

# LANDSHYPOTEK AB

## INTERIM REPORT JANUARY–MARCH

### 2009 #1

#### ■ OPERATING PROFIT, NOT INCLUDING "NET RESULT OF FINANCIAL TRANSACTIONS", AMOUNTED TO MSEK 28.8 (47.9)

The change in profit is explained by lower net interest income and a decline in recoveries. Net interest income for the first quarter of 2009 amounted to MSEK 74.0, a drop by MSEK 12.2 compared to the corresponding year-ago period. The lower net interest income is explained primarily by lower market rates, which meant a lower return on the portion of equity invested in lending operations. Also reported are recoveries during the first quarter of 2008 in the amount of MSEK 5.2. There is no corresponding item for the first quarter of 2009.

#### ■ LOAN VOLUME AMOUNTED TO MSEK 41,881 (40,122)

Loans outstanding increased by 1.4 percent during the period, to MSEK 41,881. The loan volume increased by 1.0 percent during the corresponding year-ago period. The increase in growth in 2009 is explained by increased activity in the market. There is great interest in purchasing additional land as well as investment in buildings and machinery.

#### ■ LOAN LOSS LEVEL 0.01 PERCENT (–0.05 PERCENT)

Loan losses during the first quarter 2009 amounted to MSEK 0.8, equivalent to 0.01 percent of loans outstanding. During the corresponding period 2008, recoveries exceeded loan losses and Landshypotek reported recoveries of MSEK 4.7, equivalent to –0.05 of loans outstanding. As of 31 March 2009, doubtful credits amounted to MSEK 7.4 (5.0), equivalent to 0.02 percent (0.01 percent) of loans outstanding..

#### ■ CAPITAL ADEQUACY WAS 38.3 PERCENT; TIER 1 CAPITAL ADEQUACY WAS 34.7 PERCENT

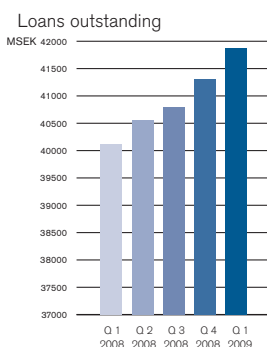
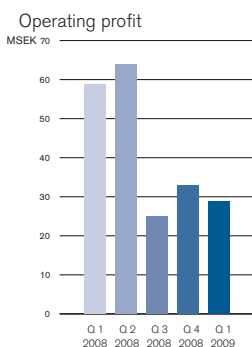
Based on the Basel II capital adequacy rules, Landshypotek has a very strong capital situation. Transitional rules remain in effect during 2009; under the transitional rules Landshypotek has capital adequacy of 9.6 percent and Tier 1 capital adequacy of 8.7 percent.

#### ■ THE COMPREHENSIVE PROFIT FOR THE PERIOD AMOUNTED TO MSEK 26.3 (34.1)



# Landshypotek AB

Landshypotek AB (organisation number 556500-2762) hereby submits its interim report for the period 1 January – 31 March 2009.



Landshypotek offers Sweden's farm and forest owners financing in the form of first mortgage loans at the market's most attractive rates. With loans outstanding of approximately SEK 42 Billion, Landshypotek is the market leader with more than 35 percent of the market. Landshypotek's lending is characterised by adequate real property security, which has meant very low credit losses.

Landshypotek AB customers are members of Landshypotek, ekonomisk förening (incorporated association). Landshypotek's goal is to keep interest rates as low as possible on a sustained basis to the customers/members and to provide refunds of paid regular loan interest. Landshypotek has close to 100 employees at some twenty locations in Sweden.

## Profit

The consolidated operating result for the period January – March 2009 amounted MSEK –0.7, a decrease by MSEK 57.5 compared to corresponding year-ago period (MSEK 56.8). Not including “Net result of financial transactions” operating profit amounted to MSEK 28.8 (47.9). Net interest income for the first quarter amounted to MSEK 74.0, a decrease of MSEK 12.2 compared to the first quarter of 2008 (MSEK 86.2). The decrease is explained primarily by lower market interest rates during 2009 than during 2008. This affects the return on equity invested in the lending operations. The margin between borrowing and lending was stable and remains at the same level as last year. The higher volume of loans outstanding had a positive impact on net interest income.

