)/decrease (+) Bonds and other interest-bearing securities	-3,834,887	-669,618	-3,834,887	-669,618
Increase (+)/decrease (-) Liabilities to financial institutions	6,749,158	302,112	6,658,494	341,465
Increase (+)/decrease (-) Borrowing from the public	-27,978	-190,473	-27,978	-190,473
Increase (+)/decrease (-) Securities in issue, etc.	-1,508,909	2,967,877	-1,458,909	2,967,877
Change in other balance sheet items	-84,796	-54,762	-246,281	-28,450
Total cash flow from balance sheet	-277,045	-4,375	-239,932	70,086
Cash flow from current operations	4,732	321,680	1,645	326,117
Investing activities				
Sale of shares	-	-	-	100
Purchase of shares	-	-	-	-100
Changes in intangible and tangible non-current assets	-2,320	-7,135	766	-11,472
Total cash flow from investing activities	-2,320	-7,135	766	-11,472
Cash flow from financing activities				
Repayment of subordinated liabilities	-	-200,000	-	-200,000
Group contribution received	-	-	-	-
Dividend paid and group contribution rendered	-	-115,000	-	-115,000
Total cash flow from financing activities	-	-315,000	-	-315,000
Cash flow for the period	2,412	-455	2,411	-355
Change in cash and cash equivalents	2,412	-455	2,412	-355
Cash and cash equivalents at beginning of year	295	750	295	650
Cash and cash equivalents at year-end	2,707	295	2,707	295

Five-year Summary

Earnings performance – Landshypotek AB – Group

SEK MILLION	2008	2007	2006	2005*	2004*
Income statement					
Net interest income	345.2	364.9	452.8	365.3	389.0
Other operating income	-126.1**	157.3	23.5	61.5	38.3
Operating expenses	-207.1	-220.9	-203.9	-204.3	-175.2
Depreciation and amortisation	-11.5	-38.6	-15.4	-10.2	-10.3
Loan losses	12.6	18.8	21.1	-204.8	-75.5
Impairment of financial non-current assets	-	-70.0	-	-	-
Operating profit	13.1	211.5	278.3	75	166.3
Balance sheet					
Assets					
Loans to customers – net	41,301	39,725	37,313	35,954	34,791
Other assets	9,952	5,345	4,746	2,397	1,444
Total assets	51,254	45,070	42,059	38,351	36,235
Liabilities and equity					
Borrowing	46,379	40,691	37,870	34,518	32,394
Other liabilities	1,557	1,152	1,051	654	665
Equity	3,318	3,227	3,138	3,179	3,176
Total liabilities and equity	51,254	45,070	42,059	38,351	36,235
Key financial indicators					
Interest rate margin (Net interest income/loans to customers)	0.9 %	0.9 %	1.2 %	0.7 %	0.7 %
Return on adjusted equity (Net profit for the year/adjusted equity)	0.4 %	5.0 %	6.4 %	0.2 %	3.8 %
Loan loss level	-0.0 %	-0.0 %	-0.1 %	0.6 %	0.2 %
Loan loss provision/lending	-0.0 %	-0.0 %	0.1 %	0.6 %	0.4 %

* Not recalculated in accordance with new accounting policies. There are significant changes especially in Financial Instruments: Recognition and Measurement, IAS 19 Employee Benefits and IAS 16 Property, Plant and Equipment. Refer to Note 1 for further information.

**Other operating income includes the "Net result of financial transactions." For 2008 this item amounted to MSEK -169.9. Refer also to explanation in the Board of Directors Report under the heading "Profit and profitability."

Risk and Capital Management



In providing 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 supervision, 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, Landshypotek has not been affected as much by economic downturns as its peers thanks to borrowers having a long term perspective and the stable value of the collateral (agricultural properties). In order to assess the effect of the economy moving into a less benign state, Landshypotek uses very conservative adjustments to its risk parameters when calculating its capital needs. In addition thereto, Landshypotek performs extensive stress tests.

IRB institution

In Sweden the new capital adequacy framework (Basel II) is in effect since 1 February 2007. At the end of 2006 Landshypotek received a positive ruling from the authorities to use the Internal Ratings Based (IRB) approach for reporting all those assets which can be reported using the IRB Approach (96 percent of the total credit volume). As of year-end 2008, these assets are reported with an average risk weight of 10 percent.

Regarding operational risk Landshypotek currently reports using the Basic Indicator approach. At Landshypotek all staff has been involved when adapting to the new regulatory framework, which has resulted in a more stringent credit assessment process across the country, 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 translates into a substantial reduction of the capital requirement until and including 2009, limited however by transitional rules. In Landshypotek's opinion this will not translate immediately into freed-up capital due to the regulatory framework's increased business cycle sensitivity, consideration of other risks and to rating. Landshypotek's capital requirement and an analysis of the capital adequacy are found in Note 33.

Risk organisation and responsibility

The Board of Directors has the ultimate responsibility for the risk organisation of the Group and for the maintenance of satisfactory operational internal control. The *Risk and Credit Committee* of the Board shall support the Board in this work, for example by reviewing the Group's risk, capital and liquidity policies for updates on a yearly basis. The committee is also the highest credit granting body and approves the risk parameters and models. The Board gets a report of the Company's risks at each Board meeting.

Subordinated to the Board and the Managing Director are committees with mandates to make decisions depending upon the type of risk. Landshypotek's *Risk and Capital Council*, chaired by the Chief Risk Control Officer, deals with issues relating to all of the risks Landshypotek is exposed to and decides if there is a need for a limitations with respect to risk. The committee also discusses the design of stress tests, the relationship between risk and capital and other capital issues. The Risk and Capital Council has held four meetings during 2008.

The *Finance Committee* convenes on a weekly basis. The Finance Committee monitors the market and liquidity risks and decides on the pricing of credits.

The Board and the Risk and Credit committee of the Board is the high-

est credit-granting body within Landshypotek, but only decides on a small number of credits. The *Credit Committee* is responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the Risk and Credit committee of the Board. The Chief Credit Officer is Chairman of the committee. The Credit Committee holds meetings when needed.

The *Credit Department* is responsible for the administration and management of the credit approval process. The Credit Department is furthermore responsible for analysis of the composition of the credit portfolio and for managing insolvency matters. Their 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 Risk and Credit Committee of the Board.

The Group has control functions, which are independent of the business operations: Risk Control, Compliance and Internal Audit.

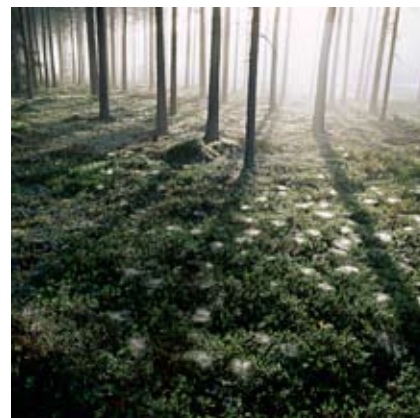
The *Risk Control & Compliance Unit* carries out the over-arching risk control. The unit is responsible for follow-up and monitoring of all the risks of the Group. During the year the unit also assumed responsibility for surveillance of the Company's regulatory compliance. The unit is furthermore responsible for the development and validation of the credit risks models. The chief Risk Control Officer reports to the Managing Director and is the Chairman of the Risk and Capital Council and is presenter in the Risk and Credit Committee in matters not dealing with individual credits.

The *Group's internal audit function* is an independent group-wide function, directly subordinated to the Board. The internal audit function is responsible for evaluating risk management, control and governance processes within the Group, which includes that operations are conducted in accordance with the intentions of the Board and the Managing Director. The Board adopts an annual plan for the work of the internal audit function.

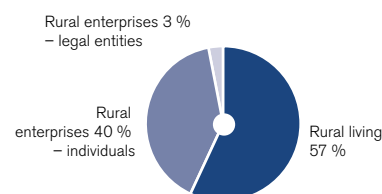
Assignment of exposure class and reporting method

The structural transformation of agriculture has meant that the number of entrepreneurs in agriculture and forestry has contracted and been replaced by rural living where business operations are more of a secondary pursuit or is more in the vein of leisure time activity. In order to follow this trend and to allow evaluation of the borrower in a true and correct manner, Landshypotek divides its customers into two separate customer categories: Rural Living and Rural Enterprises. This particular categorisation of customers is intended to separate those customers whose income is mostly derived from business activity (rural enterprise) from those borrowers who earn most of their income from employment and capital (rural living). All borrowers are categorised as a part of the credit application process.

Documentation has been drafted that describe the exposure classification distribution in detail and its definitions, linking to all accounts where assets can be booked and the sub-portfolios to which these categories should be classified. However, all customers who are legal entities are currently reported with risk weight 100 percent for conservative reasons. All other lending is categorised as belonging to exposure class "Retail." Retail exposures reported according to the IRB model are attributed to the subgroup "Residential property". 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 method (such as intangible and tangible non-current assets and, real estate holdings, etc.)



Distribution of volume by customer category

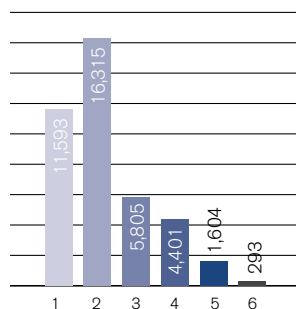


	Exposure (SEK thousand)	Average risk weight
IRB method		
Exposure without counterparty	358,358	100%
Retail – real estate credits	40,010,946	10%
Total	40,369,304	
IRB method		
Companies	1,484,148	99%
Retail	294,862	75%
Institutional	10,285,671	19%
Municipalities, associations and authorities	1	0%
Nonperforming items	2,500	150%
Governments and central banks	19,165	0%
Other items	114	0%
Total	12,086,461	
Total exposure	52,455,765	



Exposure per PD risk class

SEK million



Since Landshypotek reports the absolute majority of its assets, which is equivalent to exposure including accrued interest of approximately SEK 40 billion, as retail exposure in the subgroup Residential property, breakdown by geography, 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 for the Retail exposure class are used to calculate the capital requirement and the expected loss. In order for these risk parameters to be used, there must be an unambiguous definition of default. Landshypotek's definition of default is as follows:

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

Soft default – when it is probable that the customer will not be able to fulfil its obligations and/or that Landshypotek will have to realise the collateral, or take other similar action. The credit officer responsible needs to set the customer in default mode manually.

PD – Probability of Default: The risk classification model for the Retail exposure class is a scoring model (logistic regression) where the Swedish card prognosis is used as a so-called super factor in the model. The one-year probability of default is estimated for each risk class based on five years of internal data. The risk classification and the PD estimates are based on a so called Point-In-Time analysis, since the information regarding the counterparty's history of payment behaviour describes the present situation and not a forward-looking scenario. The risk classification is performed on a scale from 1 to 6, where 1 represents the highest credit quality and 6 is credits in default. (Exposure-weighted) average PD as of 31 December 2008 was 3.77 percent (including cyclical adjustment and a safety margin). The distribution of retail exposure by risk class is reported to the left.

The risk classification model is used to rank the borrowers in risk classes 1 to 5. The average default rate of each risk class is then calculated using actual data. The PD-estimates are significantly lower than the final estimates used when reporting capital adequacy since a through-the-cycle adjustment is required as well as an overall safety margin. Landshypotek validates the model on an annual basis. The estimated PD for 2008 was 0.89 percent compared to a realised actual rate of 0.39 percent.

EAD – Exposure At Default. The size of the exposure in the event of default is measured primarily in nominal terms (for all lending) and for the flexible first mortgage loans as an estimated exposure with an increment for possible future exposure. Since the flexible first mortgage loan is a relatively new product, Landshypotek lacks sufficient data to develop a statistically reliable model and a very conservative safety margin has therefore been added. Landshypotek uses the momentum approach when estimating the conversion

factor. The conversion factor is multiplied with 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 of the outstanding claim Landshypotek stands to lose in the event of default is based on internal data during the period 1995 to 2004. The loss ratio per observation is calculated by using the ratio of the economic loss and EAD in each respective loan-to-value range. The LGD classes are divided into five loan-to-value classes. LGD per risk class is derived by calculating the average LGD for all observations in each respective class (which means that realised values are used when calculating the estimates). The distribution of retail exposure by LGD risk classes is shown in the diagram to the right. In order to calculate the capital requirement the so-called “Downturn LGD” must be used, which is the LGD equivalent to the worst year during an economic cycle. For Landshypotek this year is 1994 and by using a very conservative approximation, an average LGD of 4.97 percent has been calculated. Finally, a safety margin is added to the estimate. The exposure-weighted LGD of Landshypotek’s IRB portfolio was, as of 31 December 2007, 6.23 percent.

Landshypotek validates the model on an annual basis and the outcome for the period 2005 to 2008, gave an exposure-weighted average LGD of 0.24 percent (not including Downturn LGD and a safety margin).

At year-end Landshypotek had 205 defaulted customers. For these an individual assessment of future cash flows has been made and the same discount principles have been applied as when developing the LGD model.

The credit approval process and the use of risk estimates

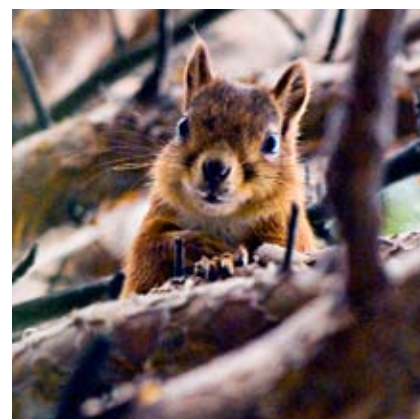
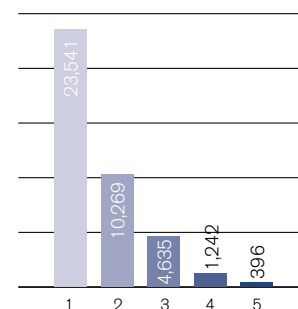
The central elements of the credit approval process are the internal and external control of payment behaviour, the risk classification of the borrower and the collateral, and the determination of the value of the property to be financed which constitutes the base for calculating the expected loss ($PD \times LGD \times EAD$). In cases where the expected loss exceeds an internally defined threshold level, more extensive analysis is performed. If the aggregate risk assessment of the borrower, for which the loan to value, risk class and loan volume are taken into account, points to a higher level or risk, 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 value, which is based on an assessment of the market value of the collateral. The internally determined value is the amount that constitutes the sustainable value of the collateral on a long-term basis.

At Landshypotek loan to value has been used for a long time as the primary instrument for administration and control of the risk of not having adequate collateral in the event of default. The relationship between loan to value and the 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 Lantbrukskredit AB and Landshypotek Jordbrukskredit AB loans may be secured by other collateral than real estate property, such as a personal guarantee or floating charge, while such collateral only is permitted as a complement to real estate mortgage deeds in Landshypotek AB.

Exposure per LGD risk class

SEK million



Geographic distribution of volume

Skåne län	16 %	Jönköpings län	3 %
Västra Götalands län	15 %	Gävleborgs län	3 %
Östergötlands län	11 %	Kronobergs län	2 %
Örebro län	7 %	Västmanlands län	2 %
Hallands län	5 %	Västernorrlands län	2 %
Värmlands län	5 %	Västerbottens län	2 %
Gotlands län	5 %	Jämtlands län	2 %
Södermanlands län	5 %	Dalarnas län	2 %
Uppsala län	4 %	Blekinge län	1 %
Kalmar län	4 %	Norrbottnens län	1 %
Stockholms län	3 %		

Valuation of the collateral – the farm property

The staffs of the regional offices is assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who, in the form of regional boards of directors with 4–8 members per region, play a very central 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 evaluation 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 always performed by Landshypotek's representatives and the value is documented in an appraisal opinion in writing.

Credit portfolio monitoring

Aside from the credit portfolio being monitored from a credit quality standpoint, the credit portfolio is examined regularly from different perspectives: by industry, geographically, by risk class, by limit group and so on. Landshypotek's retail exposure as of 31 December 2008 was geographically distributed as shown in the diagram to the left.

In connection 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 an industry or geographic area.

MARKET RISK

Market risk is defined as:

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

Market risks to which Landshypotek is exposed are interest rate risk and currency risk.

Risk management and analysis

The Board of Directors establishes Landshypotek's financial risk policy, which determines how the Group's financial risks are to be measured and reported, and sets limits. Risks are reviewed on an ongoing basis and are reported to Landshypotek's financial committee as well as to the Board of Directors. The Chief Financial Officer has the over-arching responsibility for management of the Group's financial risks. The Chief Risk Control Officer is responsible for independent control and quality assurance of reported risk-taking. Operations are also supported by state-of-the-art financial administrative systems with well developed routines for daily work as well as for risk calculations and analysis.

Exposure by loan term						
SEK THOUSAND	< 3 months	3–12 months	1–3 years	3–5 years	> 5 years	Total
Assets						
Loans to credit institutions	59,308					59,308
Loans to customers	21,595,107	4,900,721	9,784,464	5,083,705	2,707,911	44,071,908
Bonds and other interest-bearing securities		2,155,427	4,968,556	681,853	386,940	8,192,776
Derivative	9,050,033	2,233,128	535,776	1,302,899	2,767,286	15,889,122
Total assets	30,704,448	9,289,276	15,288,796	7,068,457	5,862,137	68,213,114
Liabilities						
Liabilities to credit institutions	7,009,565	500,000				7,509,565
Deposits and borrowing from the public	22,022	10,000				32,022
Securities in issue	13,132,785	7,950,131	10,093,141	4,092,514	5,416,284	40,684,855
Derivative	7,387,866	731,664	4,692,520	2,236,996	717,645	15,766,691
Total liabilities	27,552,238	9,191,795	14,785,661	6,329,510	6,133,929	63,993,133
Total	3,152,210	97,481	503,135	738,947	-271,792	4,219,981
Interest-sensitive net	3,825	710	9,770	28,697	-15,833	
Cumulative interest sensitivity		4,535	14,305	43,002	27,169	

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

Interest rate risks

Interest rate risks arise when interest fixing periods or interest bases for assets and liabilities are mismatched. Landshypotek seeks to manage interest rate risk that arises in the course of business by having the same interest fixing on borrowing as on the lending. Due to actual conditions and availability in 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 by, among other things, interest rate swaps. Landshypotek does not trade actively.

For purposes of calculating and managing interest rate risk Landshypotek's equity is deemed to be invested at the same average period of interest fixing 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 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 form of a finance instruction. Interest rate risks are followed up on an ongoing basis and are reported to Landshypotek's finance committee as well as to its Board of Directors. As of 31 December 2008 the interest rate risk at a parallel movement of the interest rate curve by one percentage point amounted to MSEK 27.2 (22.4).

Currency risks

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

**Currency exposure, Group, 2008,
local currency, millions**

Currency	Assets	Liabilities	Exposure
CHF	50,000	50,000	0
EUR	25,000	25,875	875
NOK	1,950,000	1,950,000	0

extent 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. Hence there is no currency risk. The part of the lending denominated in EUR is refinanced by borrowing in EUR. Marginal differences may arise here. Landshypotek is thus exposed to only marginal currency risk. Limits for Landshypotek's currency risk are set forth in the finance instruction. Management follows up the currency risk on a monthly basis. The nominal currency exposure amounted to EUR 875 thousand as of 31 December 2008, or a total of SEK 9,565 thousand converted to Swedish kronor.

Term of financial assets and liabilities

TSEK	< 3 months	3–12 months	1–3 years	3–5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	59,308	–	–	–	–	59,308
Loans to customers	21,595,107	4,900,721	9,784,464	5,083,705	2,707,911	44,071,908
Bonds		2,155,427	4,968,556	681,853	386,940	8,192,776
Derivative	200,379	256,949	327,997	196,977	161,111	1,143,413
Total	21,854,794	7,313,097	15,081,017	5,962,535	3,255,962	53,467,405
Financial liabilities						
Liabilities to credit institutions	7,009,565	500,000	–	–	–	7,509,565
Deposits and borrowing from the public	22,022	10,000	–	–	–	32,022
Securities in issue	4,717,500	11,147,101	15,656,092	4,979,139	4,680,204	41,180,036
Derivative	136,668	306,999	528,764	221,863	179,318	1,373,612
Other liabilities	100,000		350,000			450,000
Total	11,985,755	11,964,100	16,534,856	5,201,002	4,859,522	50,545,235
Net cash flow	9,869,039	–4,651,003	–1,453,839	761,533	–1,603,560	2,922,170
Unutilised credit facility	1,500,000	750,000				2,250,000
Refinancing risk	11,369,039	–3,901,003	–1,453,839	761,533	–1,603,560	
Accumulated refinancing risk	11,369,039	5,968,036	3,764,197	4,525,730	2,922,170	

The above table includes all contracted cash flows. The amounts are carried under the time slot when Landshypotek has the right to request payment or has the right to repay.

Liquidity risks

Refinancing risk is defined as the risk that Landshypotek is unable to refinance maturing borrowing. Landshypotek has a deliberate strategy of having borrowing with longer maturity than its lending. Landshypotek's borrowing strategy is also one of deliberate diversification of borrowing, both in terms of different types of instruments 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's shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from The Riksbank (the Swedish central bank). The Riksbank is in this case the so-called "lender of last resort." The holding consists of securities issued by Swedish institutions with a high credit rating, primarily covered bonds.

This liquidity reserve gives Landshypotek the opportunity of bridging over temporary strains on liquidity, but also provides opportunity to procure the necessary funds at times of severe liquidity crises by selling assets in an orderly fashion or reduce the financing need by calling loans. According to the loan terms, loans may be called for repayment two months before each day

for amending terms. The risk that Landshypotek would have to resort to calling loans is minimal and there are numerous actions that can be taken before things have deteriorated to that point.

Counterparty risks

Counterparty risks arise in the handling of Landshypotek's financial risks, i.e. the risk that a counterparty in financial transactions will not fulfill 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 all are issued by Swedish housing institutions or Swedish municipalities. The counterparties in derivative contracts are Swedish or international banks with high credit rating.

OPERATIONAL RISK

Operational risks are defined by Landshypotek as follows:

The risk of loss due to inadequate or failed internal processes, people and systems or from external events, which would affect business operations. The definition includes legal risk.

In order to follow up on the operational risk Landshypotek has defined seven loss categories, which further specifies the overall definition.

During the year Landshypotek improved the prerequisites for more stringent follow-up of the operative risks. This work has included both implementation of the policy for operational risks, as adopted by the Risk and Credit Committee of the Board of Directors during 2007 as well as the introduction of a tool to facilitate the reporting of incidents that have occurred in a systematic manner. All reported incidents and potential risks have been reviewed and compiled. Each risk/incident has been discussed at the Risk and Capital Committee meetings and have been reported to the Board of Directors.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In order to evaluate its capital needs Landshypotek has developed a process for internal capital adequacy assessment, which has been approved by the Board.

The purpose of the ICAAP is to ensure that Landshypotek is capable of identifying report and manage all risks that the Group is exposed to. The ICAAP results in a detailed report of the current risk profile and the risk profile in the medium term, and constitutes the basis for the evaluation of the capital requirement, which must be on a par with the chosen risk profile. The capital constitutes a buffer against unexpected losses. Due consideration is also given to strategic business decisions and rating. The annual ICAAP furthermore includes a review of the organisation, critical documentation, such as policies and instructions as well as the risk management system as a whole.

Stress tests are performed in order to stress the capital needs during different assumptions, such as a deep economic recession. The ICAAP includes all types of risks that are believed to have an impact on operations. Aside from credit risks, market risks and operational risks, Landshypotek also actively monitor, for example, environmental risks, political risks, reputational risk, model and residual risks and strategic risks. Landshypotek's Chief Financial Officer is responsible for ICAAP process evaluating the capital need and 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 issues to the Risk and Capital Council, which ensures that the risk and capital matters continuously are in focus.

Notes

NOTE 1 ACCOUNTING POLICIES

Basis for preparing the Annual Accounts

The Annual Accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Also applied are the amendments and limitations that follow from the provisions of the Swedish Annual Accounts Act for Financial Institutions and Securities Companies (ÅRKL) and the directives of the Swedish Financial Supervisory Authority, FFFS 2008:25. Differences in accounting policies between the Group and the Parent Company are set forth under each respective heading below. 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 according to the definition above. The complete corporate names are used for individual Group companies. Annual reports (Annual Accounts) are prepared in accordance with the Swedish Annual Accounts Act for Financial Institutions and Securities Companies and all amounts are stated in SEK thousand, unless otherwise specifically stated. In running text, the prior year's data are given in parentheses.

Standards, amendments and interpretations which entered into force in 2008

In the Annual Accounts for 2008 the line "Net result of financial transactions" has replaced the line reading "Result of valuation at fair value." Also reported on line "Net result of financial transactions" are both realised and unrealised results as a consequence of market value changes in financial instruments. Previously only realised results were reported on this line, while unrealised results were reported in net interest income. All comparative data have been adjusted accordingly.

In July 2008 amendments in IAS 39 and IFRS 7 entered into force. The amendments related to "Reclassification of financial instruments" and allowed for reclassification under certain conditions of financial assets held for resale. Landshypotek has not applied these amendments.

IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction." The new interpretation has no effect on Landshypotek since there are no net assets in any of the Group's pension plans and these plans contain no requirement for minimum financing.

Standards, amendments and interpretations which have come into force during 2008, but which are of no relevance to the Group

The following standards, amendments and interpretations of published standards are mandatory for financial years beginning 1 January 2008 or later, but are not relevant for the Group.

IFRIC 11 "IFRS 2 – Group and treasury share transactions"

IFRIC 12 "Service Concession Agreements, and

IFRIC 13 "Customer loyalty programs."

Standards, amendments and interpretations where the amendments have not yet entered into legal force and have not been applied early by the Group

A number of amendments of standards and interpretations of standards will be introduced with effect from 1 January 2009. Landshypotek has elected not to apply any of these standards or interpretations early. Landshypotek will apply the IASB body of regulations as adopted by the European Union for the 2009 financial year. The amendments most important to Landshypotek are commented upon below.

IFRS 8 "Operating segments." Landshypotek will apply IFRS 8 from 1 January 2008 but it is not of immediate concern since the Group is only active in one market with one product.

IAS 1 (Amendment) "Presentation of Financial Statements." Landshypotek will apply the amendment from 1 January 2009. In all probability both a separate income statement and a report on total result will be presented.

Assessments and estimates

The Company is required to make assessments and estimates in preparing the Annual Accounts and consolidated financial statements in accordance with applicable accounting rules and regulations. Assessments made in the Annual Accounts are based on experience and assumptions that management regards as reasonable. Assumptions have been made with respect to financial instruments in cases where quoted market prices are not available, pension provisions, loan losses/doubtful credits and impairment tests of intangible assets.

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 companies with SEK as their accounting currency. Landshypotek AB has no associated companies.

Operating segments

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 and 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 products – first mortgage loans – in one geographic area – Sweden. Hence, there is no separate reporting for operating segments.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments with a maturity of three months or less.

Measurement of receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the rate of exchange prevailing on the balance sheet date.

Recognition and measurement rules for financial assets

Financial assets are divided into the following categories for measurement:

1. Loans and other trade receivables
2. Assets held to maturity
3. Financial assets valued at fair value through the income statement
4. Available-for-sale financial assets

Loans to financial institutions and loans to customers are classified as "Loans and other trade receivables." This means that valuation is at accrued acquisition value.

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 written down, 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 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." Regardless of classification, interest is reported in the income statement with application of the effective rate 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 reported under the item "Net result of financial transactions." Upon sale, or in the event of impairment, the accumulated gain or loss is reported on the line "Net result of financial transactions."

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 inure. Amortisation is based on the economic 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 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 financial institutions, and borrowing from the public, securities in issue and subordinated liabilities are classified as financial liabilities. Financial liabilities are valued and recorded at accrued acquisition cost by using the effective rate method. Transaction costs directly attributable to a specific liability are added to the acquisition cost and consideration is given thereto when calculating accrued acquisition 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 liability 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 in the case of impairment the accumulated gain or loss under the item "Net result of financial transactions."

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 transferred virtually all risks and benefits associated with the liability.

Fair value option. Landshypotek has utilised the opportunity to value certain financial liabilities at fair value where this provides a more accurate way of describing the Company's financial position. This opportunity 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 undertaking 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. As of 31 December 2008 Landshypotek had no derivatives that are handled in accordance with the main rule.

Calculation of fair value

Fair value of financial instruments traded in an active market, such as financial assets that can be sold, is based on quoted market prices.

Fair value of financial instruments not traded in an active market is calculated by using the method of discounting 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. All instruments valued at fair value are valued already from the transaction date, however.

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 rate method under the heading interest income and interest expense, respectively. The change in value of financial assets and liabilities valued at fair value are 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 takes place by dividing into different types of hedges, depending on the purpose of the hedging operation.

Fair value hedges: The Group hedges parts of its exposure to interest rate risk in fixed interest financial liabilities, against changes in fair value due to interest rate changes. Interest swaps and interest currency swaps are used for this purpose. The effective portion of the change in the fair value of a derivative instrument identified as a fair value hedge, and which fulfils the requirements for fair value hedges, are accounted for in equity. The gain or loss attributable to the ineffective portion is accounted for immediately in the income statement under the heading "Net result of financial transactions."

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 rate swaps and currency interest swaps are used for this purpose. The effective portion of changes in the fair value of a derivative financial instrument identified as a cash flow hedge, and which fulfils the requirements for hedge accounting is reported in equity. 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 no longer is 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 operating income

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

Personnel costs

All direct personnel costs, including various forms of social benefit costs and personnel incidence costs 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, who manages the assets and handles pension payments for account of Landshypotek.

In the Parent Company are reported premiums paid relating to premium commitments secured in a pension foundation as an operating expense. The calculation is made in accordance with the Swedish Pension Obligation Vesting Act.

The Group reports the net of three different items as an operating expense:

- Pension right earned during the year. The item refers to the year's share of the total estimated pension payment. The item is based on estimated ending salary and is subject to actuarial assumptions.
- Interest cost. The present value of the pension liability is changed during the year as a result of the fact that the time until payment becomes shorter, and any changed assumptions with respect to discount interest rate.
- Expected return. The expected return is based on assumptions of the kind of average return will be received on the body of assets. The time horizon for assessments is related to the entire tenor 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 the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10

percent of the 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 so-called projected unit credit method. For more information about pensions, refer to Note 8 and Note 30.

Other expenses

The Other expenses item contains, among other things, operating costs for own properties.

Loan losses

As non-performing loans are reported loans where any part of a payment due is more than 90 days overdue – without taking into account the possibility of recovering the loan by realising collateral or security.

As doubtful credit is reported – after individual assessment – any loan where payments are unlikely to be made in accordance with the terms of the loan agreement and where the value of the collateral or security is deemed to be insufficient to cover with a sufficient margin the value of the loan. Doubtful credits are value at present value of assessed recoveries. For purposes of calculating the present value, estimated cash flows are discounted using the original contract rate. The difference between the outstanding loan amount 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 claim are made only on an exceptional basis since all lending is against collateral and security the value of which is realised in case of default. Restructured loan claims are commented upon in the Report of the Board of Directors to the extent they exist.

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. To the extent that 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 URA7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related group contributions rendered by Landshypotek AB to the parent, Landshypotek, ekonomisk förening, are carried directly to equity in Landshypotek AB. Group contributions rendered to reduce the Group's taxes are carried directly to equity in each respective 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 reported and values and values for tax purposes of assets and liabilities.

NOTE 2 NET INTEREST INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Interest income				
Interest income on loans to financial institutions	295,466	151,008	295,183	150,710
Interest income on loans to Group companies	0	0	10,713	10,972
Interest income on loans to customers	2,043,279	1,741,128	2,026,628	1,724,148
less interest losses	-1,120	-1,063	-1,120	-453
Interest income on interest-bearing securities	14,021	3,797	14,021	3,797
less/add change in fair value	-	-	-	-
Other interest income	401	683	193	195
Total	2,352,047	1,895,553	2,345,617	1,889,369
Average interest on loans to customers.	4.95 %	4.38 %	4.94 %	4.37 %
All interest income is attributable to the Swedish market.				
Interest expense				
Interest expense for liabilities to Group companies	-420	-530	-20,319	-14,355
Interest expense for liabilities to financial institutions – other	-122,633	-27,474	-122,632	-27,474
Interest expense for borrowing from the public	-	-	-	-
Interest expense for interest-bearing securities	-1,828,718	-1,463,325	-1,827,424	-1,461,344
Interest expense on subordinated liabilities	-23,142	-35,006	-23,142	-35,006
Interest expense for derivative instruments	-30,384	44,602	-30,384	44,602
Other interest expense	-1,560	-48,892	-1,560	-48,892
Total	-2,006,857	-1,530,625	-2,025,461	-1,542,469
Total net interest income	345,190	364,928	320,156	346,900

NOTE 3 DIVIDEND INCOME AND IMPAIRMENT OF FINANCIAL NON-CURRENT ASSETS, SEK THOUSAND	2008	2007	2008	2007
Dividends from Group companies	120	70,674	-	-
Impairment of shares	-	-70,037	-	-

A dividend of approximately MSEK 70 from a non-consolidated subsidiary was recognised during 2007 as revenue at the same time as impairment of the value of the shares held has been recorded as a cost. The subsidiary in question had as its principal asset a claim on Landshypotek AB in the amount of approximately MSEK 70, which was set off against the dividend in a like amount.

NOTE 4 COMMISSION INCOME, SEK THOUSAND	2008	2007	2008	2007
Loan commissions	9,348	7,641	9,318	7,617
Commissions on securities	227	5,278	227	5,279
Total	9,575	12,919	9,545	12,896

NOTE 5 COMMISSION EXPENSE, SEK THOUSAND	2008	2007	2008	2007
Commissions on securities	-430	-368	-390	-318
Other commissions	-964	-268	-959	-268
Total	-1,394	-636	-1,349	-586

NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	2008	2007	2008	2007
Realised gains (losses) on repurchase of own securities issued	98,878	27,528	98,878	27,528
Realised result of sales of bonds and other interest-bearing securities	-20,044	-6,452	-20,044	-6,452
Realised gains (losses) on derivative contracts exercised before maturity	-53,038	-1,853	-53,038	-1,853
Total	25,796	19,223	25,796	19,223
Change in value of derivative instruments included in fair value hedge	368,529	-56,000	368,529	-56,000
Change in value of bonds included in fair value hedge	-374,730	46,554	-374,730	46,554
Change in value of derivative instruments not included hedging relationship	-85,082	-34,484	-85,082	-34,484
Change in value of bonds valued according to fair value option	-104,387	39,355	-104,387	39,355
Total unrealised result	-195,670	-4,575	-195,670	-4,575
Net result of financial transactions	-169,874	14,648	-169,874	14,648

CONT'D NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007

Fair value hedges

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

Cash flow hedges

The Group hedges a portion of its exposure to interest rate risk in fixed-interest financial liabilities against changes in cash flows due to interest changes. Interest rate swaps and interest currency swaps are used for these purposes.

Fair value option

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

NOTE 7 OTHER OPERATING INCOME, SEK THOUSAND	2008	2007	2008	2007
Real estate commissions	25,136	24,530	23,156	24,530
Sale of operating property	10,204	34,841	10,204	33,408
Other	141	315	141	173
Total	35,481	59,686	33,501	58,111

NOTE 8 GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2008	2007	2008	2007
Personnel expenses				
Salaries and other compensation to Managing Director, senior management and Board of Directors	-8,918	-3,716	-8,918	-3,716
Salaries, etc. to other personnel	-42,783	-47,351	-41,655	-46,285
Provision to profit sharing foundation	-519	-974	-591	-952
Pension costs	-10,716	-20,629	-16,449	-26,093
Social insurance fees	-16,995	-16,919	-16,657	-16,569
Other personnel costs	-964	-873	-960	-869
Total	-80,967	-90,462	-85 230	-94,484
Specification of pension costs				
Change in provision for pensions	222	259	222	259
Pension premiums	-12,570	-20,774	-12,270	-20,456
of which to members of senior management	(-3 835)	(-4 205)	(-3 835)	(-4 024)
Directly paid pensions	-1,180	-1,157	-1,180	-1,157
Payroll and yield taxes attributable to pension costs	-3,292	-4,806	-3,221	-4,739
Defined benefit pension plans	6,104	5,849	-	-
Total	-10,716	-20,629	-16,449	-26,093

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 Swedish Financial Supervisory Authority regulations.

The Company's pension obligations are covered by insurance in Sparinstitutens Pensionsskassa and by provision for pensions covered by credit insurance from FPG (Försäkringsbolaget Pensionsgaranti, ömsesidigt). Further information about the pension liability is reported in Note 30.

Number of male employees	52	52	51	51
Number of female employees	46	45	45	44
Total	98	97	96	95
Average number of paid employees, including substitutes	99.0	97.1	96.7	95.1

Absence due to illness in Landshypotek AB

Total absence due to illness			2.50 %	1.71 %
Long-term absence due to illness in percent of total absence due to illness			54.39 %	8.00 %
Absence due to illness for men			1.32 %	1.19 %
Absence due to illness for women			3.84 %	2.36 %
Employees – 29 years			7.96 %	2.27 %
Employees 30–49 years			3.01 %	1.86 %
Employees 50 years–			1.12 %	1.55 %

CONT'D NOTE 8 GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Loans to directors and members of senior management				
Loans to directors amount to	68,827	70,018	47,814	45,806
Loans to members of senior management amount to	8,083	1,146	8,083	1,146
Directors and members of senior management				
Number of directors	23	23	7	7
of whom men	21	21	7	7

Fixed salary and benefits were paid during the year to the Managing Director in the amount of SEK thousand 1,770 (1,704). The Group pays no bonus-based compensation. For the Managing Director of Landshypotek AB and the Managing Director of Landshypotek, ekonomisk förening the retirement age is 62 years. In the event of termination at the initiative of the Company there is a right to termination pay in the amount of one annual salary and severance pay in the amount of one annual salary. To other members of senior management, a total of 7 (8) persons, was paid fixed salary including the benefit of a company car in the amount of SEK thousand 6,697 (6,451). These persons are covered by a benefit-based pension plan under a collective bargaining agreement. To the Board of Directors was paid fixed fees in the amount of SEK thousand 451 (443) in accordance with Annual General Meeting Resolution. The Chairman of the Board received SEK thousand 164 (161). Daily expense allowances were also paid. No other compensation has been paid for board-of-directors work.

Other administrative expenses

Costs for premises	-5,012	-4,626	-5,012	-4,626
Office expenses	-4,686	-3,943	-4,648	-3,925
Telephone, data networks and postage expenses	-4,180	-4,351	-4,177	-4,343
IT expenses	-46,945	-53,131	-45,875	-52,515
Purchased services	-29,600	-25,079	-29,117	-28,459
Auditing				
Audit fee Öhrlings PricewaterhouseCoopers	-2,278	-1,787	-2,153	-1,703
Assignments other than the audit assignment	-684	-1,428	-684	-1,404
Auditor appointed by the Swedish Financial Supervisory Authority	-	-63	-	-63
Other	-8,884	-6,932	-8,842	-6,883
Total	-102,269	-101,340	-100,507	-103,921
Total	-183,235	-191,802	-185,738	-198,405

NOTE 9 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2008	2007	2008	2007
Intangible				
Amortisation of non-current assets	-237	-237	-237	-237
Impairment of non-current assets	-	-21,769	-	-21,769
Tangible				
Depreciation of furniture and fixtures	-2,620	-3,377	-2,620	-3,364
Impairment of furniture and fixtures	-	-	-	-
Depreciation of real property	-8,671	-13,173	-8,626	-12,820
Impairment of real property	-	-	-	-
Total	-11,528	-38,556	-11,483	-38,190

NOTE 10 OTHER OPERATING EXPENSES, SEK THOUSAND	2008	2007	2008	2007
Marketing expenses	-13,238	-17,541	-13,230	-17,539
Costs for premises	-9,322	-10,562	-8,370	-10,560
Other	-1,308	-965	-1,094	-920
Total	-23,867	-29,068	-22,694	-29,019

NOTE 11 LOAN LOSSES, NET, SEK THOUSAND	2008	2007	2008	2007
Loan losses				
Year's write-off for realised losses	-2,207	-14,533	-2,207	-430
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts	1,125	14,425	1,124	397
Year's provision for probable loan losses	-1,262	-6,929	-1,262	-6,929
Recovery of previous realised losses	12,361	6,423	852	411
Reversal of prior provisions for probable loan losses	2,586	19,378	2,586	5,576
Total	12,603	18,764	1,093	-975

All loan losses are attributable to loans to customers.

There are no properties taken over in foreclosure.

	GROUP		PARENT COMPANY	
NOTE 12 YEAR-END APPROPRIATIONS, SEK THOUSAND	2008	2007	2008	2007
Change in tax allocation reserve	–	–	–	–
Total	–	–	–	–
NOTE 13 TAXES ON THE YEAR'S PROFIT, SEK THOUSAND	2008	2007	2008	2007
Current taxes	–44,355	–42,781	–39,190	–39,998
Change in deferred taxes relating to temporary differences	43,699	–7,009	49,260	2,685
Total	–656	–49,790	10,070	–37,313
Specification of change in deferred taxes relating to temporary differences				
Deferred taxes relating to pension costs	–2,593	–1,638	–	–
Deferred taxes relating to tax loss carryforward	41,797	–8,056	44,765	–
Deferred taxes relating to depreciation of real estate	4,495	2,685	4,495	2,685
Total change in deferred taxes	43,699	–7,009	49,260	2,685
NOTE 14 LOANS TO FINANCIAL INSTITUTIONS, SEK THOUSAND	2008	2007	2008	2007
Loans to Group companies	–	–	23,000	253,000
Loans to banks	40,764	54,272	30,809	44,990
Loans to PlusGiro	18,544	11,893	18,182	11,800
Total	59,308	66,165	71,991	309,790
Loans to financial institutions by time remaining to maturity				
– payable on demand	59,308	66,165	48,991	56,790
– up to 3 months	–	–	23,000	253,000
– longer than 3 months up to 1 year	–	–	–	–
– longer than 1 year up to 3 years	–	–	–	–
– longer than 3 years up to 5 years	–	–	–	–
– longer than 5 years	–	–	–	–
Total	59,308	66,165	71,991	309,790
NOTE 15 LOANS TO CUSTOMERS, SEK THOUSAND	2008	2007	2008	2007
Loans outstanding	41,301,205	39,726,362	41,024,688	39,458,247
Less provisions for individually assessed loans outstanding	–82	–1,729	–82	–1,729
Net loans outstanding	41,301,123	39,724,633	41,024,606	39,456,518
Disclosures on loans and due doubtful credits				
Loans due where interest is recognised as income	257,443	279,675	257,209	279,405
Loans due where interest is recognised as income	291	15,447	291	15,447
Total	257,734	295,122	257,500	294,852
Doubtful credits that are not due	787	173	787	173
Less provisions set aside	–82	–1,729	–82	–1,729
Doubtful credits that are also due	291	15,447	291	15,447
Total	996	13,891	996	13,891
Doubtful credits that have regained status of normal credits during the year	158	13,416	158	12,892
Loans to customers by time to maturity				
– payable on demand	–	–	–	–
– up to 3 months	21,269,540	19,349,785	21,016,661	19,105,048
– longer than 3 months up to 1 year	4,245,472	4,879,163	4,235,562	4,870,433
– longer than 1 year up to 3 years	8,686,755	7,574,347	8,681,614	7,567,869
– longer than 3 years up to 5 years	4,592,286	5,008,103	4,587,909	5,001,564
– longer than 5 years	2,507,070	2,913,235	2,502,860	2,911,604
Total	41,301,123	39,724,633	41,024,606	39,456,518
Past due loan receivables (more than one day)	40,199		37,617	

NOTE 16 BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Bonds				
Issued by Swedish municipalities	80,939		80,939	
Issued by Swedish banks	–	247,990	–	247,990
Issued by Swedish housing finance institutions of which covered bonds	8,392,521 (8,392,521)	4,048,209 (3,799,007)	8,392,521 (8,392,521)	4,048,209 (3,799,007)
Total	8,473,460	4,296,199	8,473,460	4,296,199
Holdings by time remaining to maturity				
– market value adjustment	280,684	–62,050	280,684	–62,050
– up to 3 months		73,000		73,000
– longer than 3 months up to 1 year	2,155,427	277,781	2,155,427	277,781
– longer than 1 year up to 3 years	4,968,556	3,111,138	4,968,556	3,111,138
– longer than 3 year up to 5 years	681,853	896,330	681,853	896,330
– longer than 5 years	386,940	0	386,940	0
Total	8,473,460	4,296,199	8,473,460	4,296,199
Valuation of bonds and other interest-bearing securities				
Nominal amount	8,260,000	4,328,000	8,260,000	4,328,000
Accrued acquisition cost	8,192,776	4,358,249	8,192,776	4,358,249
Market value	8,473,460	4,296,199	8,473,460	4,296,199

Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as a trading portfolio. Market valuation is primarily based on quoted market prices for each respective holding. Holdings lacking a market quotation are valued by discounting future cash flows. As discount rate is used the market rate with a margin to reflect each individual issuer's credit spread.