Operating income not including net interest income amounted to MSEK –21.0, a decrease by MSEK 40.0 compared to the first quarter of 2008. The decrease is explained primarily by the fact that the “net result of financial transactions” dropped to MSEK –29.5 from MSEK 9.0 during the first quarter of 2008. Net result of financial transactions includes the realised result of purchases and sales of financial instruments and the result from repurchase of own bonds. In order to gain an understanding of the total effect of fair value measurement, the revaluations carried directly to equity must also be taken into account. The total revaluation effect for Landshypotek will then be very close to zero.

Costs amounted to MSEK 52.9, which is close to the level one year ago (MSEK 52.1).

Compared with the fourth quarter of 2008, the operating result for the first quarter improved by MSEK 132.8.

## Loan losses and doubtful credits

Loan losses for the period amounted to MSEK –0.8 (+4.7). Recoveries of previously realised losses, or previously doubtful credits, amounted to MSEK 0.1 (5.2). Doubtful credits amounted to MSEK 7.4, which is equivalent to 0.02 percent of loans outstanding. As of 31 March 2008 doubtful credits amounted to MSEK 5.0, equivalent to 0.01 percent of loans outstanding.

## Financing

Landshypotek's primary source of financing is covered bonds. Covered bonds were issued under Landshypotek's Swedish MTN programme in an amount of approximately 10 billion SEK, which is equivalent to approximately 55 percent of the estimated financing need during 2009. The situation in the capital market improved during the first part of 2009. Landshypotek is of the opinion that continued action on the part of central banks and govern-

ments will be important in order to secure the function of the market. Landshypotek has ample assets of the highest quality that can be used to secure transactions with central banks and other public agencies. It is therefore felt that the Company's liquidity situation will continue to be satisfactory during the year.

**Rating**

Landshypotek AB's rating did not change during the period.

**Capital adequacy**

SEK thousand	Financial Corporate Group	
	Basel II	Transitional rules
Tier 1 capital	3,040,869	3,040,869
Tier 2 capital	310,782	310,782
<b>Capital base after deduction</b>	<b>3,351,651</b>	<b>3,351,651</b>
Deduction for deferred tax assets	-99,870	
Deduction in accordance with Chapter 3, Sections 8 of the Swedish Capital Adequacy and Large Exposures Act	-78,436	
Capital requirement for credit risks in accordance with the standard method	335,328	335,328
Capital requirement for credit risks in accordance with IRB	315,443	315,443
Capital requirement for operative risks – Base method	49,869	49,869
Additional capital requirement in accordance with the transitional rules	-	2,105,064
<b>Capital requirement</b>	<b>700,640</b>	<b>2,805,704</b>
<b>Capital adequacy ratio</b>	<b>4.8</b>	<b>1.2</b>
<b>Capital adequacy</b>	<b>38.3 %</b>	<b>9.6 %</b>
<b>Tier 1 capital adequacy</b>	<b>34.7 %</b>	<b>8.7 %</b>

The capital base, not including the period's profit, amounted to MSEK 3,352 as of 31 March and the capital ratio was 4.8. Equity increased by MSEK 26.3 during the year.

The capital requirement as of 31 March was MSEK 700.6. The capital requirement is calculated as a minimum capital requirement based on credit, market and operative risks (Pillar I).

In addition to the minimum capital requirement each institution must make an internal assessment of its capital requirement. This internal capital assessment shall take all risks into account as well as the capital requirement.

The supervisory authorities expect institutions to maintain a higher capital base than required by the formal minimum capital requirement.

The capital requirement changes will take effect gradually as transitional rules will apply over a period of three years.

Stockholm, 14 May 2009



Kjell Stillman, Managing Director

**Rating**

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

This Interim Report covers the Group comprised of Landshypotek AB, subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB and The General Mortgage Bank of Sweden. Landshypotek AB is reported separately.

Amounts in parentheses refer to the corresponding period one year ago.

This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting.

The accounting policies applied for this Interim Report are unchanged compared to those set forth in the most recent Annual Report.

This Interim Report has not been examined by the Company's auditors.