NOTE 17 DERIVATIVE FINANCIAL INSTRUMENTS, SEK THOUSAND	2008	2007	2008	2007
Derivative financial instruments not included in hedge accounting				
Positive closing value of interest rate swaps	63,514	32,988	63,514	32,988
Positive closing value of currency swaps	10,139	25,624	10,139	25,624
Total	73,653	58,612	73,653	58,612
Derivative financial instruments included in hedge accounting				
Positive closing value of interest rate swaps	76,053	20,418	76,053	20,418
Positive closing value of currency swaps	212,791	–	212,791	–
Total	288,844	20,418	288,844	20,418
Grand total	362,497	79,030	362,497	79,030

Reported above is the market value of derivative contracts. Accrued interest is reported as on the line for prepaid expenses and accrued income.

NOTE 18 SHARES, SEK THOUSAND	2008	2007	2008	2007
Shares				
Österåker Holding AB	–	70,037	–	–
Österåker Holding AB, impairment 2007	–	–70,037	–	–
ESS-gruppen, acquisition cost 2004	50,000	50,000	–	–
ESS-gruppen, impairment 2004	–49,999	–49,999	–	–
Total	1	1	–	–
Stake				
Österåker Holding AB stake	–	100 %	–	–
ESS-gruppen stake	100 %	100 %	–	–

For more information about impairment of the value of the shares in Österåker Holding AB, refer to Note 3.

NOTE 19 SHARES IN GROUP COMPANIES, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Holdings in financial 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	–	–	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
Värmlandsbjörnen 5 AB 1,000 shares with a quotient value of SEK 100	–	–	–	–
Smålväx Fastighets AB 1,000 shares with a quotient value of SEK 100	–	–	100	100
Total	–	–	514,927	514,927

All subsidiaries are wholly owned.

NOTE 20 INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2008	2007	2008	2007
Other intangible non-current assets				
Acquisition value at beginning of year	8,038	29,807	4,047	25,816
Assets added during the year	–	–	–	–
Closing acquisition cost	8,038	29,807	4,047	25,816
Accumulated amortisation at beginning of year	–7,801	–7,563	–3,810	–3,572
Year's amortisation	–237	–238	–237	–238
Impairment	–	–21,769	–	–21,769
Closing accumulated amortisation and impairment	–8,038	–29,570	–4,047	–25,579
Book value	–	237	–	237

Intangible non-current assets consist of investments in software.

Impairment of intangible non-current assets in 2007 related to write-down of previously capitalised costs for adopting a new loan system. Since the supplier chosen was unable to deliver a satisfactory system, Landshypotek has decided to suspend implementation and write down the value in the amount of the previously capitalised expenses.

NOTE 21 TANGIBLE ASSETS, SEK THOUSAND	2008	2007	2008	2007
Furniture, fixtures and equipment				
Non-current assets				
Acquisition cost at beginning of year	36,748	35,151	35,969	34,372
Assets added during the year	1,421	4,937	1,421	4,937
Disposals during the year	–3,099	–3,340	–3,099	–3,340
Closing acquisition cost	35,070	36,748	34,291	35,969
Accumulated depreciation at beginning of year	–30,317	–29,455	–29,538	–28,689
Year's depreciation and impairment	–3,250	–4,202	–3,250	–4,189
Accumulated depreciation of assets sold	3,099	3,340	3,099	3,340
Closing accumulated depreciation	–30,468	–30,317	–29,689	–29,538
Total furniture, fixtures and equipment	4,602	6,431	4,602	6,431
Buildings and land				
Current assets				
Agricultural properties taken over to protect claims				
Number of properties	–	–	–	–
Tax assessment value	–	–	–	–
Estimated fair value	–	–	–	–
Book value	–	–	–	–
Net recorded return	–	–	–	–

	GROUP		PARENT COMPANY	
CONT'D NOTE 21 TANGIBLE ASSETS, SEK THOUSAND	2008	2007	2008	2007
Non-current assets				
Operating properties				
Number of properties	7	8	6	7
Tax assessment value	276,068	280,470	254,039	275,832
Estimated fair value	454,400	521,580	426,400	514,660
Acquisition cost at beginning of year	391,371	389,753	390,392	383,694
Capitalised renovation costs	809	7,983	809	7,983
Properties sold	-1,360	-6,365	-4,094	-1,285
Closing acquisition cost	390,820	391,371	387,107	390,392
Write-up for the year	-	-	-	-
Accumulated depreciation at beginning of year	-44,996	-33,229	-44,643	-32,486
Deducted accumulated depreciation	2,317	1,406	1,710	646
Year's depreciation	-8,671	-13,173	-8,371	-12,803
Closing accumulated depreciation	-51,350	-44,996	-51,304	-44,643
Book value	339,470	346,375	335,803	345,749
Total buildings and land	339,470	346,375	335,803	345,749
NOTE 22 OTHER ASSETS, SEK THOUSAND	2008	2007	2008	2007
Advised interest and repayments	43,706	35,598	42,833	34,438
Claims on Group companies	157	53	5,177	41,019
Other receivables	35,889	25,409	30,622	5,878
Deferred tax asset	87,472	11,287	65,479	14,513
Total	167,224	72,347	144,111	95,848
NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	2008	2007	2008	2007
Prepaid expenses	5,517	6,690	5,476	6,451
Accrued interest	537,650	471,433	536,910	472,672
Total	543,167	478,123	542,386	479,123
NOTE 24 LIABILITIES TO FINANCIAL INSTITUTIONS, SEK THOUSAND	2008	2007	2008	2007
Borrowing from Group companies	0	0	326,665	417,328
Other financial institutions	7,509,565	760,407	7,509,565	760,407
Total	7,509,565	760,407	7,836,229	1,177,735
Liabilities to financial institutions by time remaining to maturity				
– payable on demand	9,565	-	9,564	-
– up to 3 months	7,000,000	665,854	7,326,665	1,076,854
– more than 3 months up to 1 year	500,000	94,553	500,000	100,881
– more than 1 year up to 3 years	-	-	-	-
– more than 3 years up to 5 years	-	-	-	-
– more than 5 years	-	-	-	-
Total	7,509,565	760,407	7,836,229	1,177,735
NOTE 25 BORROWING FROM THE PUBLIC, SEK THOUSAND	2008	2007	2008	2007
Borrowing from Landshypotek ek. för.	-	12,000	-	12,000
Other notes payable	32,022	48,000	32,022	48,000
Total	32,022	60,000	32,022	60,000
Borrowing from the public by time remaining to maturity				
– payable on demand	-	-	-	-
– up to 3 months	22,022	43,000	22,022	43,000
– more than 3 months less than 1 year	10,000	17,000	10,000	17,000
– more than 1 year up to 3 years	-	-	-	-
– more than 3 years up to 5 years	-	-	-	-
– more than 5 years	-	-	-	-
Total	32,022	60,000	32,022	60,000

NOTE 26 DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Commercial paper	1,186,465	797,963	1,186,465	797,963
Bond loans	37,200,920	38,622,508	37,200,920	38,572,508
Total	38,387,386	39,420,471	38,387,386	39,370,471
Borrowing by time remaining to maturity				
– Market value adjustment	309,605	–169,511	309,605	–169,511
– Remaining time to maturity 3 months	4,222,657	1,756,683	4,222,657	1,756,683
– Remaining time to maturity more than 3 months up to 1 year	10,278,771	11,021,765	10,278,771	10,971,765
– Remaining time to maturity more than 1 year up to 3 years	14,625,160	16,352,119	14,625,160	16,352,119
– Remaining time to maturity more than 3 years up to 5 years	4,706,109	6,847,869	4,706,109	6,847,869
– Remaining time to maturity more than 5 years	4,245,084	3,611,546	4,245,084	3,611,546
Total	38,387,386	39,420,471	38,387,386	39,370,471
Securities in issue classified as fair value hedging				
Nominal amount	2,985,000	5,210,000	2,985,000	5,210,000
Accrued acquisition cost	3,417,475	5,200,097	3,417,475	5,200,097
Fair value	3,703,503	5,130,858	3,703,503	5,130,858
Securities in issue classified as fair value option				
Nominal amount	1,530,000	4,240,000	1,530,000	4,240,000
Accrued acquisition cost	1,552,859	4,273,675	1,552,859	4,273,675
Fair value	1,556,973	4,173,401	1,556,973	4,173,401
Change in value during the year due to change in our own credit spread	2,936	7,095	2,936	7,095

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 rate swaps and currency interest rate swaps are used for this purpose.

Cash flow hedges

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

Fair value option

Landshypotek has utilised the opportunity to value certain financial liabilities at fair value in cases where this provides a more true and fair image of its financial position. This possibility has been utilised for certain fixed-interest financial liabilities.

NOTE 27 DERIVATIVE FINANCIAL INSTRUMENTS, SEK THOUSAND	2008	2007	2008	2007
Derivative instruments not included in hedge accounting				
Negative closing value of interest rate swaps	248,444	106,369	248,444	106,369
Negative closing value of currency interest rate swaps	–	–	–	–
Total	248,444	106,369	248,444	106,369
Derivative instruments included in hedge accounting				
Negative closing value of interest rate swaps	78,881	79,803	78,881	79,803
Negative closing value of currency interest rate swaps	–	–	–	–
Total	78,881	79,803	78,881	79,803
Grand total	327,324	186,172	327,324	186,172

Reported above is the market value of derivative contracts. Accrued interest is reported as on the line for prepaid expenses and accrued income.

NOTE 28 OTHER LIABILITIES, SEK THOUSAND	2008	2007	2008	2007
Tax liabilities	5,209	2,893	2,609	2,674
Liabilities to Group companies	140,000	115,003	141,505	331,002
Other liabilities	45,266	62,185	32,624	41,099
Total	190,475	180,081	176,738	374,775

NOTE 29 ACCRUED EXPENSES AND PREPAID INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Accrued interest	850 021	700 624	852 542	703 699
Other accrued expenses	18 483	5 470	18 430	5 446
Prepaid income	1 225	2 544	1 014	2 544
Total	869 730	708 638	871 986	711 689

NOTE 30 PROVISIONS, SEK THOUSAND	2008	2007	2008	2007
Provision for pensions	46 841	51 977	5 004	5 226
Deferred taxes	122 190	24 942	122 190	41 208
Total	169 031	76 919	127 194	46 434

Landshypotek's pension plan is a so-called defined benefit pension plan. Landshypotek has funded its obligation via SPK, who manages the assets and handles pension payments on Landshypotek's behalf. The present value of the obligations, after deduction for the fair value of managed assets, amounted to MSEK 60.2 as of 31 December 2008. The difference between the book amount and the above mentioned value of the liability is due to actuarial gains and losses as a result of changed actuarial assumptions, and the difference between actual and anticipated return on managed assets is amortised based on the employees' remaining time of service, to the extent the net amount of accumulated, unreported actuarial gains and losses exceeds the higher of 10 percent of the present value of the obligations and 10 percent of the fair value of managed assets.

For calculation of the present value of the obligations and the fair value of assets, Landshypotek has made the following assumptions.

Discount rate	3.00 %	4.00 %		
Anticipated return on assets	6.00 %	6.00 %		
Anticipated change of income base amount	3.00 %	3.00 %		
Anticipated future rate of increase in salaries	3.00 %	4.00 %		
Anticipated inflation	2.00 %	2.00 %		
Inflation-adjustment of pensions paid	2.00 %	2.00 %		
Personnel turnover	5.00 %	1.50 %		
Early retirement	20.00 %	20.00 %		
Opening balance of present value of pension obligations	246,027	235,251		
Service cost	5,751	5,910		
Interest cost	9,791	8,817		
Pension payment	-10,847	-7,586		
Actuarial gain/loss	56,251	3,635		
Present value of pension obligations 31 December 2008	306,973	246,027		
Managed assets, opening balance	207,005	191,922		
Yield	12,315	9,636		
Payments to the fund	8,139	9,798		
Pension payments	-10,847	-7,586		
Actuarial gain/loss	30,141	3,235		
Managed assets 31 December 2008	246,753	207,005		
Net liability, opening balance	-39,022	-43,329		
Year's pension cost	-3,227	-5,091		
Payments to the fund	8,139	9,798		
Actuarial gain/loss	-26,110	-400		
Net liability 31 December 2008	-60,220	-39,022		
Accumulated actuarial gain/loss	-18,383	7,729		
<i>Corridor value</i>	30,697	24,603		
Book liability 31 December 2008	-41,838	-46,751		
Other pension liabilities	-5,004	-5,226	-	-5,226
Total book pension liability	-46,842	-51,977	-	-5,226

CONT'D NOTE 30 PROVISIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Specification of pension costs				
Service cost	-5,751	-5,910	-	-
Interest cost	-9,791	-8,817	-	-
Anticipated yield	12,315	9,636	-	-
Pension cost	-3,227	-5,091	-	-
Specification of deferred taxes				
Deferred tax on write-up of property	45,221	49,215	45,221	49,215
Deferred tax on write-up of property IAS 19	3,148	3,649	3,148	3,649
Deferred tax on revaluation reserve	73,821	-11,656	73,821	-11,656
Deferred tax on pension liability	-	-16,266	-	-
Total provision for deferred taxes	122,190	24,942	122,190	41,208
NOTE 31 SUBORDINATED LIABILITIES, SEK THOUSAND	2008	2007	2008	2007
In Swedish kronor				
2002/2012 SEK 350,000,000 6.75 % Prom. note loan	350,000	350,000	350,000	350,000
2004/2014 SEK 100,000,000 4.63 % Prom. note loan	99,983	99,983	99,983	99,983
Summa	449,983	449,983	449,983	449,983
NOTE 32 MEMORANDUM ITEMS, SEK THOUSAND	2008	2007	2008	2007
Pledged assets	None	None	None	None
Contingent liabilities				
Försäkringsbolaget Pensionsgaranti, FPG	100	105	100	105
Flexible first mortgages, approved amounts not utilised	227,537	84,557	227,537	84,557
Total	227,637	84,662	227,637	84,662
Guarantees	100,000	100,000	None	None

NOTE 33 CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	GROUP		PARENT COMPANY
	FINANCIAL CORPORATE GROUP		
	Basel II	Transitional rules	Basel I
Tier 1 capital	3,159,432	3,159,432	3,204,585
– Share capital paid in or equivalent, after deduction of cumulative preference shares	1,043,588	1,043,588	1,043,588
– Equity component of reserves and profit or loss brought forward from preceding financial year	2,261,889	2,261,889	2,261,889
– Profit for the year	–92,573	–92,573	–92,573
– Deduction for deferred tax assets	–8,319	–8,319	–8,319
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	–45,153	–45,153	–
Tier 2 capital	404,829	404,829	449,983
– Subordinated term loans in accordance with Chapter 8, Sections 18-30 of the Swedish Capital Adequacy and Large Exposures Act	449,983	449,983	449,983
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	–45,154	–45,154	–
Capital base	3,564,261	3,564,261	3,654,568
Capital requirement for credit risks in accordance with the standard method	292,118	292,118	3,511,141
– Exposure to governments and central banks	0	0	–
– Municipalities, similar entities and authorities	0	0	–
– Institutional exposure	156,120	156,120	–
– Corporate exposure	118,039	118,039	–
– Retail exposure	17,658	17,658	–
– Non-performing items	300	300	–
– Other items	0	0	–
Capital requirement for credit risks in accordance with IRB	363,852	363,852	–
– Retail – real estate credits	335,183	335,183	–
– Without counterparty	28,669	28,669	–
Capital requirement for operative risks – Base method	49,868	49,868	–
Additional capital requirement in accordance with the transitional rules	–	2,363,882	–
Capital requirement	705,837	3,069,720	3,511,141
Capital adequacy ratio	5.05	1.16	1.04
Capital adequacy	40.40 %	9.29 %	8.33 %
Tier 1 capital adequacy	35.81 %	8.23 %	7.30 %

Capital adequacy ratio = Capital base/Capital requirement

IRB deduction

Anticipated loss amount in excess of provisions –90,307

CONT'D. NOTE 33 CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	PARENT COMPANY		
	Basel II	Transitional rules	Basel I
Tier 1 capital	3,074,257	3,074,257	3,119,410
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	1,209,183	1,209,183	1,209,183
– Profit for the year	84,027	84,027	84,027
– Group contribution rendered	–100,800	–100,800	–100,800
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	–45,153	–45,153	–
Tier 2 capital	404,829	404,829	449,983
– Subordinated term loans in accordance with Chapter 8, Section 18-30 of the Swedish Capital Adequacy and Large Exposures Act	449,983	449,983	449,983
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	–45,154	–45,154	–
Capital base	3,479,086	3,479,086	3,569,393
Capital requirement for credit risks in accordance with the standard method	272,602	272,602	3,529,913
– Exposures to governments and central banks	0	0	–
– Municipalities and similar entities and authorities	0	0	–
– Institutional exposure	155,918	155,918	–
– Corporate exposure	110,083	110,083	–
– Household exposure	6,331	6,331	–
– Non-performing items	270	270	–
– Other items	0	0	–
Capital requirement for credit risks in accordance with IRB	405,592	405,592	–
– Retail – real estate credits	335,183	335,183	–
– Without counterparty	70,409	70,409	–
Capital requirement for operative risks – Base method	46,951	46,951	–
Additional capital requirement in accordance with the transitional rules	–	2,361,469	–
Capital requirement	725,145	3,086,614	3,529,913
Capital adequacy ratio	4.80	1.13	1.01
Capital adequacy	38.38 %	9.02 %	8.09 %
Tier 1 capital adequacy	33.92 %	7.97 %	7.07 %
Capital adequacy ratio = Capital base/Capital requirement			
IRB deduction			
Anticipated loss amount in excess of provisions	–90,307		

NOTE 34 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND

GROUP 2008						
	Valued at fair value in income statement	Derivative instruments designated as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				2,707		
Eligible government securities, etc.						
Loans to financial institutions				59,308		
Loans to customers				41,301,123		
Bonds and other interest-bearing instruments					8,473,460	
Derivative instruments	73,653	288,844				
Shares						1
Shares in Group companies						
Intangible non-current assets						
Tangible assets						
Equipment						4,602
Buildings and land						339,470
Other assets						167,224
Prepaid expenses and accrued income						543,167
Total assets	73,653	288,844	–	41,363,138	8,473,460	1,054,464
Liabilities and provisions						
Liabilities to financial institutions			7,509,565			
Borrowing from the public			32,022			
Securities in issue, etc.	4,173,401		34,213,985			
Derivative instruments	248,444	78,881				
Other liabilities						190,477
Prepaid expenses and accrued income						869,730
Provisions						169,031
Subordinated liabilities			449,983			
Total liabilities and provisions	4,421,845	78,881	42,205,554	–	–	1,229,238
GROUP 2007						
	Valued at fair value in income statement	Derivative instruments designated as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				295		
Eligible government securities, etc.						
Loans to financial institutions				66,165		
Loans to customers				39,724,633		
Bonds and other interest-bearing securities					4,296,199	
Derivative instruments	58,612	20,418				
Shares						1
Shares in Group companies						
Intangible non-current assets						237
Tangible assets						
Equipment						6,431
Buildings and land						346,375
Other liabilities						72,347
Prepaid expenses and accrued income						478,123
Total assets	58,612	20,418	–	39,791,093	4,296,199	903,514
Liabilities and provisions						
Liabilities to financial institutions			760,407			
Borrowing from the public			60,000			
Securities in issue, etc.	4,173,401		35,247,070			
Derivative instruments	106,369	79,803				
Other liabilities						180,081
Accrued expenses and prepaid income						708,638
Provisions						76,919
Subordinated liabilities			449,983			
Total liabilities and provisions	4,279,770	79,803	36,517,460	–	–	965,638

CONT'D. NOTE 34 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND

PARENT COMPANY 2008						
	Valued at fair value in income statement	Derivative instru- ments designat- ed as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				2,707		
Eligible government securities, etc.						
Loans to financial institutions				71,991		
Loans to customers				41,024,606		
Bonds and other interest-bearing securities					8,473,460	
Derivative instruments	73,653	288,844				
Shares						
Shares in Group companies						514,927
Intangible non-current assets						
Tangible assets						
Equipment						4,602
Buildings and land						335,803
Other liabilities						144,111
Prepaid expenses and accrued income						542,386
Total assets	73,653	288,844	-	41,099,304	8,473,460	1,541,828
Liabilities and provisions						
Liabilities to financial institutions			7,836,229			
Borrowing from the public			32,022			
Securities in issue, etc.	4,173,401		34,213,985			
Derivative instruments	248,444	78,881				
Other liabilities						176,738
Accrued expenses and prepaid income						871,986
Provisions						127,194
Subordinated liabilities			449,983			
Total liabilities and provisions	4,421,845	78,881	42,532,219	-	-	1,175,918
PARENT COMPANY 2007						
	Valued at fair value in income statement	Derivative instru- ments designat- ed as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				295		
Eligible government securities, etc.						
Loans to financial institutions				309,790		
Loans to customers				39,456,518		
Bonds and other interest-bearing securities					4,296,199	
Derivative instruments	58,612	20,418				
Shares						
Shares in Group companies						514,927
Intangible non-current assets						237
Tangible assets						
Equipment						6,431
Buildings and land						345,749
Other liabilities						95,848
Prepaid expenses and accrued income						479,123
Total assets	58,612	20,418	-	39,766,603	4,296,199	1,442,315
Liabilities and provisions						
Liabilities to financial institutions			1,177,735			
Borrowing from the public			60,000			
Securities in issue, etc.	4,173,401		35,197,070			
Derivative instruments	106,369	79,803				
Other liabilities						374,775
Accrued expenses and prepaid income						711,689
Provisions						46,434
Subordinated liabilities			449,983			
Total liabilities and provisions	4 279 770	79 803	36 884 788	-	-	1 132 898

NOTE 35 DERIVATIVE INSTRUMENTS, SEK THOUSAND

GROUP 2008				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	6,700,000	139,567	6,854,000	327,324
– Options				
– Futures				
Currency-related				
– Swaps	2,691,213	222,930,	–	–
– Options				
– Futures				
Total	9,391,213	362,497	6,854,000	327,324
GROUP 2007				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	4,140,000	53,406	10,090,000	186,172
– Options				
– Futures				
Currency-related				
– Swaps	1,749,574	31,919	402,345	6,295
– Options				
– Futures				
Total	5,889,574	85,325	10,492,345	192,467
PARENT COMPANY 2008				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	6,700,000	139,567	6,854,000	327,324
– Options				
– Futures				
Currency-related				
– Swaps	2,691,213	222,930	–	–
– Options				
– Futures				
Total	9,391,213	362,497	6,854,000	327,324
PARENT COMPANY 2007				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	4,140,000	53,406	10,090,000	186,172
– Options				
– Futures				
Currency-related				
– Swaps	1,749,574	31,919	402,345	6,295
– Options				
– Futures				
Total	5,889,574	85,325	10,492,345	192,467

The book values of derivative financial instruments refers to market value not including accrued interest.