# Income Statement

## LANDSHYPOTEK AB GROUP

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
Interest income	506,301	630,720	506,301	535,309	2,352,047
Interest expense	-432,329	-540,033	-432,329	-449,092	-2,006,857
<b>Net interest income</b>	<b>73,972</b>	<b>90,687</b>	<b>73,972</b>	<b>86,217</b>	<b>345,190</b>
Dividend income	0	0	0	0	120
Commission income	2,590	2,331	2,590	2,400	9,575
Commission expense	-780	-124	-780	-655	-1,394
Net result of financial transactions	-29,487	-166,514	-29,487	8,962	-169,874
Other operating income	6,711	6,384	6,711	7,271	35,481
<b>Total operating income</b>	<b>53,006</b>	<b>-67,237</b>	<b>53,006</b>	<b>104,195</b>	<b>219,097</b>
General administrative expense	-44,088	-55,549	-44,088	-42,783	-183,235
Depreciation, amortisation and impairment of intangible non-current assets	-3,659	-4,530	-3,659	-4,621	-11,528
Other operating expenses	-5,158	-7,155	-5,158	-4,708	-23,867
<b>Total expenses before loan losses</b>	<b>-52,905</b>	<b>-67,234</b>	<b>-52,905</b>	<b>-52,112</b>	<b>-218,630</b>
<b>Result before loan losses</b>	<b>101</b>	<b>-134,471</b>	<b>101</b>	<b>52,083</b>	<b>467</b>
Loan losses, net	-764	965	-764	4,731	12,603
Impairment of financial assets	0	0	0	0	0
<b>Operating result</b>	<b>-663</b>	<b>-133,506</b>	<b>-663</b>	<b>56,814</b>	<b>13,070</b>
Year-end appropriations	0	0	0	0	0
Taxes on the period's result	713	36,868	713	-15,703	-656
<b>Net result for the period</b>	<b>50</b>	<b>-96,638</b>	<b>50</b>	<b>41,111</b>	<b>12,414</b>

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
<b>Net result for the period</b>	<b>50</b>	<b>-96,638</b>	<b>50</b>	<b>41,111</b>	<b>12,414</b>
Other comprehensive profit and loss					
Change in instruments for cash flow hedges	-13,267	-94,427	-13,267	169	-99,180
Change in available-for sale instruments	48,917	369,038	48,917	-9,975	343,912
Tax related to other comprehensive profit and loss	-9,373	-74,307	-9,373	2,746	-65,941
<b>Total other comprehensive profit and loss</b>	<b>26,277</b>	<b>200,304</b>	<b>26,277</b>	<b>-7,060</b>	<b>178,791</b>
<b>Total comprehensive result for the period</b>	<b>26,327</b>	<b>103,666</b>	<b>26,327</b>	<b>34,051</b>	<b>191,205</b>

**LANDSHYPOTEK AB PARENT COMPANY**

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year	
Interest income	503,123	626,872	503,123	534,003	2,345,617	
Interest expense	-434,447	-545,144	-434,447	-452,980	-2,025,461	
<b>Net interest income</b>	<b>68,676</b>	<b>81,728</b>	<b>68,676</b>	<b>81,023</b>	<b>320,156</b>	
Dividend income	0	0	0	0	0	
Commission income	2,581	2,320	2,581	2,395	9,546	
Commission expense	-760	-104	-760	-650	-1,349	
Net result of financial transactions	-29,487	-166,514	-29,487	8,962	-169,874	
Other operating income	6,039	5,737	6,039	7,271	33,501	
<b>Total operating income</b>	<b>47,049</b>	<b>-76,834</b>	<b>47,049</b>	<b>99,001</b>	<b>191,979</b>	
General administrative expense	-45,553	-58,678	-45,553	-42,507	-185,738	
Depreciation, amortisation and impairment of intangible non-current assets	-3,659	-4,485	-3,659	-4,621	-11,483	
Other operating expenses	-4,827	-6,446	-4,827	-4,654	-22,694	
<b>Total expenses before loan losses</b>	<b>-54,039</b>	<b>-69,609</b>	<b>-54,039</b>	<b>-51,782</b>	<b>-219,915</b>	
<b>Result before loan losses</b>	<b>-6,990</b>	<b>-146,443</b>	<b>-6,990</b>	<b>47,219</b>	<b>-27,936</b>	
Loan losses, net	Note 1	-766	962	-766	771	1,093
Impairment of financial assets	0	0	0	0	0	
<b>Operating result</b>	<b>-7,756</b>	<b>-145,481</b>	<b>-7,756</b>	<b>47,990</b>	<b>-26,843</b>	
Year-end appropriations	0	0	0	0	0	
Taxes on the period's result	2,041	40,682	2,041	-13,437	10,070	
<b>Net result for the period</b>	<b>-5,715</b>	<b>-104,799</b>	<b>-5,715</b>	<b>34,553</b>	<b>-16,773</b>	