NOTE 36 FAIR VALUE DISCLOSURES, SEK THOUSAND

	GROUP 2008		GROUP 2007	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and cash equivalents with central banks	2,707	2,707	295	295
Eligible government securities, etc.	–	–	–	–
Loans to financial institutions	59,308	59,308	66,165	66,165
Loans to customers	41,301,123	42,276,458	39,724,633	39,790,943
Bonds and other interest-bearing securities	8,473,460	8,473,460	4,296,199	4,296,199
Derivative instruments	362,497	362,497	79,030	79,030
Shares	1	1	1	1
Shares in Group companies	–	–	–	–
Intangible non-current assets	–	–	237	237
Tangible assets				
Equipment	4,602	4,602	6,431	6,431
Buildings and land	339,470	454,400	346,375	521,580
Other assets	167,224	167,224	72,347	72,347
Prepaid expenses and accrued income	543,167	543,167	478,123	478,123
Total assets	51,253,559	52,343,824	45,069,836	45,311,351
Liabilities and provisions				
Liabilities to financial institutions	7,509,565	7,517,471	760,407	760,420
Borrowing from the public	32,022	32,118	60,000	59,941
Securities in issue, etc.	38,387,386	39,925,512	39,420,471	39,075,487
Derivative instruments	327,324	327,324	186,172	186,172
Other liabilities	190,476	190,476	180,081	180,081
Accrued expenses and prepaid income	869,730	869,730	708,638	708,638
Provisions	169,031	169,031	76,919	76,919
Subordinated liabilities	449,983	454,359	449,983	454,729
Total liabilities and provisions	47,935,517	49,486,021	41,842,671	41,502,387
	PARENT COMPANY 2008		PARENT COMPANY 2007	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and cash equivalents with central banks	2,707	2,707	295	295
Eligible government securities, etc.	–	–	–	–
Loans to financial institutions	71,991	72,044	309,790	308,904
Loans to customers	41,024,606	41,985,595	39,456,518	39,517,751
Bonds and other interest-bearing securities	8,473,460	8,473,460	4,296,199	4,296,199
Derivative instruments	362,497	362,497	79,030	79,030
Shares	–	–	–	–
Shares in Group companies	514,927	514,927	514,927	514,927
Intangible non-current assets	–	–	237	237
Tangible assets				
Equipment	4,602	4,602	6,431	6,431
Buildings and land	335,803	426,400	345,749	514,660
Other assets	144,111	144,111	95,848	95,848
Prepaid expenses and accrued income	542,386	542,385	479,123	479,123
Total assets	51,477,089	52,528,728	45,584,147	45,813,406
Liabilities and provisions				
Liabilities to financial institutions	7,836,229	7,844,709	1,177,735	1,170,541
Borrowing from the public	32,022	32,118	60,000	59,941
Securities in issue, etc.	38,387,386	39,925,512	39,370,471	39,025,401
Derivative instruments	327,324	327,324	186,172	186,172
Other liabilities	176,738	176,738	374,775	374,775
Accrued expenses and prepaid income	871,986	871,986	711,689	711,689
Provisions	127,194	127,194	46,434	46,434
Subordinated liabilities	449,983	454,359	449,983	454,729
Total liabilities and provisions	48,208,862	48,759,940	42,377,259	42,029,683

Fair value of financial instruments traded in an active market, such as financial assets that can be sold, is based quoted market prices. Fair value of financial instruments not quoted in an active market is calculated by using the method of discounting future cash flows. Quoted market rates for the period in question are used for discounting. Fair value of "Buildings and land" has been determined by an estimate of the value expected to be collected in a sale. Note 1 contains additional information on how fair value is calculated.

NOTE 37 ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Assets				
SEK	59,308	66,165	71,991	309,790
EUR				
NOK				
Loans to financial institutions	59,308	66,165	71,991	309,790
SEK	41,291,510	39,719,334	41,014,993	39,451,219
EUR	9,613	5,299	9,613	5,299
NOK				
Loans to customers	41,301,123	39,724,633	41,024,606	39,456,518
SEK	6,035,517	2,284,465	6,035,517	2,284,465
CHF	369,655		369,655	
EUR	273,283	992,807	273,283	992,807
NOK	2,160,210	1,098,253	2,160,210	1,098,253
Financial assets	8,838,664	4,375,524	8,838,664	4,375,524
SEK	1,054,464	903,513	1,541,829	1,442,315
EUR				
NOK				
Other assets	1,054,464	903,513	1,541,829	1,442,315
Total assets	51,253,559	45,069,835	51,477,090	45,584,147
Liabilities				
SEK	7,500,020	660,559	7,826,684	1,077,887
EUR	9,545	99,848	9,545	99,848
NOK				
Liabilities to financial institutions	7,509,565	760,407	7,836,229	1,177,735
SEK	32,022	60,000	32,022	60,000
EUR				
NOK				
Borrowing from the public	32,022	60,000	32,022	60,000
SEK	36,361,546	38,061,123	36,361,546	38,011,123
CHF	369,655		369,655	
EUR	273,283	897,250	273,283	897,250
NOK	2,160,210	1,098,253	2,160,210	1,098,253
Financial liabilities	39,164,693	40,056,626	39,164,693	40,006,626
SEK	1,229,237	965,638	1,175,918	1,132,898
EUR				
NOK				
Other liabilities	1,229,237	965,638	1,175,918	1,132,898
Total liabilities	47, 935,517	41,842,671	48,208,862	42,377,259

Proposed Allocation of Earnings

Retained earnings	SEK	448 800 063
Group contribution	SEK	-140 000 000
Tax effect of group contribution	SEK	39 200 000
Total	SEK	348 000 063
<hr/>		
Net profit for 2008	SEK	-16 773 422
At the disposal of the Annual General Meeting	SEK	331 226 641

Conditional upon the approval of the Annual General Meeting, a group contribution has been rendered in the amount of MSEK 140,000,000, which after taking the tax effect into account, has reduced unrestricted equity as of the balance sheet date by MSEK 100,800,000. The proposed transfer of value in the form of a group contribution reduces the Company's capital adequacy ratio to 1.22 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 capital investments.

The proposed transfer of value can therefore be defended against the background of what is stated in the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2-3.

The Board of Directors proposes that the year's funds available for disposition, SEK 331,226,641, be carried forward.

The undersigned hereby certify that, as far as we are aware, the annual accounts are prepared in accordance with generally accepted accounting policies 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 accounts.

Stockholm, 11 March 2009

Ulf Dinkelspiel
Chairman

Lars-Åke Folkmer

Olof Jakobsson

Anders Johansson

Richard Montgomery

Henrik Toll

Kjell Stillman
Managing Director

Audit report

To the annual general meeting of Landshypotek AB (publ.), registration number 556500-2762.

We have audited the annual accounts, the consolidated financial statements and the administration of the board of directors and the managing director of Landshypotek AB (publ.) for the year 2008. The company's annual accounts are included in the printed version of this document on pages 5–48. 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 auditing standards in Sweden. Those 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 policies applied and the application thereof by the board of directors and the managing director, and an assessment of the critical estimates made by the board of directors and the managing director in preparing the annual accounts, and evaluation the overall information contained in the annual accounts and the consolidated accounts. As

a basis for our statement on discharge from responsibility, 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 if any member of the board of directors or the managing director has acted in contravention with 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 and the consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a fair representation of the company's results and financial position in accordance with generally accepted accounting standards in Sweden. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a fair representation of the group's results and financial position. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend that the annual general meeting adopts the income statement and the balance sheet for the parent company and the group, allocates 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.

Stockholm, 11 March 2009

Anna Hesselman
Authorised Public Accountant

Bengt Fröander
Authorised Public Accountant

Senior management



Kjell Stillman
Managing Director



Göran Abrahamsson
Chief Member Officer



Håkan Ahlsten
Business Development



Bertil Andersson
Chief Operating Officer



Olof Helmersson
Chief Product Officer and
Managing Director
Landshypotek Jordbrukskredit AB



Björn Ordell
Controller



Åsa Simonsson Lönegren
Chief Administrative Officer



Rolf Åttingsberg
Chief Credit Officer

Board of Directors and Auditors



Ulf Dinkelspiel
Chairman



Lars-Åke Folkmer
Director



Olof Jakobsson
Director



Anders Johansson
Director



Richard Montgomery
Director



Kjell Stillman
Managing Director



Henrik Toll
Director

Directors

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

Lars-Åke Folkmer, b. 1946, Kvänum, University Diploma in Agricultural and Rural Management, Director, Landshypotek, ek. för., Landshypotek Jordbrukskredit AB and Landshypotek AB.

Olof Jakobsson, b. 1944, Havdhem, University Diploma in Agricultural and Rural Management, Director, Landshypotek, ek. för., Landshypotek Jordbrukskredit AB and Landshypotek AB.

Anders Johansson, b. 1948, Läckaby, farmer, Director, Landshypotek, ek. för., Landshypotek Jordbrukskredit AB and Landshypotek AB and The General Mortgage Bank of Sweden. Director, Lyckeby Stärkelsen, Solanum Kalmar AB and H. S. Kalmar Kronoberg.

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

Kjell Stillman, b. 1948, Västerås, Managing Director and Director, Landshypotek, ek. för., Landshypotek Jordbrukskredit AB and Landshypotek AB. Chairman, Lantbrukskredit AB.

Henrik Toll, b. 1954, Sorunda, Director, Landshypotek, ek. för., Landshypotek Jordbrukskredit AB and Landshypotek AB. Alternate Director, The General Mortgage Bank of Sweden. Chairman, Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra-Borgaren AB and Västra Borgaren AB. Director, Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

Auditors

Anna Hesselman, Stockholm, Authorised Public Accountant.
Bengt Fröander, Stockholm, Authorised Public Accountant.

Deputy auditors

Ulf Pettersson, Lidingö, Authorised Public Accountant.
Sten Widén, Tyresö, Authorised Public Accountant.



Report of the Board of Directors

These financial statements were authorised for issue on 11 March 2009 by the Board of Directors of Landshypotek, ekonomisk förening, registration number 76960-5003. They are to be ultimately adopted by the regularly scheduled Annual General Meeting to be held 5 May 2009.

Business and ownership structure

Landshypotek, ekonomisk förening (incorporated association) is a financial holding entity and the parent organisation of the Landshypotek, ekonomisk förening Group. The association is owned by its members. Operations are conducted primarily in Landshypotek AB and its subsidiaries. All of Landshypotek AB's borrowers are also members of Landshypotek, ekonomisk förening. Landshypotek AB is a credit institution specialised in lending to Swedish agriculture and forestry with real property as collateral. Landshypotek offers first mortgage loans on competitive terms and conditions and, in co-operation with partners, also other bank products and services.

Lending is primarily concentrated to Landshypotek AB, but certain lending activities are also conducted by subsidiaries Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Landshypotek AB is responsible for all borrowing. The Company uses the capital market as its funding source. The Company achieves the desired flexibility by offering a variety of borrowing programmes that attract different types of investors.

Landshypotek AB is owned by Landshypotek, ekonomisk förening (incorporated association). All of Landshypotek's customers automatically become members of Landshypotek, ekonomisk förening. The co-operative association is a democratic organisation where all members have one vote at the annual regional meeting.

Operations were conducted during 2008 by the following corporate entities:

- Landshypotek, ekonomisk förening – financial holding entity and parent organisation in the Group. All borrowers in Landshypotek AB are members of the organisation.
- Landshypotek AB – parent company of the Landshypotek AB Group. Landshypotek AB is in the business of granting loans to agriculture and forestry secured by real property up to 75 percent of estimated market value of the collateral.
- Landshypotek Jordbrukskredit AB – a subsidiary of Landshypotek AB. Landshypotek Jordbrukskredit AB is in the business of granting loans to agriculture and forestry secured by real property.
- Lantbrukskredit AB – a subsidiary of Landshypotek AB. Lantbrukskredit AB is in the business of granting loans to businesses in close proximity to agriculture, but lending to other sectors has occurred. Since July 2003 there is no new lending in Lantbrukskredit AB.
- The General Mortgage Bank of Sweden (Hypoteksbanken) – is being phased out. It was responsible for Landshypotek AB's borrowing until 1997.

Organisation

Landshypotek has approximately 99 employees at 18 sales offices all over the country. The local presence, in combination with the staff's sound knowledge of the conditions for agriculture and forestry are important success factors for the Company. Knowledge of entrepreneurial enterprise is also required to meet the demands of customers. During the year Landshypotek continued its efforts in developing its associates' small business skills in areas such as forestry, energy and horse farms.



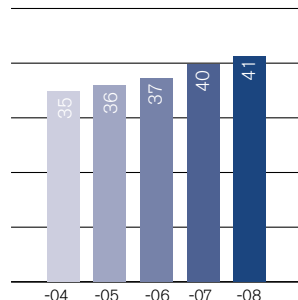
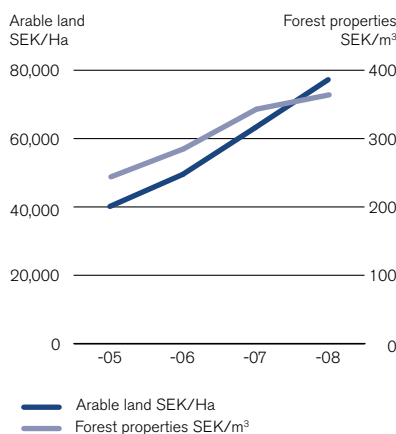
Landshypotek's business concept is to offer Sweden's farmers and forest owners financing in the form of first mortgage loans at the most favourable terms in the market.

1836

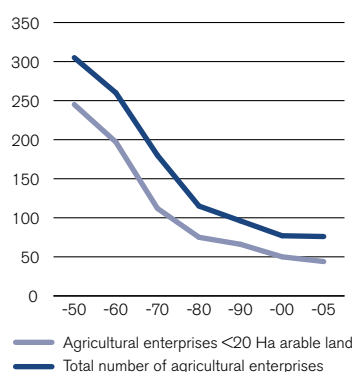
The first rural loan association was formed 1836 in Skåne to provide farmers with credit against mortgage deeds in farm enterprises. Landshypotek has the business idea today.

Lending to customers

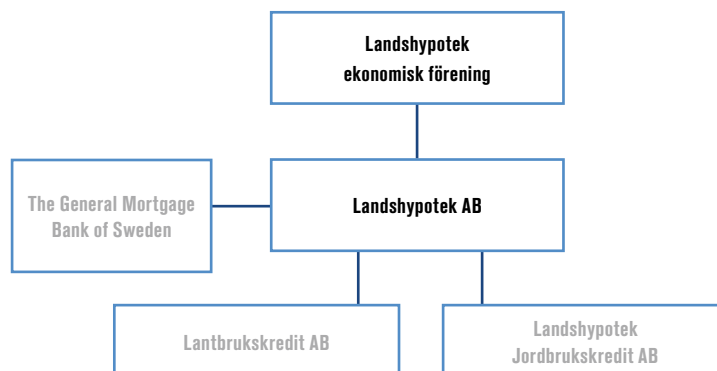
SEK billion

**Prices on arable land and forest properties**

Source: LRF konsult

Number of farm units

Source: The Swedish Board of Agriculture



In its quest to increase accessibility, Landshypotek will continue to develop its interaction with customers, for instance by establishing new branch offices and by developing new internet services.

The representatives on Landshypotek's regional boards of directors have the assignment to perform appraisals on customer properties. The members are themselves owners of agricultural properties and possess superior local knowledge and industry expertise. Board members with the greatest possible geographic and industrial breadth of know-how are appointed in each region. The members are also active advocates of the Company and represent Landshypotek in a variety of contexts.

Market overview

During 2008 Landshypotek increased its lending to SEK 41 billion, which is equivalent to a lending growth of 4.0 percent, compared to 6.5 percent during the preceding year, which was a record year for growth. Landshypotek's assessment is that the Company is maintaining its position as market leader in the market for first mortgage loans to land and forest owners. The lower growth rate during 2008 is explained by a lower level of activity in the market and to new players making the market even more competitive. The sharp increase during 2007 was the effect of a favourable development for Swedish agriculture and forestry in combination with Landshypotek's increased presence in the marketplace. Customers still have a positive outlook for the future, even though conditions have deteriorated somewhat, with rising prices for input goods and weaker prices for goods produced. Prices on agricultural and forest products rose sharply during 2007. Prices continued to rise until the end of summer, when the rising trend slowed down. Prices were generally stable during autumn. Landshypotek's assessment is that prices will remain stable during 2009, but that there may be softer prices for specific types of properties during 2009. Leverage remains low. The average loan value for Landshypotek's lending is 40.5 percent.

The structural transformation in Swedish agriculture continues. The number of producers in traditional agriculture is declining, both in milk and hog production, at the same time as diversification among farms is on the rise. New, major operating segments are primarily construction and energy.

Landshypotek's core business is to offer farmers and forest owners the market's most favourable first mortgage loans. In order to satisfy its customers' other needs for bank services, Landshypotek offers banking services in co-operation with partners. Landshypotek can offer an array of bank and financing services, such as second and third mortgage loans, object financing and committed credit facilities as well as account and payment services. It is

important for Landshypotek to be able to offer an extensive range of bank services. Many customers appreciate the simplicity of being able to turn to just one contact for all their financing and bank service needs.

During the year a new co-operation agreement was concluded with Sparbanken Finn, which thus becomes one of Landshypotek's important partners.

Financing

Landshypotek's goal is to borrow money at as favourable terms and conditions as possible, given a low risk profile. By working with great flexibility in terms of markets and instruments, financing is efficient and is done where it is most advantageous. Landshypotek utilises a number of borrowing programs, both on the national and the international markets. This makes it possible for Landshypotek to meet most investors' needs of investing in interest-bearing paper.

The transition to covered bonds that occurred in 2007 has been of great strategic importance for Landshypotek and the desired effect has been achieved.

Financing during 2008 was mostly in Sweden. Internationally, Landshypotek issued interest-bearing securities in Norway and Switzerland.

The unrest prevailing in the world's financial markets during the autumn has affected all players, thus even Landshypotek. Credit spreads have widened sharply and the supply of capital has been limited. Landshypotek has managed to refinance maturing loans at a rate that is at a level similar to other Swedish housing lending institutions. The loan facilities placed at the disposal of monetary policy counterparts by the Riksbank have also been important, providing Landshypotek with the required liquidity.

The situation in the capital market has improved somewhat in early 2009. Landshypotek believes that continued government and central bank intervention will be important to ensure satisfactory functioning of the market during 2009. Landshypotek has ample assets of high quality that can be used as security for transactions with central banks and other public entities. We are therefore of the opinion that Landshypotek's liquidity situation will be satisfactory during the year.

During the second quarter of 2008 Landshypotek AB was upgraded to A- by S&P, from the previous BBB+. The fact that Landshypotek amid the current unrest in the credit market improves its rating is a sign of the Company's long-term financial strength. Already since before, Landshypotek has an AAA rating by S&P on its covered bonds.

Success factors

Landshypotek will continue to strive to give its members/customers the market's best terms and conditions for first mortgage loans. Crucial factors to make this possible include that Landshypotek has an efficient and appropriate organisation, low financing costs, good credit analysis and products that satisfy the needs of the customers.

Result and profitability

Operating profit for 2008 amounted to MSEK -5.2, a drop by MSEK 201.3 compared to 2007 (196.1). Not including the "Net result of financial transactions" operating profit amounted to MSEK 164.7 (181.5).

Net interest income amounted to MSEK 344.6, a drop by MSEK 20.1 compared to 2007 (364.7). The decline is primarily due to a narrower margin between borrowing and lending rates. On average, the spread was 0.12 per-



Landshypotek has an approximate market share of 40 percent

Landshypotek is a market-leader in first mortgage loans to farmers and forest owners in Sweden. With loans outstanding of approximately SEK 41 billion Landshypotek has a market share of approximately 40 percent.

52,306

Landshypotek, ekonomisk förening has
52,306 members/owners.

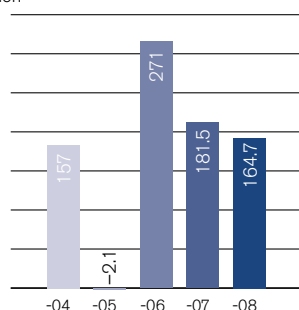
AAA

Thanks to the stable collateral on which the company bases its business, borrowing of capital is on beneficial terms. Landshypotek's covered bonds have been awarded the highest rating by Standard & Poor's.

	Long	Short
S&P "Covered bonds"	AAA	
S&P	A-	A2, K1
Fitch	A+	F1
Moody's	A2	P1

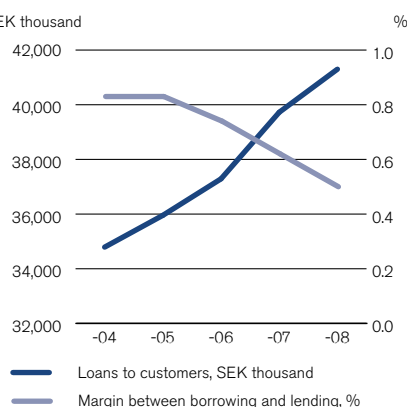
Operating profit not including "Net result of financial transactions"

SEK million



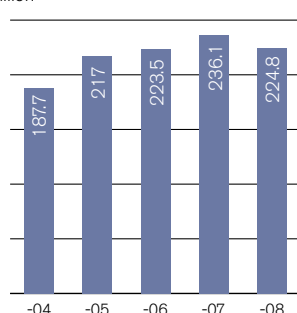
Operating profit

SEK thousand



Operating expenses

SEK million



cent lower during 2008 than it was during 2007. Margins came under severe pressure during the latter part of 2007 and in the beginning of 2008, but have since remained stable around the 0.50-percent level. The volume of loans outstanding increased by 4.0 percent during the year and this had a positive impact on net interest income.

Operating income not including net interest income amounted to MSEK -126.1, a drop by MSEK 283.4 compared to 2007 (157.3). The decline is primarily explained by a drop in "Net result of financial transactions" to MSEK -169.9 from MSEK 14.6 in 2007. The net result of financial transactions includes realised results of purchases and sales of financial instruments and own bonds. The line "Net result of financial transactions" also includes the results of revaluation of financial instruments. Landshypotek is not an active trader for the purpose of taking risk to make money. On the other hand, Landshypotek has a large portfolio of derivative contracts, interest rate swaps and currency interest rate swaps. These are used to manage the difference in periods of fixed interest between lending to customers and bonds in issue. Landshypotek is obliged to mark these derivative instruments to market at the same time as the Company is not permitted to mark the underlying assets and liabilities unless they are classified as fair value hedges. Since long-term interest rates fell sharply during the latter part of 2008, this has meant a sharp drop in market value. It is worth noting that Landshypotek's portfolio of interest-bearing securities classified as available-for-sale financial assets are also valued at market, but that the result from changes in market value is accounted for in equity. The market value changes on derivative financial instruments and the investment portfolio offset each other, but are reported differently, in the income statement and in equity, respectively. The lower number for operating income not including interest income is also explained by the fact that Landshypotek in 2007 reported a dividend of approximately MSEK 70 from a non-consolidated subsidiary at the same time as the value of the shares held in the company was written down by a like amount. The difference from the year before is also explained by the fact that Landshypotek in 2007 reported a gain from the sale of an operating property in the amount of MSEK 33.4. Revenue from the corresponding sales during 2008 amounts to MSEK 10.4.

Costs amounted to MSEK 236.3, which represents a decline by MSEK 38.3 or 14 percent compared to 2007 (274.6). The decline in costs is above all due to lower administrative expenses and lower costs for depreciation.

Loan losses for 2008 amounted to MSEK +12.6 (+18.8). Recovery of previously realised losses or previously probable losses amounted to MSEK 14.9 (25.8). Doubtful accounts are at a historically low level. Expectations are that doubtful credits will increase, albeit modestly. As of 31 December 2008 doubtful credits amounted MSEK 1.0 (13.9), equivalent to 0.002 (0.03) percent of the loans outstanding.

Key financial indicators	2008	2007
Net interest income	344,618	364,746
Interest rate margin (spread)	0.85 %	0.90 %
Costs	-236,313	-274,640
Cost level, %	-0.58 %	-0.68 %
Operating profit, MSEK	-5,184	196,124
Loan loss level, %	-0.03 %	-0.05 %
Loans to customers	41,301,123	39,724,633
Increase in lending	4.0 %	6.5 %

Financial structure

The balance sheet total increased by 14 percent to MSEK 51,230 (45,059), due to increased lending to customers and a larger holding of interest-bearing securities.

The largest asset item in the balance sheet is “Loans to customers”, which amounts to MSEK 41,286 (39,711). The year’s increase in loans to customers by 4 percent is smaller than last year and slightly below Landshypotek’s target growth rate. More information about Landshypotek’s loans to customers is found in the Risk and Capital Management section. More information about Landshypotek’s lending to customers will be found in the section named Risk and capital management.

Landshypotek’s holding of interest-bearing securities amounted to MSEK 8,473 at year-end 2008 (4,296). Landshypotek’s holding of interest-bearing securities amounted to MSEK 8,473 at year-end 2008 (4,296). The portfolios consist of securities issued by Swedish institutions with high credit rating. As of 31 December 99 percent of the portfolio consisted of covered bonds with the highest rating. The remaining 1 percent consisted of bonds issued by Swedish municipalities, also with the highest rating. The purpose of holding interest-bearing securities is that this holding serves as a liquidity portfolio. The securities can be sold or borrowed against to handle the financing of liabilities coming due.

Landshypotek uses derivative instruments to protect cash flows and the fair value of assets and liabilities from interest rate fluctuations. In accordance with IFRS directives these contracts are accounted for at fair value. At year-end 2007 the nominal value of the Group’s derivative contracts amounted to MSEK 16,245 (14,031). More information about these derivative contracts will be found in note 35. Positive values involve counterparty risks, so credit risk amount is always calculated to capture the uncertainty of the market’s future development. A standard amount is then added to the market value depending on what type of contract is involved and the remaining time to maturity. The thus calculated amount constitutes a part of Landshypotek’s credit exposure. Counterparties are Swedish and international banks with very high credit rating. The credit risk exposure and the derivative contracts stood at MSEK 739 (252) at year-end.

Non-current assets amounted to MSEK 344 (353). Non-current assets consist mainly of 7 operating properties.

Landshypotek’s financing consists mainly of bond loans and money market instruments issued on the Swedish and European market via MTN, EMTN and commercial paper programmes. Financing is also obtained by issuing private bonds to the public and borrowing from financial institutions. Bonds and money market instruments in issue amounted to MSEK 38,387 at year-end 2008 (39,420). Borrowing from the public amounted to MSEK 32 (48) and borrowing from financial institutions amounted to MSEK 7,510 (760).

At year-end 2008 Landshypotek had equity of MSEK 3,362 (3,273). No dividend is reported in Landshypotek; transfers are instead made to the Parent Company, Landshypotek, ekonomisk förening, in the form of group contributions. For 2008 the Board of Directors has proposed to the Annual Meeting of the Association a refund of MSEK 75.3 (49.6), plus interest in the amount of MSEK 52.7 (50.8) to be paid to the members. After payment of refunds and interest on member contributions, equity increased by MSEK 82.5.



Consolidated balance sheet, MSEK	2008	2007
Assets		
Lending to financial institutions	64	68
Loans to customers	41 286	39 711
Bonds and other interestbearing securities	8 473	4 296
Non-current assets	344	353
Other assets	1 063	631
Total	51 230	45 059
Liabilities		
Liabilities to financial institutions	7 510	760
Borrowing from the public	32	48
Securities in issue	38 387	39 420
Other liabilities	1 939	1 558
Equity	3 362	3 273
Total	51 230	45 059

Capital situation

The new capital adequacy framework (Basel II) is in effect since 1 February 2007 and Landshypotek has obtained approval to use the Internal Ratings Based Approach (the IRK method) for reporting most of its assets (refer to the section on Risk and Capital Management). This will have the effect that the capital requirement to a greater degree than before will be linked to Landshypotek's risk profile. The new body of regulations will have the effect of sharply reducing the capital requirement for Landshypotek, but the full effect will not be seen until 2010 when the transitional rules are removed.

For purposes of calculating capital adequacy Landshypotek bases itself on the concept of "The financial corporate group" rather than the Group. The financial corporate group consists of Landshypotek AB and subsidiaries, but also of Landshypotek, ekonomisk förening. The consolidated capital adequacy ratio of the financial corporate group (which includes the proposal of the Board of Directors for allocation of earnings) was 1.16 (1.18), the capital adequacy was 9.29 (9.42) percent and the Tier 1 capital ratio was 8.23 (8.36) percent. The capital adequacy analysis will be found in note 33.

Group contribution

A group contribution was received during 2008 in the amount of MSEK 140 (115) from Landshypotek AB.

Personnel

Information about the Company's management and personnel will be found in note 8 to the Annual Accounts.

Events after year-end

No significant events have occurred after the end of the period under review.



Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening

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

The Swedish Code for Corporate Governance was presented in December 2004. Modelled on that code, the Code for Governance of Co-operative Agricultural Associations and Association Enterprises was drafted during 2005 by LRF, The Federation of Swedish Farmers. The purpose was to develop a code for governance of agricultural co-operative associations adapted to the special conditions that prevail in the agricultural co-operative sector.

Large blocks of text were transferred from the Swedish Code for Corporate Governance with only minor modifications. Other parts are new and lack corresponding language in the Swedish Code for Corporate Governance. The 2006 annual meeting of Landshypotek, ekonomisk förening adopted a code that in large parts corresponds to the Code for Governance of Co-operative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

Association and annual general meetings

The meetings appoint directors and auditors and make decisions on fees. The meetings also adopt the income statements and balance sheets, and decide on the matter of discharge from responsibility for the Board of Directors and the Managing Director. Information about and minutes from the Association Meeting are available at Landshypotek's website.

Appointment of Board of Directors and auditors

The Election Committee is the association meeting's body for preparation of the meeting's decision in matters of appointment. The 2008 Association Meeting appointed ten representatives to constitute Election Committee for the next following election of directors. The members of the Election Committee appoint a chairman among its members. The members of the Election Committee must not be directors. The composition of the Election Committee must be published not less than six months before the regularly scheduled association meeting. The names of the members can be found at Landshypotek's website.

It is up to the Election Committee to evaluate the work of the Board of Directors in preparation for the 2009 Association Meeting. The Election Committee will also suggest a chairman to preside over the Association Meeting, directors and directors' fee to be distributed among the Chairman, the Vice Chairman and other directors, as well as suggest auditors and fees to be paid for the audit effort.

Boards of Directors

The over-arching duty of the boards of directors is to manage the affairs of the Association and the Company. The Board of Directors of the Association has 12 members appointed by the Association Meeting. The Managing Director and two employee representatives are also members of the Board of Directors. The Board of Directors of Landshypotek AB has six members elected by the Annual General Meeting. The Managing Director is also a member of the Board of Directors.

Senior management

The roster of senior management is set forth on page 95.

Senior management

Kjell Stillman
Managing Director

Göran Abrahamsson
Chief Member Officer

Auditors

The Association Meeting appoints external auditors of the Association, at least one of whom must be an authorised public accountant.

The Annual General Meeting appoints external auditors for Landshypotek AB. The auditors must be authorised public accountants. The term of the auditors appointed by the Annual General Meeting is four years. The 2005 Annual General Meeting appointed authorised public accountants Anna Hesselman and Bengt Fröander for the coming four years, i.e. until the 2009 Annual General Meeting.

Internal control

The basis for the internal control with respect to financial reporting consists of Landshypotek's control environment in the form of organisation, decision-making process, authority and responsibility, all of which documented in internal policies, instructions and guidelines. Follow-up and supervision of the internal control function is by active internal auditing. The function for internal auditing was reorganised during 2008. Internal auditing is now performed by KPMG. There is also a separate unit for risk control. This unit is responsible for follow-up and monitoring of all of the Group's risks and for surveillance of the Company's compliance. The unit is a from the day-to-day business and administrative function independent unit reporting directly to the Managing Director, and if need be directly to the Board of Directors.



Income Statement

SEK THOUSAND	NOTE	GROUP		PARENT ASSOCIATION	
		2008	2007	2008	2007
Interest income		2,351,056	1,894,841	536	859
Interest expense		-2,006,438	-1,530,095	-1,111	-1,044
Net interest income	2	344,618	364,746	-576	-185
Dividend income	3	120	70,674	-	-
Commission income	4	9,575	12,919	-	-
Commission expense	5	-1,394	-636	-	-
Result of valuation at fair value	6	-169,874	14,648	-	-
Other operating income	7	35,481	59,686	-	-
Total operating income		218,526	522,037	-576	-185
General administrative expense	8	-199,701	-205,972	-8,474	-10,208
Depreciation, amortisation and impairment of tangible and intangible non-current assets	9	-11,528	-38,556	-	-
Other operating expenses	10	-25,084	-30,112	-1,217	-1,046
Total expenses before loan losses		-236,313	-274,640	-9,691	-11,254
Result before loan losses		-17,787	247,397	-10,267	-11,439
Loan losses, net	11	12,603	18,764	-	-
Impairment of financial assets	3	-	-70,037	-	-
Operating profit		-5,184	196,124	-10,267	-11,439
Year-end appropriations	12	-128,109	-100,540	11,395	14,460
Taxes on the year's profit	13	40,720	-16,924	-416	-970
Net result for the year		-92,574	78,660	712	2,051

Balance Sheet

		GROUP		PARENT ASSOCIATION	
SEK THOUSAND	NOTE	2008	2007	2008	2007
Assets					
Cash and balances with central banks		2,707	295	–	–
Treasury bills and other eligible bills		–	–	–	–
Due from financial institutions	14	61,646	67,665	2,208	13,373
Loans to customers	15	41,286,123	39,710,633	–	–
Bonds and other interest-bearing securities	16	8,473,460	4,296,199	–	–
Derivative financial instruments	17, 35	362,497	79,030	–	–
Shares	18	2	2	1	1
Shares in Group companies	19	–	–	1,870,378	1,870,378
Intangible non-current assets	20	–	237	–	–
Tangible assets					
Equipment	21	4,602	6,431	–	–
Buildings and land	21	339,470	346,375	–	–
Other assets	22	156,103	74,386	142,695	117,096
Prepaid expenses and accrued income	23	543,226	478,180	185	200
Total assets	33, 34, 36, 37	51,229,837	45,059,433	2,015,467	2,001,048
Liabilities and provisions					
Due to financial institutions	24	7,509,565	760,407	15,000	14,000
Borrowing from the public	25	32,022	48,000	–	–
Debt securities in issue, etc.	26	38,387,385	39,420,471	–	–
Derivative financial instruments	27, 35	327,324	186,172	–	–
Other liabilities	28	164,903	167,829	124,720	114,512
Accrued expenses and prepaid income	29	869,736	708,759	131	266
Provisions	30	127,193	44,915	–	–
Subordinated liabilities	31	449,983	449,983	–	–
Total liabilities and provisions		47,868,111	41,786,536	139,851	128,778
Untaxed reserves		–	–	495	–
Equity					
Member contributions		1,043,588	1,041,448	1,043,588	1,041,448
Other contributed capital		1,797,796	1,797,796	713,399	713,399
Revaluation reserve		148,816	–29,975		
Retained earnings		464,100	384,968	117,423	115,372
Net profit for the year		–92,574	78,660	712	2,051
Total equity		3,361,726	3,272,897	1,875,121	1,872,270
Total liabilities, provisions and equity	33, 34, 36, 37	51,229,837	45,059,433	2,015,467	2,001,048
Memorandum items	32				
– Pledged assets		None	None	None	None
– Contingent liabilities		227,637	84,662	None	None
– Guarantees		100,000	100,000	None	None

Statement of Changes in Equity

GROUP, SEK THOUSAND

	Contri- bution capital added	Vol- untary contri- bution	Other contributed capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2006	1,055,579	1,903	1,797,796	4,764	-45,432	384,938	3,199,548
Change in available-for sale instruments, before taxes							
Change in instruments for cash flow hedges, before taxes					756		756
Other items				9,937			9,937
Total change in equity not reported in the income statement						30	30
	0	0	0	9,937	756	30	10,723
Net profit for the year							
Total change before transactions with the owner						78,660	78,660
	0	0	0	9,937	756	78,690	89,383
Contribution capital paid in/dispursed during the year	-3,127	159					-2,968
Regular refund	49,616						49,616
Disbursement in advance	-30,950						-30,950
Disbursement of surplus contribution funds	-13,158	-4					-13,162
Interest on capital contribution accounts	50,830	93					50,923
Preliminary tax deducted	-14,807						-14,807
Regular disbursements 2006	-54,686						-54,686
Equity 31 December 2007	1,039,297	2,151	1,797,796	14,701	-44,676	463,628	3,272,897
Change in available-for sale instruments, after taxes					251,540		251,540
Change instruments for cash flow hedges, after taxes				-72,749			-72,749
Translation differences						472	472
Total change in equity not carried to income statement	0	0	0	-72,749	251,540	472	179,263
Net profit for the period						-92,574	-92,574
Total change before transactions with the owner	0	0	0	-72,749	251,540	-92,102	86,689
Contribution capital paid in/dispursed during the year	-2,285	16					-2,270
Regular refund	75,268						75,268
Disbursement in advance	-37,184						-37,184
Disbursement of surplus contribution funds	-15,235	-7					-15,242
Interest on contribution capital accounts	52,734	108					52,842
Preliminary tax deducted	-15,388	-1					-15,389
Regular disbursements 2006	-55,886						-55,886
Dividend/group contribution rendered							
Taxes on group contribution rendered							
Equity 31 December 2008	1,041,321	2,267	1,797,796	-58,048	206,864	371,526	3,361,726

Statement of Changes in Equity, continued

PARENT ASSOCIATION, SEK THOUSAND							
	Contri- bution capital added	Vol- untary contri- bution	Other contributed capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2006	1,055,579	1,903	713,399	0	0	115,372	1,886,253
Change in available-for-sale instruments, before taxes							–
Change in instruments for cash flow sale, before taxes							–
Total change in equity not reported in the income statement							
Net profit for the year						2,051	2,051
Total change before transactions with the owners	0	0	0	0	0	2,051	2,051
Contribution capital paid in/dispursed during the year	–3,127	159					–2,968
Regular dividend	49,616						49,616
Disbursement in advance	–30,950						–30,950
Disbursement of surplus capital funds	–13,158	–4					–13,162
Interest on capital contribution accounts	50,830	93					50,923
Preliminary tax deducted	–14,807						–14,807
Regular disbursements 2006	–54,686						–54,686
Equity 31 December 2007	1,039,297	2,151	713,399	0	0	117,423	1,872,270
Change in available-for-sale instruments, after taxes							–
Change in instruments for cash flow hedges, after taxes							–
Total change in equity not reported in income statement	0	0	0	0	0	0	0
Net profit for the period						712	712
Total changes before transactions with the owners	0	0	0	0	0	712	712
Contribution capital paid in/dispursed during the year	–2,285	16					–2,270
Regular refund	75,268						75,268
Disbursement in advance	–37,184						–37,184
Disbursement of surplus contribution funds	–15,235	–7					–15,242
Interest on contribution capital accounts	52,734	108					52,842
Preliminary tax deducted	–15,388	–1					–15,389
Regular disbursements	–55,886						–55,886
Dividend/group contribution rendered							–
Taxes on group contribution rendered							–
Equity 31 December 2007	1,041,321	2,267	713,399	0	0	118,135	1,875,121
Contributions and other capital infused constitutes restricted equity. Hedging reserve and fair-value-reserve are collectively termed revaluation reserve in the balance sheet.							

Cash Flow Statement

	GROUP		PARENT ASSOCIATION	
SEK THOUSAND	2008	2007	2008	2007
Cash flow from income statement				
Interest income	2,274,858	1,805,519	572	837
Interest expense	-1,841,120	-1,357,250	-1,094	-1,064
Dividend income	120	70,674	0	0
Commission income	9,575	12,919	0	0
Commission expense	-1,394	-636	0	0
Net proceeds of financial transactions	25,796	19,223	0	0
Other operating cash receipts	34,162	42,522	0	0
Administrative expenses paid	-210,771	-235,714	-9,548	-11,576
Recovery of losses realised in prior years	12,361	6,423	0	0
Income taxes paid	-42,781	-50,984	-970	-1,194
Total cash flow from income statement	260,806	312,696	-11,040	-12,997
Cash flow from balance sheet				
Increase (-)/decrease (+) Loans to financial institutions	6,019	52,385	11,165	-3,060
Increase (-)/decrease (+) Loans to customers	-1,575,572	-2,422,058	0	0
Increase (-)/decrease (+) Bonds and other interest-bearing securities	-3,834,887	-669,618	0	0
Increase (+)/decrease (-) Liabilities to credit institutions	6,749,158	302,112	1,000	-10,000
Increase (+)/decrease (-) Borrowing from the public	-17,978	-193,472	0	0
Increase (+)/decrease (-) Securities in issue, etc.	-1,512,201	2,967,877	0	0
Change in other balance sheet items	-84,643	-27,208	-15,392	27,091
Total cash flow from the balance sheet	-270,104	10,018	-3,227	14,031
Cash flow from current operations	-9,298	322,714	-14,267	1,034
Investing activities				
Sale of shares	0	0	0	0
Group contributions received	0	0	0	115,000
Purchase of shares	0	0	0	0
Acquisition of intangible and tangible non-current assets	-2,557	-7,135	0	0
Dividends paid and group contributions rendered	14,267	-116,034	14,267	-116,034
Total cash flow from investing activities	11,710	-123,169	14,267	-1,034
Cash flow from financing activities				
Repayment of subordinated liabilities	0	-200,000	0	0
Total cash flow from financing activities	0	-200,000	0	0
Cash flow for the period	2,412	-455	0	0
Change in cash and cash equivalents	2,412	-455	0	0
Cash and cash equivalents at beginning of year	295	750	0	0
Cash and cash equivalents at year-end	2,707	295	0	0

Five-year Summary

Earnings performance – Landshypotek, ekonomisk förening – Group

SEK MILLION	2008	2007	2006	2005*	2004*
Income statement					
Net interest income	344,6	364,7	453,2	367,9	392,3
Other operating income	-126,1**	157,3	23,5	62,0	38,3
Operating expenses	-224,8	-236,1	-223,5	-217,0	-187,7
Depreciation and amortisation	-11,5	-38,6	-15,4	-10,2	-10,3
Loan losses	12,6	18,8	21,1	-204,8	-75,5
Impairment of financial instruments	-	-70,0	-	-	-
Operating result	-5,2	196,1	259,0	-2,1	157,1
Balance sheet					
Assets					
Loans to customers – net	41,286	39,711	37,289	35,954	34,791
Other assets	9,944	5,349	4,760	2,408	1,148
Total assets	51,230	45,059	42,049	38,362	35,939
Liabilities					
Borrowing	38,869	39,918	37,861	34,452	32,201
Other liabilities	8,999	1,868	988	712	786
Equity	3,362	3,273	3,200	3,198	3,252
Total liabilities and equity	51,230	45,059	42,049	38,362	36,239
Key financial indicators					
Interest rate margin	0.8 %	0.9 %	1.2 %	0.8 %	0.8 %
Return on equity (Net income for the year/adjusted equity)	-2.8 %	2.4 %	3.9 %	-0.1 %	3.5 %
Loan loss level	-0.0 %	-0.05 %	-0.1 %	0.6 %	0.2 %
Loan loss provision/lending	-0.0 %	0.0 %	0.1 %	0.6 %	0.4 %

* Not recalculated according to new accounting policies. Refer to Note 1 for further information.

** Other operating income includes the "Net result of financial transactions." For 2008 this item amounted to MSEK -169.9. Refer also to explanation in the Board of Directors Report under the heading "Profit and profitability."

Risk and Capital Management



In providing 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 supervision, 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, Landshypotek has not been affected as much by economic downturns as its peers thanks to borrowers having a long term perspective and the stable value of the collateral (agricultural properties). In order to assess the effect of the economy moving into a less benign state, Landshypotek uses very conservative adjustments to its risk parameters when calculating its capital needs. In addition thereto, Landshypotek performs extensive stress tests.

IRB institution

In Sweden the new capital adequacy framework (Basel II) is in effect since 1 February 2007. At the end of 2006 Landshypotek received a positive ruling from the authorities to use the Internal Ratings Based (IRB) approach for reporting all those assets which can be reported using the IRB Approach (96 percent of the total credit volume). As of year-end 2008, these assets are reported with an average risk weight of 10 percent.

Regarding operational risk Landshypotek currently reports using the Basic Indicator approach. At Landshypotek all staff has been involved when adapting to the new regulatory framework, which has resulted in a more stringent credit assessment process across the country, 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 translates into a substantial reduction of the capital requirement until and including 2009, limited however by transitional rules. In Landshypotek's opinion this will not translate immediately into freed-up capital due to the regulatory framework's increased business cycle sensitivity, consideration of other risks and to rating. Landshypotek's capital requirement and an analysis of the capital adequacy are found in Note 33.

Risk organisation and responsibility

The Board of Directors has the ultimate responsibility for the risk organisation of the Group and for the maintenance of satisfactory operational internal control. The *Risk and Credit Committee* of the Board shall support the Board in this work, for example by reviewing the Group's risk, capital and liquidity policies for updates on a yearly basis. The committee is also the highest credit granting body and approves the risk parameters and models. The Board gets a report of the Company's risks at each Board meeting.

Subordinated to the Board and the Managing Director are committees with mandates to make decisions depending upon the type of risk. Landshypotek's *Risk and Capital Council*, chaired by the Chief Risk Control Officer, deals with issues relating to all of the risks Landshypotek is exposed to and decides if there is a need for a limitations with respect to risk. The committee also discusses the design of stress tests, the relationship between risk and capital and other capital issues. The Risk and Capital Council has held four meetings during 2008.

The *Finance Committee* convenes on a weekly basis. The Finance Committee monitors the market and liquidity risks and decides on the pricing of credits.

The Board and the Risk and Credit committee of the Board is the high-

est credit-granting body within Landshypotek, but only decides on a small number of credits. The *Credit Committee* is responsible for reviewing the credit-granting rules on a regular basis and for presenting proposals for changes to the Risk and Credit committee of the Board. The Chief Credit Officer is Chairman of the committee. The Credit Committee holds meetings when needed.

The *Credit Department* is responsible for the administration and management of the credit approval process. The Credit Department is furthermore responsible for analysis of the composition of the credit portfolio and for managing insolvency matters. Their 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 Risk and Credit Committee of the Board.

The Group has control functions, which are independent of the business operations: Risk Control, Compliance and Internal Audit.

The *Risk Control & Compliance Unit* carries out the over-arching risk control. The unit is responsible for follow-up and monitoring of all the risks of the Group. During the year the unit also assumed responsibility for surveillance of the Company's regulatory compliance. The unit is furthermore responsible for the development and validation of the credit risks models. The Chief Risk Control Officer reports to the Managing Director and is the Chairman of the Risk and Capital Council and is presenter in the Risk and Credit Committee in matters not dealing with individual credits.

The *Group's internal audit function* is an independent group-wide function, directly subordinated to the Board. The internal audit function is responsible for evaluating risk management, control and governance processes within the Group, which includes that operations are conducted in accordance with the intentions of the Board and the Managing Director. The Board adopts an annual plan for the work of the internal audit function.

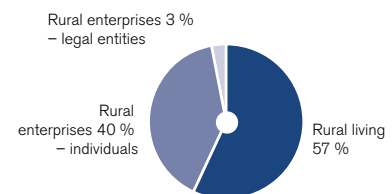
Assignment of exposure class and reporting method

The structural transformation of agriculture has meant that the number of entrepreneurs in agriculture and forestry has contracted and been replaced by rural living where business operations are more of a secondary pursuit or is more in the vein of leisure time activity. In order to follow this trend and to allow evaluation of the borrower in a true and correct manner, Landshypotek divides its customers into two separate customer categories: Rural Living and Rural Enterprises. This particular categorisation of customers is intended to separate those customers whose income is mostly derived from business activity (rural enterprise) from those borrowers who earn most of their income from employment and capital (rural living). All borrowers are categorised as a part of the credit application process.

Documentation has been drafted that describe the exposure classification distribution in detail and its definitions, linking to all accounts where assets can be booked and the sub-portfolios to which these categories should be classified. However, all customers who are legal entities are currently reported with risk weight 100 percent for conservative reasons. All other lending is categorised as belonging to exposure class "Retail." Retail exposures reported according to the IRB model are attributed to the subgroup "Residential Property". 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 method (such as intangible and tangible non-current assets and, real estate holdings, etc.)



Distribution of volume by customer category



	Exposure (SEK thousand)	Average risk weight
IRB method		
Exposure without counterparty	358,358	100%
Retail – real estate credits	40,010,946	10%
Total	40,369,304	
IRB method		
Companies	1,484,148	99%
Retail	294,862	75%
Institutional	10,285,671	19%
Municipalities, associations and authorities	1	0%
Nonperforming items	2,500	150%
Governments and central banks	19,165	0%
Other items	114	0%
Total	12,086,461	
Total exposure	52,455,765	



Since Landshypotek reports the absolute majority of its assets, which is equivalent to exposure including accrued interest of approximately SEK 40 billion, as retail exposure in the subgroup Residential property, breakdown by geography, 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

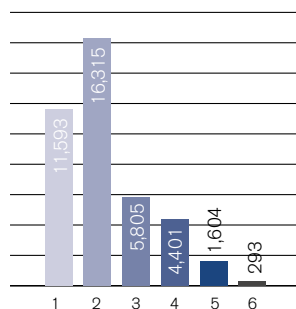
Landshypotek calculates its own risk estimates, PD, EAD and LGD, which for the Retail exposure class are used to calculate the capital requirement and the expected loss. In order for these risk parameters to be used, there must be an unambiguous definition of default. Landshypotek's definition of default is as follows:

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

Soft default – when it is probable that the customer will not be able to fulfil its obligations and/or that Landshypotek will have to realise the collateral, or take other similar action. The credit officer responsible needs to set the customer in default mode manually.

Exposure per PD risk class

SEK million



PD – Probability of Default: The risk classification model for the Retail exposure class is a scoring model (logistic regression) where the Swedish card prognosis is used as a so-called super factor in the model. The one-year probability of default is estimated for each risk class based on five years of internal data. The risk classification and the PD estimates are based on a so called Point-In-Time analysis, since the information regarding the counterparty's history of payment behaviour describes the present situation and not a forward-looking scenario. The risk classification is performed on a scale from 1 to 6, where 1 represents the highest credit quality and 6 is credits in default. (Exposure-weighted) average PD as of 31 December 2008 was 3.77 percent (including cyclical adjustment and a safety margin). The distribution of retail exposure by risk class is reported to the left.

The risk classification model is used to rank the borrowers in risk classes 1 to 5. The average default rate of each risk class is then calculated using actual data. The PD-estimates are significantly lower than the final estimates used when reporting capital adequacy since a through-the-cycle adjustment is required as well as an overall safety margin. Landshypotek validates the model on an annual basis. The estimated PD for 2008 was 0.89 percent compared to a realised actual rate of 0.39 percent.

EAD – Exposure At Default. The size of the exposure in the event of default is measured primarily in nominal terms (for all lending) and for the flexible first mortgage loans as an estimated exposure with an increment for possible future exposure. Since the flexible first mortgage loan is a relatively new product, Landshypotek lacks sufficient data to develop a statistically reliable model and a very conservative safety margin has therefore been added. Landshypotek uses the momentum approach when estimating the conversion

factor. The conversion factor is multiplied with 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 of the outstanding claim Landshypotek stands to lose in the event of default is based on internal data during the period 1995 to 2004. The loss ratio per observation is calculated by using the ratio of the economic loss and EAD in each respective loan-to-value range. The LGD classes are divided into five loan-to-value classes. LGD per risk class is derived by calculating the average LGD for all observations in each respective class (which means that realised values are used when calculating the estimates). The distribution of retail exposure by LGD risk classes is shown in the diagram to the right. In order to calculate the capital requirement the so-called “Downturn LGD” must be used, which is the LGD equivalent to the worst year during an economic cycle. For Landshypotek this year is 1994 and by using a very conservative approximation, an average LGD of 4.97 percent has been calculated. Finally, a safety margin is added to the estimate. The exposure-weighted LGD of Landshypotek’s IRB portfolio was, as of 31 December 2007, 6.23 percent.

Landshypotek validates the model on an annual basis and the outcome for the period 2005 to 2008, gave an exposure-weighted average LGD of 0.24 (not including Downturn LGD and a safety margin).

At year-end Landshypotek had 205 defaulted customers. For these an individual assessment of future cash flows has been made and the same discount principles have been applied as when developing the LGD model.

The credit approval process and the use of risk estimates

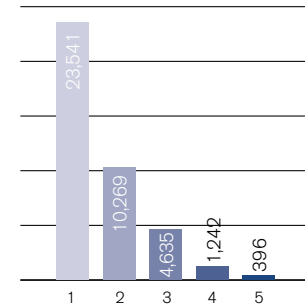
The central elements of the credit approval process are the internal and external control of payment behaviour, the risk classification of the borrower and the collateral, and the determination of the value of the property to be financed which constitutes the base for calculating the expected loss ($PD \times LGD \times EAD$). In cases where the expected loss exceeds an internally defined threshold level, more extensive analysis is performed. If the aggregate risk assessment of the borrower, for which the loan to value, risk class and loan volume are taken into account, points to a higher level or risk, the matter is brought before a higher decision-making body.

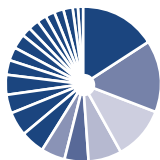
Loans are made against real estate mortgage deeds within 75 percent of an internally determined value, which is based on an assessment of the market value of the collateral. The internally determined value is the amount that constitutes the sustainable value of the collateral on a long-term basis.

At Landshypotek loan to value has been used for a long time as the primary instrument for administration and control of the risk of not having adequate collateral in the event of default. The relationship between loan to value and the 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 Lantbrukskredit AB and Landshypotek Jordbrukskredit AB loans may be secured by other collateral than real estate property, such as a personal guarantee or floating charge, while such collateral only is permitted as a complement to real estate mortgage deeds in Landshypotek AB.

Exposure per LGD risk class

SEK million



Geographic distribution of volume

Skåne län	16 %	Jönköpings län	3 %
Västra Götalands län	15 %	Gävleborgs län	3 %
Östergötlands län	11 %	Kronobergs län	2 %
Örebro län	7 %	Västmanlands län	2 %
Hallands län	5 %	Västernorrlands län	2 %
Värmlands län	5 %	Västerbottens län	2 %
Gotlands län	5 %	Jämtlands län	2 %
Södermanlands län	5 %	Dalarnas län	2 %
Uppsala län	4 %	Blekinge län	1 %
Kalmar län	4 %	Norrbottnens län	1 %
Stockholms län	3 %		

Valuation of the collateral – the farm property

The staffs of the regional offices is assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who, in the form of regional boards of directors with 4–8 members per region, play a very central 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 evaluation 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 always performed by Landshypotek's representatives and the value is documented in an appraisal opinion in writing.

Credit portfolio monitoring

Aside from the credit portfolio being monitored from a credit quality standpoint, the credit portfolio is examined regularly from different perspectives: by industry, geographically, by risk class, by limit group and so on. Landshypotek's retail exposure as of 31 December 2008 was geographically distributed as shown in the diagram to the left.

In connection 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 an industry or geographic area.

MARKET RISK

Market risk is defined as:

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

Market risks to which Landshypotek is exposed are interest rate risk and currency risk.

Risk management and analysis

The Board of Directors establishes Landshypotek's financial risk policy, which determines how the Group's financial risks are to be measured and reported, and sets limits. Risks are reviewed on an ongoing basis and are reported to Landshypotek's financial committee as well as to the Board of Directors. The Chief Financial Officer has the over-arching responsibility for management of the Group's financial risks. The Chief Risk Control Officer is responsible for independent control and quality assurance of reported risk-taking. Operations are also supported by state-of-the-art financial administrative systems with well developed routines for daily work as well as for risk calculations and analysis.

Exposure by loan term						
SEK THOUSAND	< 3 months	3–12 months	1–3 years	3–5 years	> 5 years	Total
Assets						
Loans to credit institutions	59,308					59,308
Loans to customers	21,595,107	4,900,721	9,784,464	5,083,705	2,707,911	44,071,908
Bonds and other interest-bearing securities		2,155,427	4,968,556	681,853	386,940	8,192,776
Derivative	9,050,033	2,233,128	535,776	1,302,899	2,767,286	15,889,122
Total assets	30,704,448	9,289,276	15,288,796	7,068,457	5,862,137	68,213,114
Liabilities						
Liabilities to credit institutions	7,009,565	500,000				7,509,565
Deposits and borrowing from the public	22,022	10,000				32,022
Securities in issue	13,132,785	7,950,131	10,093,141	4,092,514	5,416,284	40,684,855
Derivative	7,387,866	731,664	4,692,520	2,236,996	717,645	15,766,691
Total liabilities	27,552,238	9,191,795	14,785,661	6,329,510	6,133,929	63,993,133
Total	3,152,210	97,481	503,135	738,947	-271,792	4,219,981
Interest-sensitive net	3,825	710	9,770	28,697	-15,833	
Cumulative interest sensitivity		4,535	14,305	43,002	27,169	

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

Interest rate risks

Interest rate risks arise when interest fixing periods or interest bases for assets and liabilities are mismatched. Landshypotek seeks to manage interest rate risk that arises in the course of business by having the same interest fixing on borrowing as on the lending. Due to actual conditions and availability in 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 by, among other things, interest rate swaps. Landshypotek does not trade actively.

For purposes of calculating and managing interest rate risk Landshypotek's equity is deemed to be invested at the same average period of interest fixing 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 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 form of a finance instruction. Interest rate risks are followed up on an ongoing basis and are reported to Landshypotek's finance committee as well as to its Board of Directors. As of 31 December 2008 the interest rate risk at a parallel movement of the interest rate curve by one percentage point amounted to MSEK 27.2 (22.4).

Currency risks

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

**Currency exposure, Group, 2008,
local currency, millions**

Currency	Assets	Liabilities	Exposure
CHF	50,000	50,000	0
EUR	25,000	25,875	875
NOK	1,950,000	1,950,000	0

extent 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. Hence there is no currency risk. The part of the lending denominated in EUR is refinanced by borrowing in EUR. Marginal differences may arise here. Landshypotek is thus exposed to only marginal currency risk. Limits for Landshypotek's currency risk are set forth in the finance instruction. Management follows up the currency risk on a monthly basis. The nominal currency exposure amounted to EUR 875 thousand as of 31 December 2008, or a total of SEK 9,565 thousand converted to Swedish kronor.

Term of financial assets and liabilities

TSEK	< 3 months	3–12 months	1–3 years	3–5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	59,308	–	–	–	–	59,308
Loans to customers	21,595,107	4,900,721	9,784,464	5,083,705	2,707,911	44,071,908
Bonds		2,155,427	4,968,556	681,853	386,940	8,192,776
Derivative	200,379	256,949	327,997	196,977	161,111	1,143,413
Total	21,854,794	7,313,097	15,081,017	5,962,535	3,255,962	53,467,405
Financial liabilities						
Liabilities to credit institutions	7,009,565	500,000	–	–	–	7,509,565
Deposits and borrowing from the public	22,022	10,000	–	–	–	32,022
Securities in issue	4,717,500	11,147,101	15,656,092	4,979,139	4,680,204	41,180,036
Derivative	136,668	306,999	528,764	221,863	179,318	1,373,612
Other liabilities	100,000		350,000			450,000
Total	11,985,755	11,964,100	16,534,856	5,201,002	4,859,522	50,542,235
Net cash flow	9,869,039	–4,651,003	–1,453,839	761,533	–1,603,560	2,922,170
Unutilised credit facility	1,500,000	750,000				2,250,000
Refinancing risk	11,369,039	–3,901,003	–1,453,839	761,533	–1,603,560	
Accumulated refinancing risk	11,369,039	5,968,036	3,764,197	4,525,730	2,922,170	

The above table includes all contracted cash flows. The amounts are carried under the time slot when Landshypotek has the right to request payment or has the right to repay.

Liquidity risks

Refinancing risk is defined as the risk that Landshypotek is unable to refinance maturing borrowing. Landshypotek has a deliberate strategy of having borrowing with longer maturity than its lending. Landshypotek's borrowing strategy is also one of deliberate diversification of borrowing, both in terms of different types of instruments 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's shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from The Riksbank (the Swedish central bank). The Riksbank is in this case the so-called "lender of last resort." The holding consists of securities issued by Swedish institutions with a high credit rating, primarily covered bonds.

This liquidity reserve gives Landshypotek the opportunity of bridging over temporary strains on liquidity, but also provides opportunity to procure the necessary funds at times of severe liquidity crises by selling assets in an orderly fashion or reduce the financing need by calling loans. According to the loan terms, loans may be called for repayment two months before each day

for amending terms. The risk that Landshypotek would have to resort to calling loans is minimal and there are numerous actions that can be taken before things have deteriorated to that point.

Counterparty risks

Counterparty risks arise in the handling of Landshypotek's financial risks, i.e. the risk that a counterparty in financial transactions will not fulfill 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 all are issued by Swedish housing institutions or Swedish municipalities. The counterparties in derivative contracts are Swedish or international banks with high credit rating.

OPERATIONAL RISK

Operational risks are defined by Landshypotek as follows:

The risk of loss due to inadequate or failed internal processes, people and systems or from external events, which would affect business operations. The definition includes legal risk.

In order to follow up on the operational risk Landshypotek has defined seven loss categories, which further specifies the overall definition.

During the year Landshypotek improved the prerequisites for more stringent follow-up of the operative risks. This work has included both implementation of the policy for operational risks, as adopted by the Risk and Credit Committee of the Board of Directors during 2007 as well as the introduction of a tool to facilitate the reporting of incidents that have occurred in a systematic manner. All reported incidents and potential risks have been reviewed and compiled. Each risk/incident has been discussed at the Risk and Capital Committee meetings and have been reported to the Board of Directors.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

In order to evaluate its capital needs Landshypotek has developed a process for internal capital adequacy assessment, which has been approved by the Board.

The purpose of the ICAAP is to ensure that Landshypotek is capable of identifying report and manage all risks that the Group is exposed to. The ICAAP results in a detailed report of the current risk profile and the risk profile in the medium term, and constitutes the basis for the evaluation of the capital requirement, which must be on a par with the chosen risk profile. The capital constitutes a buffer against unexpected losses. Due consideration is also given to strategic business decisions and rating. The annual ICAAP furthermore includes a review of the organisation, critical documentation, such as policies and instructions as well as the risk management system as a whole.

Stress tests are performed in order to stress the capital needs during different assumptions, such as a deep economic recession. The ICAAP includes all types of risks that are believed to have an impact on operations. Aside from credit risks, market risks and operational risks, Landshypotek also actively monitor, for example, environmental risks, political risks, reputational risk, model and residual risks and strategic risks. Landshypotek's Chief Financial Officer is responsible for ICAAP process evaluating the capital need and 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 issues to the Risk and Capital Council, which ensures that the risk and capital matters continuously are in focus.



Notes

NOTE 1 ACCOUNTING POLICIES

Basis for preparing the Annual Accounts

The Annual Accounts are prepared in accordance with the provisions of the Swedish Annual Accounts Act for Financial Institutions and Securities Companies (ÅRKL) and the directives of the Swedish Financial Supervisory Authority, FFFS 2008:25. Accounting currency is Swedish Kronor (SEK).

Definitions and comparative data

The Landshypotek Group includes Landshypotek, ekonomisk förening and subsidiaries Landshypotek AB and Samkredit AB, and the subsidiaries of these companies, 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 according to the definition above. The complete corporate names are used for individual Group companies. Annual reports (Annual Accounts) are prepared in accordance with the Swedish Annual Accounts Act for Financial Institutions and Securities Companies and all amounts are stated in SEK thousand, unless otherwise specifically stated. In running text, the prior year's data are given in parentheses.

Standards, amendments and interpretations which entered into force in 2008

In the Annual Accounts for 2008 the line "Net result of financial transactions" has replaced the line reading "Result of valuation at fair value." Also reported on line "Net result of financial transactions" are both realised and unrealised results as a consequence of market value changes in financial instruments. Previously only realised results were reported on this line, while unrealised results were reported in net interest income. All comparative data have been adjusted accordingly.

Assessments and estimates

The Company is required to make assessments and estimates in preparing the Annual Accounts and consolidated financial statements in accordance with applicable accounting rules and regulations. Assessments made in the Annual Accounts are based on experience and assumptions that management regards as reasonable. Assumptions have been made with respect to financial instruments in cases where quoted market prices are not available, pension provisions, loan losses/doubtful credits and impairment tests of intangible assets.

Consolidated accounting

The consolidated financial statements include the Parent Company and its subsidiaries. All subsidiaries are 100-percent owned by Landshypotek, ekonomisk förening.

Subsidiaries are consolidated in accordance with the purchase method of accounting. All companies in the Group are Swedish companies with SEK as their accounting currency. Landshypotek AB has no associated companies.

Operating segments

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 and 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 products – first mortgage loans – in one geographic area – Sweden. Hence, there is no separate reporting for operating segments.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments with a maturity of three months or less.

Measurement of receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the rate of exchange prevailing on the balance sheet date.

Recognition and measurement rules for financial assets

Financial assets are divided into the following categories for measurement:

1. Loans and other trade receivables
2. Assets held to maturity
3. Financial assets valued at fair value through the income statement
4. Available-for-sale financial assets

Loans to financial institutions and loans to customers are classified as "Loans and other trade receivables." This means that valuation is at accrued acquisition value.

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 written down, 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 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." Regardless of classification, interest is reported in the income statement with application of the effective rate 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 reported under the item "Net result of financial transactions." Upon sale, or in the event of impairment, the accumulated gain or loss is reported on the line "Net result of financial transactions."

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 inure. Amortisation is based on the economic 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 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 financial institutions, and borrowing from the public, securities in issue and subordinated liabilities are classified as financial liabilities. Financial liabilities are valued and recorded at accrued acquisition cost by using the effective rate method. Transaction costs directly attributable to a specific liability are added to the acquisition cost and consideration is given thereto when calculating accrued acquisition 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 liability 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 in the case of impairment the accumulated gain or loss under the item "Net result of financial transactions." Accrued and realised interest in derivative financial instruments are 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 transferred virtually all risks and benefits associated with the liability.

Fair value option. Landshypotek has utilised the opportunity to value certain financial liabilities at fair value where this provides a more accurate way of describing the Company's financial position. This opportunity 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 undertaking 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. As of 31 December 2008 Landshypotek had no derivatives that are handled in accordance with the main rule.

Calculation of fair value

Fair value of financial instruments traded in an active market, such as financial assets that can be sold, is based on quoted market prices.

Fair value of financial instruments not traded in an active market is calculated by using the method of discounting 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. All instruments valued at fair value are valued already from the transaction date, however.

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 rate method under the heading interest income and interest expense, respectively. The change in value of financial assets and liabilities valued at fair value are 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 takes place by dividing into different types of hedges, depending on the purpose of the hedging operation.

Fair value hedges: The Group hedges parts of its exposure to interest rate risk in fixed interest financial liabilities, against changes in fair value due to interest rate changes. Interest swaps and interest currency swaps are used for this purpose. The effective portion of the change in the fair value of a derivative instrument identified as a fair value hedge, and which fulfils the requirements for fair value hedges, are accounted for in equity. The gain or loss attributable to the ineffective portion is accounted for immediately in the income statement under the heading "Net result of financial transactions."

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 rate swaps and currency interest swaps are used for this purpose. The effective portion of changes in the fair value of a derivative financial instrument identified as a cash flow hedge, and which fulfils the requirements for hedge accounting is reported in equity. 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 no longer is 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 operating income

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

Personnel costs

All direct personnel costs, including various forms of social benefit costs and personnel incidence costs 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, who manages the assets and handles pension payments for account of Landshypotek.

In the Group and the Parent Association are reported premiums paid relating to premium commitments secured in a pension foundation as an operating expense. The calculation is made in accordance with the Swedish Pension Obligation Vesting Act.

For more information about pensions, refer to Note 8 and Note 30.

Other expenses

The Other expenses item contains, among other things, operating costs for own properties.

Loan losses

As non-performing loans are reported loans where any part of a payment due is more than 90 days overdue – without taking into account the possibility of recovering the loan by realising collateral or security.

As doubtful credit is reported – after individual assessment – any loan where payments are unlikely to be made in accordance with the terms of the loan agreement and where the value of the collateral or security is deemed to be insufficient to cover with a sufficient margin the value of the loan. Doubtful credits are value at present value of assessed recoveries. For purposes of calculating the present value, estimated cash flows are discounted using the original contract rate. The difference between the outstanding loan amount 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 claim are made only on an exceptional basis since all lending is against collateral and security the value of which is realised in case of default. Restructured loan claims are commented upon in the Report of the Board of Directors to the extent they exist.

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. To the extent that 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 URA7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related group contributions rendered by Landshypotek AB to the parent, Landshypotek, ekonomisk förening, are carried directly to equity in Landshypotek AB. Group contributions rendered to reduce the Group's taxes are carried directly to equity in each respective 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 reported and values and values for tax purposes of assets and liabilities.

	GROUP		PARENT ASSOCIATION	
NOTE 2 NET INTEREST INCOME, SEK THOUSAND	2008	2007	2008	2007
Interest income				
Interest income on loans to financial institutions	295,538	151,076	68	65
Interest income on loans to Group companies	0	0	420	530
Interest income on loans to customers	2,042,169	1,740,086	–	–
less interest losses	–1,120	–1,063	–	–
Interest income on interest-bearing securities	14,021	3,797	–	–
less/add change in fair value	0	0	–	–
Other interest income	448	945	48	264
Total	2,351,056	1,894,841	536	859
Average interest on loans to customers.	4.95 %	4.38 %	–	–
All interest income is attributable to the Swedish market.				
Interest expense				
Interest expense for liabilities to Group companies	–	–	–1,111	–1,044
Interest expense for liabilities to financial institutions – other	–122,634	–27,474	–	–
Interest expense for borrowing from the public	–	–	–	–
Interest expense for interest-bearing securities	–1,828,718	–1,463,325	–	–
Interest expense on subordinated liabilities	–23,142	–35,006	–	–
Interest expense for derivative instruments	–30,384	44,602	–	–
Other interest expense	–1,560	–48,892	–	–
Total	–2,006,438	–1,530,095	–1,111	–1,044
Total net interest income	344,618	364,746	–576	–185
NOTE 3 DIVIDEND INCOME AND IMPAIRMENT OF FINANCIAL NON-CURRENT ASSETS, SEK THOUSAND	2008	2007	2008	2007
Dividends from Group companies	120	70,674	–	–
Impairment of shares	–	–70,037	–	–
A dividend of approximately MSEK 70 from a non-consolidated subsidiary was recognised as revenue during 2007 at the same time as impairment of the value of the shares held has been recorded as a cost. The subsidiary in question had as its principal asset a claim on Landshypotek in the amount of approximately MSEK 70, which was set off against the dividend in a like amount.				
NOTE 4 COMMISSION INCOME, SEK THOUSAND	2008	2007	2008	2007
Loan commissions	9,348	7,641	0	–
Commissions on securities	227	5,278	–	–
Total	9,575	12,919	–	–
NOTE 5 COMMISSION EXPENSE, SEK THOUSAND	2008	2007	2008	2007
Commissions on securities	–430	–368	–	–
Other commissions	–964	–268	–	–
Total	–1,394	–636	–	–
NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	2008	2007	2008	2007
Realised gains (losses) on repurchase of own securities issued	98,878	27,528	–	–
Realised result of sales of bonds and other interest-bearing securities	–20,044	–6,452	–	–
Realised gains (losses) on derivative contracts exercised before maturity	–53,038	–1,853	–	–
Total	25,796	19,223	–	–
Change in value of derivative instruments included in fair value hedge	368,529	–56,000	–	–
Change in value of bonds included in fair value hedge	–374,730	46,554	–	–
Change in value of derivative instruments not included hedging relationship	–85,082	–34,484	–	–
Change in value of bonds valued according to fair value option	–104,387	39,355	–	–
Total unrealised result	–195,670	–4,575	–	–
Net result of financial transactions	–169,874	14,648	–	–

CONT'D NOTE 6 NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007

Fair value hedges

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

Cash flow hedges

The Group hedges a portion of its exposure to interest rate risk in fixed-interest financial liabilities against changes in cash flows due to interest changes. Interest rate swaps and interest currency swaps are used for these purposes.

Fair value option

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

NOTE 7 OTHER OPERATING INCOME, SEK THOUSAND	2008	2007	2008	2007
Real estate commissions	25,136	24,530	–	–
Sale of operating property	–	34,841	–	–
Other	10,345	315	–	–
Total	35,481	59,686	–	–

NOTE 8 GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2008	2007	2008	2007
Personnel expenses				
Salaries and other compensation to Managing Director, senior management and Board of Directors	–9,671	–4,469	–753	–753
Salaries, etc. to other personnel	–45,985	–51,089	–3,202	–3,738
Provision to profit sharing foundation	–591	–974	–	–
Pension costs	–18,706	–24,591	–	–
Social insurance fees	–18,221	–18,242	–1,226	–1,323
Other personnel costs	–1,185	–1,247	–221	–375
Total	–94,359	–100,612	–5,402	–6,189
Specification of pension costs				
Change in provision for pensions	222	259	–	–
Pension premiums	–12,570	–20,774	–	–
of which to members of senior management	(–3,835)	(–4,205)	(–)	(–)
Directly paid pensions	–1,180	–1,157	–	–
Payroll and yield taxes attributable to pension costs	–3,291	–4,806	–	–
Defined benefit pension plans	–1,887	1,887	–	–
Total	–18,706	–24,591	–	–

In the Parent Company and in the Landshypotek, ekonomisk förening Group premiums paid for pension obligations secured by a pension fund are reported as an operating expense. The calculation is made in accordance with the Swedish Pension Obligation Vesting Act.

The Company's pension obligations are covered by insurance in Sparinstitutens Pensionskassa and by provision for pensions covered by credit insurance from FPG (Försäkringsbolaget Pensionsgaranti, ömsesidigt). Further information about the pension liability is reported in Note 30.

Number of male employees	52	52	2	2
Number of female employees	46	45	–	–
Total	98	97	2	2
Average number of paid employees, including substitutes	99.0	97.1	2.0	2.0

Absence due to illness in Landshypotek AB

Total absence due to illness	2.47 %	1.70 %
Long-term absence due to illness in percent of total absence due to illness	54.39 %	8.00 %
Absence due to illness for men	1.32 %	1.19 %
Absence due to illness for women	3.78 %	2.37 %
Employees – 29 years	7.96 %	2.27 %
Employees 30–49 years	2.99 %	1.89 %
Employees 50 years–	1.12 %	1.55 %

CONT'D NOTE 8 GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007
Loans to directors and members of senior management				
Loans to directors amount to	171,447	139,493	–	–
Loans to members of senior management amount to	8,083	1,146	–	–
Directors and members of senior management				
Number of directors	38	38	15	15
of whom men	31	31	10	10

For the Managing Director of Landshypotek AB and the Managing Director of Landshypotek, ekonomisk förening the retirement age is 62 years. In the event of termination at the initiative of the Company there is a right to termination pay for the Managing Director in the amount of one annual salary and severance pay in the amount of one annual salary. To the Board of Directors was paid fixed fees in the amount of SEK thousand 753 (753) in accordance with Annual General Meeting Resolution whence the Chairman of the board received SEK thousand 144 (144). Daily expense allowances were also paid. No other compensation has been paid for board-of-directors work.

Other administrative expenses

Costs for premises	–5,017	–4,628	–5	–3
Office expenses	–4,690	–3,955	–4	–11
Telephone, data networks and postage expenses	–4,358	–4,769	–179	–418
IT expenses	–46,945	–53,131	0	–
Purchased services	–31,558	–27,746	–1,957	–2,667
Auditing				
Audit fee Öhrlings PricewaterhouseCoopers	–2,634	–2,047	–355	–260
Assignments other than the audit assignment	–684	–1,520	–	–92
Auditor appointed by the Swedish Financial Supervisory Authority	–	–63	–	–
Other	–9,455	–7,501	–571	–568
Total	–105,341	–105,360	–3,071	–4,019
Grand total	–199,701	–205,972	–8,474	–10,208

NOTE 9 DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2008	2007	2008	2007
Intangible				
Amortisation of non-current assets	–237	–237	–	–
Impairment of non-current assets	–	–21,769	–	–
Tangible				
Depreciation of furniture and fixtures	–2,620	–3,377	–	–
Impairment of furniture and fixtures	–	–	–	–
Depreciation of real property	–8,671	–13,173	–	–
Impairment of real property	–	–	–	–
Total	–11,528	–38,556	–	–

NOTE 10 OTHER OPERATING EXPENSES, SEK THOUSAND	2008	2007	2008	2007
Marketing expenses	–13,619	–17,858	–382	–317
Costs for premises	–9,322	–10,562	–	–
Other	–2,143	–1,692	–835	–729
Total	–25,084	–30,112	–1,217	–1,046

NOTE 11 LOAN LOSSES, NET, SEK THOUSAND	2008	2007	2008	2007
Loan losses				
Year's write-off for realised losses	–2,207	–14,533	–	–
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts	1,125	14,425	–	–
Year's provision for probable loan losses	–1,262	–6,929	–	–
Recovery of previous realised losses	12,361	6,423	–	–
Reversal of prior provisions for probable loan losses	2,586	19,378	–	–
Total	12,603	18,764	–	–

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

	GROUP		PARENT ASSOCIATION	
NOTE 12 YEAR-END APPROPRIATIONS, SEK THOUSAND	2008	2007	2008	2007
Change in tax allocation reserve	–	–	–495	0
Group contribution from subsidiary	–	–	140,000	115,000
Refund of member contributions	–75,268	–49,657	–75,268	–49,657
Interest on member contributions	–52,842	–50,883	–52,842	–50,883
Total	–128,110	–100,540	11,395	14,460
NOTE 13 TAXES ON THE YEAR'S PROFIT, SEK THOUSAND	2008	2007	2008	2007
Current taxes	–5,573	–11,553	–416	–970
Change in deferred taxes relating to temporary differences	46,292	–5,371	0	0
Total	40,720	–16,924	–416	–970
Specification of change in deferred taxes relating to temporary differences	–	–	–	–
Deferred taxes relating to pension costs	–	–	–	–
Deferred taxes relating to tax loss carryforward	41,797	–8,056	–	–
Deferred taxes relating to depreciation of real estate	4,495	2,685	–	–
Total change in deferred taxes	46,292	–5,371	–	–
NOTE 14 LOANS TO FINANCIAL INSTITUTIONS, SEK THOUSAND	2008	2007	2008	2007
Loans to Group companies	–	–	–	12,000
Loans to banks	43,039	55,668	2,145	1,269
Loans to PlusGiro	18,607	11,997	63	104
Total	61,646	67,665	2,208	13,373
Loans to financial institutions by time remaining to maturity				
– payable on demand	61,646	67,665	2,208	1,373
– up to 3 months	–	–	–	12,000
– longer than 3 months up to 1 year	–	–	–	–
– longer than 1 year up to 3 years	–	–	–	–
– longer than 3 years up to 5 years	–	–	–	–
– longer than 5 years	–	–	–	–
Total	61,646	67,665	2,208	13,373
NOTE 15 LOANS TO CUSTOMERS, SEK THOUSAND	2008	2007	2008	2007
Loans outstanding	41,286,205	39,712,362	–	–
Less provisions for individually assessed loans outstanding	–82	–1,729	–	–
Net loans outstanding	41,286,123	39,710,633	–	–
Disclosures on loans due and doubtful credits				
Loans due where interest is recognised as income	257,443	279,675	–	–
Loans due where interest is recognised as income	291	15,447	–	–
Total	257,734	295,122	–	–
Doubtful credits that are not due	787	173	–	–
Less provisions set aside	–82	–1,729	–	–
Doubtful credits that are also due	291	15,447	–	–
Total	996	13,891	–	–
Doubtful credits that have regained status of normal credits during the year	158	13,416	–	–
Loans to customers by time to maturity				
– payable on demand	–	–	–	–
– up to 3 months	21,245,540	19,335,785	–	–
– longer than 3 months up to 1 year	4,245,472	4,879,163	–	–
– longer than 1 year up to 3 years	8,686,755	7,574,347	–	–
– longer than 3 years up to 5 years	4,592,286	5,008,103	–	–
– longer than 5 years	2,507,070	2,913,235	–	–
Total	41,286,123	39,710,633	–	–
Past due loan receivables (more than one day)	40,199	39,300	–	–

NOTE 16 BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007
Bonds				
Issued by Swedish municipalities	20,940		–	–
Issued by Swedish banks	59,999	247,990	–	–
Issued by Swedish housing finance institutions	8,392,521	4,048,209	–	–
of which covered bonds	8,392,521	3,794,801	–	–
Total	8,473,460	4,296,199	–	–
Holdings by time remaining to maturity				
– market value adjustment	280,684	–62,050	–	–
– up to 3 months		73,000	–	–
– longer than 3 months up to 1 year	2,155,427	277,781	–	–
– longer than 1 year up to 3 years	4,968,556	3,111,138	–	–
– longer than 3 year up to 5 years	681,853	896,330	–	–
– longer than 5 years	386,940	–	–	–
Total	8,473,460	4,296,199	–	–
Valuation of bonds and other interest-bearing securities				
Nominal amount	8,260,000	4,328,000	–	–
Accrued acquisition cost	8,192,776	4,358,249	–	–
Market value	8,473,460	4,296,199	–	–

Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as assets valued at fair value through the income statement. At year-end all holdings were classified as available-for-sale financial assets. Market valuation is primarily based on quoted market selling prices for each respective holding. Holdings lacking a market quotation are valued by discounting future cash flows. As discount rate is used the market rate with a margin to reflect each individual issuer's credit spread.

NOTE 17 DERIVATIVE FINANCIAL INSTRUMENTS, SEK THOUSAND	2008	2007	2008	2007
Derivative financial instruments not included in hedge accounting				
Positive closing value of interest rate swaps	63,514	32,988	–	–
Positive closing value of currency swaps	10,139	25,624	–	–
Total	73,653	58,612	–	–
Derivative financial instruments included in hedge accounting				
Positive closing value of interest rate swaps	76,053	20,418	–	–
Positive closing value of currency swaps	212,791	–	–	–
Total	288,844	20,418	–	–
Grand total	362,497	79,030	–	–

Reported above is the market value of derivative contracts. Accrued interest is reported as on the line for prepaid expenses and accrued income.

NOTE 18 SHARES, SEK THOUSAND	2008	2007	2008	2007
Shares				
Österåker Holding AB	–	70,037	–	–
Österåker Holding AB, impairment 2007	–	–70,037	–	–
ESS-gruppen, acquisition cost 2004	50,000	50,000	–	–
ESS-gruppen, impairment 2004	–49,999	–49,999	–	–
Miscellaneous	1	1	1	1
Total	2	2	1	1
Stake				
Österåker Holding AB stake	–	100 %	–	–
ESS-gruppen stake	100 %	100 %	–	–

For more information about impairment of the value of the shares in Österåker Holding AB, refer to Note 3.

NOTE 19 SHARES IN GROUP COMPANIES, SEK THOUSAND	2008	2007	2008	2007
Holdings in financial institutions				
Landshypotek AB 1,927,000 shares with a quotient value of SEK 100	–	–	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.

NOTE 20 INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007
Other intangible non-current assets				
Acquisition value at beginning of year	8,038	29,807	–	–
Assets added during the year	0	0	–	–
Closing acquisition cost	8,038	29,807	–	–
Accumulated amortisation at beginning of year	–7,801	–7,563	–	–
Year's amortisation	–237	–238	–	–
Impairment	0	–21,769	–	–
Closing accumulated amortisation and impairment	–8,038	–29,570	–	–
Book value	0	237	0	0

Intangible non-current assets consist of investments in software.

Impairment of intangible non-current assets charged in 2007 related to write-down of previously capitalised costs for adopting a new loan system. Since the supplier chosen was unable to deliver a satisfactory system, Landshypotek decided to suspend implementation and write down the value in the amount of the previously capitalised expenses.

NOTE 21 TANGIBLE ASSETS, SEK THOUSAND	2008	2007	2008	2007
Furniture, fixtures and equipment				
Non-current assets				
Acquisition cost at beginning of year	36,788	35,191	–	–
Assets added during the year	1,421	4,937	–	–
Disposals during the year	–3,099	–3,340	–	–
Closing acquisition cost	35,110	36,788	–	–
Accumulated depreciation at beginning of year	–30,357	–29,495	–	–
Year's depreciation and impairment	–3,250	–4,202	–	–
Accumulated depreciation of assets sold	3,099	3,340	–	–
Closing accumulated depreciation	–30,508	–30,357	–	–
Total furniture, fixtures and equipment	4,602	6,431	–	–
Buildings and land				
Current assets				
Agricultural properties taken over to protect claims				
Number of properties	–	–	–	–
Tax assessment value	–	–	–	–
Estimated fair value	–	–	–	–
Book value	–	–	–	–
Net recorded return	–	–	–	–
Non-current assets				
Operating properties				
Number of properties	7	8	–	–
Tax assessment value	276,068	280,470	–	–
Estimated fair value	454,400	521,580	–	–
Acquisition cost at beginning of year	391,371	389,753	–	–
Capitalised renovation costs	809	7,983	–	–
Properties sold	–1,360	–6,365	–	–
Closing acquisition cost	390,820	391,371	–	–
Write-up for the year	–	–	–	–
Accumulated depreciation at beginning of year	–44,996	–33,229	–	–
Deducted accumulated depreciation	2,317	1,406	–	–
Year's depreciation	–8,671	–13,173	–	–
Closing accumulated depreciation	–51,350	–44,996	–	–
Book value	339,470	346,375	–	–
Total buildings and land	339,470	346,375	–	–

	GROUP		PARENT ASSOCIATION	
NOTE 22 OTHER ASSETS, SEK THOUSAND	2008	2007	2008	2007
Advised interest and repayments	43,706	35,598	–	–
Claims on Group companies	13	–	140,000	115,003
Other receivables	38,586	10,291	544	2,093
Deferred tax asset	73,799	28,497	2,151	–
Total	156,103	74,386	142,695	117,096
NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	2008	2007	2008	2007
Prepaid expenses	5,701	6,853	185	164
Accrued interest	537,525	471,327	–	36
Total	543,226	478,180	185	200
NOTE 24 LIABILITIES TO FINANCIAL INSTITUTIONS, SEK THOUSAND	2008	2007	2008	2007
Borrowing from Group companies	–	–	15,000	14,000
Other financial institutions	7,509,565	760,407	–	–
Total	7,509,565	760,407	15,000	14,000
Liabilities to financial institutions by time remaining to maturity				
– payable on demand	9,565	–	–	–
– up to 3 months	7,000,000	665,854	15,000	14,000
– more than 3 months up to 1 year	500,000	94,553	–	–
– more than 1 year up to 3 years	–	–	–	–
– more than 3 years up to 5 years	–	–	–	–
– more than 5 years	–	–	–	–
Total	7,509,565	760,407	15,000	14,000
NOTE 25 BORROWING FROM THE PUBLIC, SEK THOUSAND	2008	2007	2008	2007
Other notes payable	32,022	48,000	–	–
Total	32,022	48,000	–	–
Borrowing from the public by time remaining to maturity				
– payable on demand	–	–	–	–
– up to 3 months	22,022	43,000	–	–
– more than 3 months less than 1 year	10,000	5,000	–	–
– more than 1 year up to 3 years	–	–	–	–
– more than 3 years up to 5 years	–	–	–	–
– more than 5 years	–	–	–	–
Total	32,022	48,000	–	–
NOTE 26 DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	2008	2007	2008	2007
Commercial paper	1,186,465	797,963	–	–
Bond loans	37,200,920	38,622,508	–	–
Total	38,387,385	39,420,471	–	–
Borrowing by time remaining to maturity				
– Market value adjustment	309,605	–169,511	–	–
– Remaining time to maturity 3 months	4,222,657	1,756,683	–	–
– Remaining time to maturity more than 3 months up to 1 year	10,278,771	11,021,765	–	–
– Remaining time to maturity more than 1 year up to 3 years	14,625,160	16,352,119	–	–
– Remaining time to maturity more than 3 years up to 5 years	4,706,109	6,847,869	–	–
– Remaining time to maturity more than 5 years	4,245,083	3,611,546	–	–
Total	38,387,385	39,420,471	–	–
Securities in issue classified as fair value hedging				
Nominal amount	2,985,000	5,210,000	–	–
Accrued acquisition cost	3,417,475	5,200,097	–	–
Fair value	3,703,503	5,130,858	–	–

CONT'D. NOTE 26 DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007
Securities in issue classified as fair value option				
Nominal amount	1,530,000	4,240,000	–	–
Accrued acquisition cost	1,552,859	4,273,675	–	–
Fair value	1,556,973	4,173,401	–	–
Change in value during the year due to change in our own credit spread	2,936	7,095	–	–

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 rate swaps and currency interest rate swaps are used for this purpose.

Cash flow hedges

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

Fair value option

Landshypotek has utilised the opportunity to value certain financial liabilities at fair value in cases where this provides a more true and fair image of its financial position. This possibility has been utilised for certain fixed-interest financial liabilities.

NOTE 27 DERIVATIVE FINANCIAL INSTRUMENTS, SEK THOUSAND	2008	2007	2008	2007
Derivative instruments not included in hedge accounting				
Negative closing value of interest rate swaps	248,443	106,369	–	–
Negative closing value of currency interest rate swaps	–	–	–	–
Total	248,443	106,369	–	–
Derivative instruments included in hedge accounting				
Negative closing value of interest rate swaps	78,881	79,803	–	–
Negative closing value of currency interest rate swaps	–	–	–	–
Total	78,881	79,803	–	–
Grand total	327,324	186,172	–	–

Reported above is the market value of derivative contracts. Accrued interest is reported as on the line for prepaid expenses and accrued income.

NOTE 28 OTHER LIABILITIES, SEK THOUSAND	2008	2007	2008	2007
Tax liabilities	5,211	2,894	–	–
Liabilities to Group companies	13	–	157	52
Other liabilities	159,679	164,935	124,563	114,460
Total	164,903	167,829	124,720	114,512

NOTE 29 ACCRUED EXPENSES AND PREPAID INCOME, SEK THOUSAND	2008	2007	2008	2007
Accrued interest	850,021	700,587	125	108
Other accrued expenses	18,490	5,628	7	158
Prepaid income	1,225	2,544	–	–
Total	869,736	708,759	131	266

NOTE 30 PROVISIONS, SEK THOUSAND	2008	2007	2008	2007
Provision for pensions	5,004	3,707	–	–
Deferred taxes	122,189	41,208	–	–
Total	127,193	44,915	–	–

The Group where Landshypotek, ekonomisk förening is parent company adheres to the Swedish Pension Obligations Vesting Act in reporting future pension obligations.

Specification of deferred taxes

Deferred tax on write-up of property	45,221	49,215	–	–
Deferred tax on write-up of property IAS 19	3,148	3,649	–	–
Deferred tax on revaluation reserve	73,820	–11,656	–	–
Deferred tax on pension liability	–	–	–	–
Total provision for deferred taxes	122,189	41,208	–	–

NOTE 31 SUBORDINATED LIABILITIES, SEK				GROUP		PARENT ASSOCIATION	
				2008	2007	2008	2007
2002/2012	SEK 350 000 000	6,75 %	Prom. note loan	350,000	350,000	–	–
2004/2014	SEK 100 000 000	4,63 %	Prom. note loan	99,983	99,983	–	–
Total				449,983	449,983	–	–

NOTE 32 MEMORANDUM ITEMS, SEK THOUSAND				2008	2007	2008	2007
Pledged assets				None	None	None	None
Contingent liabilities							
Försäkringsbolaget Pensionsgaranti, FPG				100	105		
Flexible first mortgages, approved amounts not utilised				227,537	84,557		
Total				227,637	84,662	None	None
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				3,159,432	3,159,432	3,204,585
– Share capital paid in or equivalent, after deduction of cumulative preference shares				1,043,588	1,043,588	1,043,588
– Equity component of reserves and profit or loss brought forward from preceding financial year				2,261,889	2,261,889	2,261,889
– Profit for the year				–92,573	–92,573	–92,573
– Deduction for deferred tax assets				–8,319	–8,319	–8,319
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act				–45,153	–45,153	–
Tier 2 capital				404,829	404,829	449,983
– Subordinated term loans in accordance with Chapter 8, Sections 18-30 of the Swedish Capital Adequacy and Large Exposures Act				449,983	449,983	449,983
– Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act				–45,154	–45,154	–
Capital base				3,564,261	3,564,261	3,654,568
Capital requirement for credit risks in accordance with the standard method				292,118	292,118	3,511,141
– Exposure to governments and central banks				0	0	–
– Municipalities, similar entities and authorities				0	0	–
– Institutional exposure				156,120	156,120	–
– Corporate exposure				118,039	118,039	–
– Retail exposure				17,658	17,658	–
– Non-performing items				300	300	–
– Other items				0	0	–
Capital requirement for credit risks in accordance with IRB				363,852	363,852	–
– Retail – real estate credits				335,183	335,183	–
– Without counterparty				28,669	28,669	–
Capital requirement for operative risks – Base method				49,868	49,868	–
Additional capital requirement in accordance with the transitional rules				–	2,363,882	–
Capital requirement				705,837	3,069,720	3,511,141
Capital adequacy ratio				5.05	1.16	1.04
Capital adequacy				40.40 %	9.29 %	8.33 %
Tier 1 capital adequacy				35.81 %	8.23 %	7.30 %

Capital adequacy ratio = Capital base/Capital requirement

IRB deduction

Anticipated loss amount in excess of provisions –90,307

NOTE 34 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND

GROUP 2008						
	Valued at fair value in income statement	Derivative instruments designated as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				2,707		
Eligible government securities, etc.				0		
Loans to financial institutions				61,646		
Loans to customers				41,286,123		
Bonds and other interest-bearing instruments					8,473,460	
Derivative instruments	73,653	288,844				
Shares						2
Shares in Group companies						
Intangible non-current assets						
Tangible assets						
Equipment						4,602
Buildings and land						339,470
Other assets						156,103
Prepaid expenses and accrued income						543,226
Total assets	73,653	288,844	0	41,350,476	8,473,460	1,043,403
Liabilities and provisions						
Liabilities to financial institutions				7,509,565		
Borrowing from the public				32,022		
Securities in issue, etc.	1,556,973			36,830,412		
Derivative instruments	248,443	78,881				
Other liabilities						164,903
Prepaid expenses and accrued income						869,736
Provisions						127,193
Subordinated liabilities				449,983		
Total liabilities and provisions	1,805,416	78,881	0	44,821,982	0	1,161,832
GROUP 2007						
	Valued at fair value in income statement	Derivative instruments designated as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks				295		
Eligible government securities, etc.				0		
Loans to financial institutions				67,665		
Loans to customers				39,710,633		
Bonds and other interest-bearing securities					4,296,199	
Derivative instruments	58,612	20,418				
Shares						1
Shares in Group companies						
Intangible non-current assets						237
Tangible assets						
Equipment						6,431
Buildings and land						346,375
Other liabilities						74,386
Prepaid expenses and accrued income						478,180
Total assets	58,612	20,418	0	39,778,593	4,296,199	905,611
Liabilities and provisions						
Liabilities to financial institutions			760,407			
Borrowing from the public			48,000			
Securities in issue, etc.	4,173,401		35,247,070			
Derivative instruments	106,369	79,803				
Other liabilities						167,829
Accrued expenses and prepaid income						708,638
Provisions						44,715
Subordinated liabilities			449 983			
Total liabilities and provisions	4 279 770	79 803	36 505 460	0	0	921 503

CONT'D. NOTE 34 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND

PARENT ASSOCIATION 2008						
	Valued at fair value in income statement	Derivative instru- ments designat- ed as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks						
Eligible government securities, etc.						
Loans to financial institutions				2,208		
Loans to customers						
Bonds and other interest-bearing securities						
Derivative instruments						
Shares						1
Shares in Group companies						1,870,378
Intangible non-current assets						
Tangible assets						
Equipment						
Buildings and land						
Other liabilities						142,695
Prepaid expenses and accrued income						185
Total assets	-	-	-	2,208	-	2,013,259
Liabilities and provisions						
Liabilities to financial institutions			15,000			
Borrowing from the public						
Securities in issue, etc.						
Derivative instruments						
Other liabilities						124,720
Accrued expenses and prepaid income						131
Provisions						
Subordinated liabilities						
Total liabilities and provisions	-	-	15,000	-	-	124,851
PARENT ASSOCIATION 2007						
	Valued at fair value in income statement	Derivative instru- ments designat- ed as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for-sale financial assets	Non-financial assets/liabilities
Assets						
Cash and cash equivalents and balances with central banks						
Eligible government securities, etc.						
Loans to financial institutions				13,373		
Loans to customers						
Bonds and other interest-bearing securities						
Derivative instruments						
Shares						1
Shares in Group companies						1,870,378
Immateriella anläggningstillgångar						
Tangible assets						
Equipment						
Buildings and land						
Other liabilities						117,096
Prepaid expenses and accrued income						200
Total assets	-	-	-	13,373	-	1,987,675
Liabilities and provisions						
Liabilities to financial institutions			14,000			
Borrowing from the public						
Securities in issue, etc.						
Derivative instruments						
Other liabilities						114,512
Accrued expenses and prepaid income						266
Provisions						
Subordinated liabilities						
Total liabilities and provisions	-	-	14,000	-	-	114,778

NOTE 35 DERIVATIVE INSTRUMENTS, SEK THOUSAND

GROUP 2008				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	6,700,000	139,567	6,854,000	327,324
– Options				
– Futures				
Currency-related				
– Swaps	2,691,213	22,930	–	–
– Options				
– Futures				
Total	9,391,213	362,497	6,854,000	327,324
GROUP 2007				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	4,140,000	53,406	10,090,000	186,172
– Options				
– Futures				
Currency-related				
– Swaps	1,749,574	31,919	402,345	6,295
– Options				
– Futures				
Total	5,889,574	85,325	10,492,345	192,467
PARENT ASSOCIATION 2008				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	–	–	–	–
– Option				
– Futures				
Currency-related				
– Swaps	–	–	–	–
– Options				
– Futures				
Total	–	–	–	–
PARENT ASSOCIATION 2007				
	With positive or zero closing value		With negative closing value	
	Nominal amount	Book value	Nominal amount	Book value
Interest-rate related				
– Swaps	–	–	–	–
– Options				
– Futures				
Currency-related				
– Swaps	–	–	–	–
– Options				
– Futures				
Total	–	–	–	–

The book values of derivative financial instruments are found in the balance sheet in items derivative financial instruments and accrued interest income/expense.

NOTE 36 FAIR VALUE DISCLOSURES, SEK THOUSAND

	GROUP 2008		GROUP 2007	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and cash equivalents with central banks	2,707	2,707	295	295
Eligible government securities, etc.	–	–	–	–
Loans to financial institutions	61,646	61,646	67,665	67,665
Loans to customers	41,286,123	42 261 458	39,710,633	39,776,943
Bonds and other interest-bearing securities	8,473,460	8,473,460	4,296,199	4,296,199
Derivative instruments	362,497	362,497	79,030	79,030
Shares	2	2	2	2
Shares in Group companies	–	–	–	–
Intangible non-current assets	–	–	237	237
Tangible assets	–	–	–	–
Equipment	4,602	4,602	6,431	6,431
Buildings and land	339,470	454 400	346,375	521,580
Other assets	156 103	156 103	74,386	74,386
Prepaid expenses and accrued income	543,226	543,226	478,180	478,180
Total assets	51,229 837	52 320 101	45,059,433	45,300,948
Liabilities and provisions				
Liabilities to financial institutions	7,509,565	7,509,565	760,407	760,407
Borrowing from the public	32,022	32,022	48,000	48,000
Securities in issue, etc.	38,387,385	39 925 512	39,420,471	39,075,487
Derivative instruments	327,324	327 324	186,172	186,172
Other liabilities	164 903	164 903	167,829	167,829
Accrued expenses and prepaid income	869,736	869,736	708,759	708,759
Provisions	127 193	127 193	44,915	44,915
Subordinated liabilities	449,983	454 359	449,983	454,729
Total liabilities	47 868 111	49 410 614	41,786,536	41,446,298
	PARENT ASSOCIATION 2008		PARENT ASSOCIATION 2007	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and cash equivalents with central banks	–	–	–	–
Eligible government securities, etc.	–	–	–	–
Loans to financial institutions	2,208	2,208	13,373	13,373
Loans to customers	–	–	–	–
Bonds and other interest-bearing securities	–	–	–	–
Derivative instruments	–	–	–	–
Shares	1	1	1	1
Shares in Group companies	1,870,378	1,870,378	1,870,378	1,870,378
Intangible non-current assets	–	–	–	–
Tangible assets	–	–	–	–
Equipment	–	–	–	–
Buildings and land	–	–	–	–
Other assets	142,695	142,695	117,096	117,096
Prepaid expenses and accrued income	185	185	200	200
Total assets	2,015,467	2,015,467	2,001,048	2,001,048
Liabilities and provisions				
Liabilities to financial institutions	15,000	15,000	14,000	14,000
Borrowing from the public	–	–	–	–
Securities in issue, etc.	–	–	–	–
Derivative instruments	–	–	–	–
Other liabilities	124,720	124,720	114,512	114,512
Accrued expenses and prepaid income	131	131	266	266
Provisions	–	–	–	–
Subordinated liabilities	–	–	–	–
Total liabilities	139,851	139,851	128,778	128,778

NOTE 37 ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2008	2007	2008	2007
Assets				
SEK	61,646	67,665	2,208	13,373
EUR				
NOK				
Loans to financial institutions	61,646	67,665	2,208	13,373
SEK	41,276,510	39,705,334		
EUR	9,613	5,299		
NOK				
Loans to customers	41,286,123	39,710,633	0	0
SEK	6,035,517	2,284,465		
CHF	369,655			
EUR	273,283	992,807		
NOK	2,160,210	1,098,253		
Financial assets	8,838,664	4,375,524	0	0
SEK	1,043,404	905,611	2,013,259	1,987,675
EUR				
NOK				
Other assets	1,043,404	905,611	2,013,259	1,987,675
Total assets	51,229,837	45,059,433	2,015,467	2,001,048
Liabilities				
SEK	7,500,020	660,559	15,000	14,000
EUR	9,545	99,848		
NOK				
Liabilities to financial institutions	7,509,565	760,407	15,000	14,000
SEK	32,022	48,000		
EUR				
NOK				
Borrowing from the public	32,022	48,000	0	0
SEK	36,361,546	38,061,123		
CHF	369,655			
EUR	273,283	897,250		
NOK	2,160,210	1,098,253		
Financial liabilities	39,164,693	40,056,626	0	0
SEK	1,161,831	921,503	124,851	114,778
EUR				
NOK				
Other liabilities	1,161,831	921,503	124,851	114,778
Total liabilities	47,868,111	41,786,536	139,851	128,778

Proposed Allocation of Earnings

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

- that MSEK 75.3, equivalent to 75 percent of interest paid, be applied as a refund to the members.
- that interest on contribution capital accounts be paid in an amount of MSEK 52.7. The rate of interest is proposed to be 5.00 percent on the regular portion of the contribution and 5.00 percent on voluntary contributions as well.
- that interest on contribution accounts be paid together with 30 percent of the refund.
- that the year's funds available for disposition:

Retained earnings	SEK 117 423 394
Profit for the year 2008	SEK 711 623
At the disposal of the annual association meeting	SEK 118 135 017

MSEK 118.1 to be carried forward.

The undersigned hereby certify that, as far as we are aware, the annual accounts are prepared in accordance with generally accepted accounting policies 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 accounts.

Stockholm, 11 March 2009

Lars Bäckström
Chairman

Anna Berg

Lars-Åke Folkmer

Inga-Lill Gilbertsson

Gunnar Granqvist

Olof Jakobsson

Anders Johansson

Eivor Nilsson

Pär Sahlin

Peder Thott

Henrik Toll

Eva Wedberg

Lars Öhman

Charlotte Önnestedt
Vice chairman

Kjell Stillman
Managing Director

Audit Report

To the annual association meeting of Landshypotek, ekonomisk förening, registration number 769600-5003.

We have audited the annual accounts, the consolidated financial statements, the accounting records and the administration of the board of directors and the managing director of Landshypotek, ekonomisk förening for the year 2008. The association's annual accounts are included in the printed version of this document on pages 53–93. 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 auditing standards in Sweden. Those 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 policies applied and the application thereof by the board of directors and the managing director, and an assessment of the critical estimates made by the board of

directors and the managing director in preparing the annual accounts, and evaluation the overall information contained in the annual accounts and the consolidated accounts. As a basis for our statement on discharge from responsibility, 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 if any member of the board of directors or the managing director has acted in contravention with the Swedish Co-operative Societies' Act, the Swedish Annual Accounts Act for Credit Institutions and Securities Companies or the statutes of the association. We believe that our audit provides a reasonable basis for our statements below.

The annual accounts and the consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a fair representation of the association's and the group's results and financial position in accordance with generally accepted accounting standards in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend that the annual association meeting adopts the income statement and the balance sheet for the association and the group, allocates 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.

Stockholm, 11 March 2009

Anna Hesselman
Authorised Public Accountant

Magnus Aaby-Ericsson

Anders Svensson

Senior management



Kjell Stillman
Managing Director



Göran Abrahamsson
Chief Member Officer

Board of Directors and Auditors



Lars Bäckström
Chairman



Charlotte Önnestedt
Vice chairman



Anna Berg
Director



Lars-Åke Folkmer
Director



Inga-Lill Gilbertsson
Director



Gunnar Granqvist
Director



Anders Johansson
Director



Olof Jakobsson
Director

Directors

Lars Bäckström, b. 1946, Tösse, accounting consultant, Chairman, Landshypotek, ek. för.

Anna Berg, b. 1958, Trädet, farmer, Director, Landshypotek, ek. för.

Lars-Åke Folkmer, b. 1946, Kvänum, University Diploma in Agricultural and Rural Management, Director, Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB.

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

Gunnar Granqvist, b. 1955, Lit, economist/farmer, Director, Landshypotek, ek.för., President of Jämtlandsgården Livsmedel AB.

Stig Högberg, b. 1960, Söråker, farmer, Director, Landshypotek, ek. för. Director, LRF's Association Board of Directors and Länsförsäkringar Västernorrland.

Olof Jakobsson, b. 1944, Havdhem, University Diploma in Agricultural and Rural Management, Director, Landshypotek, ek. för., Landshypotek and Landshypotek Jordbrukskredit AB.

Anders Johansson, b. 1948, Läckeby, farmer, Director, Landshypotek, ek. för., Landshypotek AB, Landshypotek Jordbrukskredit AB and The General Mortgage Bank of Sweden. Director, Lyckeby Stärkelsen and H. S. Kalmar Kronoberg.

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

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

Kjell Stillman, b. 1948, Västerås, Managing Director and Director, Landshypotek, ek. för., Landshypotek AB and in Landshypotek Jordbrukskredit AB. Chairman, Lantbrukskredit AB.

Peder Thott, b. 1942, Svedala, Bachelor of Science (Econ.), Director, Landshypotek, ek. för. Alternate Director, The General Mortgage Bank of Sweden. Managing Director and Director, Skabersjö Gods Chairman Sannarp AB. Director Näsbyholm Fideikommiss AB and Söderslätts Spannmålsgrupp ek. för. Alternate Director, Skånska Biobränslebolaget AB.



Pär Sahlin
Director



Kjell Stillman
Managing Director, Director



Peder Thott
Director



Henrik Toll
Director



Lars Öhman
Director



Eva Wedberg
Personnel Representative
SACO, Director



Eivor Nilsson
Personnel Representative
Finansförbundet, Director

Henrik Toll, b. 1954, Sorunda, Director, Landshypotek, ek. för., Landshypotek AB and Landshypotek Jordbrukskredit AB. Alternate Director, The General Mortgage Bank of Sweden. Chairman, Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra Borgaren AB and Västra Borgaren AB. Director, Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

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

Lars Öhman, b. 1953, Skänninge, University Diploma in Agricultural and Rural Management, Director, Landshypotek, ek. för. Managing Director, and -Director, Stavlösa Gård AB. Director, Sveriges Spannmålsodlare ekonomisk förening, Lovang-gruppens Handelshus AB and Municipal Board of the Municipality of Vadstena.

Charlotte Önnestedt, b. 1963, Ödeshög, University Diploma in Agricultural and Rural Management, Vice Chairman, Landshypotek, ek. för.

Auditors

Anna Hesselman, Stockholm, Authorised Public Accountant.
Magnus Aaby-Ericsson, Alvesta, University Diploma in Agricultural and Rural Management.
Anders Svensson, Marieholm, agronomist.

Deputy Auditors

Bengt Fröander, Stockholm, Authorised Public Accountant.
Torgny Långström, Rokenäs, economist agronomist.
Teri Lee Eriksson, Svartsjö, horticulturist.



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Addresses

HEAD OFFICE

Landshypotek AB

Strandvägen 1
Box 14092
SE-104 41 Stockholm
+46-8-459 04 00

Lantbrukskredit AB

Strandvägen 1
Box 14092
SE-104 41 Stockholm
+46-8-459 04 80

Landshypotek Jordbrukskredit AB

Strandvägen 1
Box 14092
SE-104 41 Stockholm
+46-8-459 04 32

SALES ORGANISATION

Sales Manager

Bertil Andersson

+46-46-32 75 41
+46-70-344 75 41

Vice Sales Manager

Katarina Johansson

+46-611-53 36 62
+46-70-390 84 00

REGIONAL OFFICES

Falkenberg

Torsholmsvägen 3
Box 289
SE-311 23 Falkenberg

Gävle

Södra Centralgatan 5
Box 1267
SE-801 37 Gävle

Göteborg

Lyckans väg 4
Box 5047
SE-402 21 Göteborg

Härnösand

Nybrogatan 10
Box 64
SE-871 22 Härnösand

Regional Manager

Mårten Lidfeldt
+46-346-71 82 90

Regional Manager

Per Ericsson
+46-26-13 46 90

Regional Manager

Christina Unger-Åfeldt
+46-31-708 36 00

T.f. Regional Manager

Vanja Höglund
+46-611-53 36 60

Kalmar

Husängsvägen 2
Box 833
SE-391 28 Kalmar

Karlstad

Älvgatan 1
Box 421
SE-651 10 Karlstad

Kristianstad

Krinova Science Park
Stridsvagnsvägen 14
SE-291 39 Kristianstad

Linköping

Vasavägen 5
Box 114
SE-581 02 Linköping

Regional Manager

Eivor Nilsson
+46-470-72 64 50

Regional Manager

Jörgen Larsson
+46-54-17 74 90

Regional Manager

Stefan Svennefelt
+46-46-32 75 40

Regional Manager

Stig-Arne Bojmar
+46-13-10 65 10

Lund

S:t Lars väg 42 B, 4 tr
Box 1017
SE-221 04 Lund

Skara

Skaraborgsgatan 34
Box 66
SE-532 21 Skara

Skellefteå

Trädgårdsgatan 8
Box 12
SE-931 21 Skellefteå

Stockholm

Strandvägen 1
Box 14092
SE-104 41 Stockholm

Regional Manager

Per Hansson
+46-46-32 75 40

Regional Manager

Lars Nilsson
+46-511-34 58 80

Regional Manager

Roland Peterson
+46-910-73 31 60

Regional Manager

Jonas Charander
+46-8-412 57 00

Uppsala

Kungsgatan 47 A, 3 tr
SE-753 21 Uppsala

Visby

Österväg 3B
Box 1102
SE-621 22 Visby

Växjö

Kronobergsgatan 9
Box 1205
SE-351 12 Växjö

Örebro

Stortorget 4
Box 415
SE-701 48 Örebro

Östersund

Rådhusgatan 46
Box 505
SE-831 26 Östersund

Regional Manager

Jonas Charander
+46-8-412 57 00

Regional Manager

Ulf Pettersson
+46-498-20 75 70

Regional Manager

Anders Karlsson
+46-470-72 64 50

Regional Manager

Robert Liljeholm
+46-19-16 16 30

Regional Manager

Håkan Antonsson
+46-63-14 12 70

Loans

+46-771-44 00 20

Rates, investments

+46-771-44 00 30

Internet

www.landshypotek.se



LANDSHYPOTEK

www.landshypotek.se