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
<b>Net result for the period</b>	<b>-5,715</b>	<b>-104,799</b>	<b>-5,715</b>	<b>34,553</b>	<b>-16,773</b>
Other comprehensive profit and loss					
Change in instruments for cash flow hedges	-13,267	-94,427	-13,267	169	-99,180
Change in available-for sale instruments	48,917	369,038	48,917	-9,975	343,912
Tax related to other comprehensive profit and loss	-9,373	-74,307	-9,373	2,746	-65,941
<b>Total other comprehensive profit and loss</b>	<b>26,277</b>	<b>200,304</b>	<b>26,277</b>	<b>-7,060</b>	<b>178,791</b>
<b>Total comprehensive result for the period</b>	<b>20,562</b>	<b>95,505</b>	<b>20,562</b>	<b>27,493</b>	<b>162,018</b>

# Balance Sheet

SEK Thousand	GROUP			PARENT COMPANY		
	2009 31 Mar	2008 31 Dec	2008 31 Mar	2009 31 Mar	2008 31 Dec	2008 31 Mar
<b>Assets</b>						
Cash and balances with central banks	12,879	2,707	1,866	12,879	2,707	1,866
Eligible treasury bills	0	0	0	0	0	0
Due from financial institutions	117,633	59,308	97,874	118,597	71,991	314,137
Loans to customers Note 2	41,880,969	41,301,123	40,121,622	41,584,674	41,024,606	39,877,331
Bonds and other interest-bearing securities	10,223,997	8,473,460	5,208,075	10,223,997	8,473,460	5,208,075
Derivative financial instruments	594,114	362,497	38,600	594,114	362,497	38,600
Shares	1	1	1	0	0	0
Shares in Group companies	0	0	0	514,927	514,927	515,027
Intangible non-current assets	0	0	178	0	0	178
Tangible assets						
Equipment	4,209	4,602	6,569	4,209	4,602	6,569
Buildings and land	336,336	339,470	343,965	332,557	335,803	339,528
Other assets	399,788	167,224	59,497	376,305	144,111	86,983
Prepaid expenses and accrued income	564,203	543,167	523,692	563,771	542,386	524,509
<b>TOTAL ASSETS</b>	<b>54,134,129</b>	<b>51,253,559</b>	<b>46,401,939</b>	<b>54,326,030</b>	<b>51,477,089</b>	<b>46,912,803</b>
<b>Liabilities, provisions and equity</b>						
Due to financial institutions	8,122,620	7,509,565	924,722	8,423,379	7,836,229	1,342,049
Borrowing to the public	10,000	32,022	48,279	10,000	32,022	48,279
Debt securities in issue, etc.	40,934,804	38,387,386	40,752,041	40,934,804	38,387,386	40,702,041
Derivative financial instruments	372,067	327,324	137,071	372,067	327,324	137,071
Other liabilities	179,094	190,475	168,605	165,634	176,738	365,768
Accrued expenses and prepaid income	619,920	869,730	572,154	620,587	871,986	575,127
Provisions	201,254	169,031	87,855	160,770	127,194	58,091
Subordinated liabilities	350,000	449,983	449,996	350,000	449,983	449,996
<b>Total liabilities</b>	<b>50,789,759</b>	<b>47,935,516</b>	<b>43,140,723</b>	<b>51,037,241</b>	<b>48,208,862</b>	<b>43,678,422</b>
<b>Untaxed reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Equity</b> Note 3	<b>3,344,370</b>	<b>3,318,043</b>	<b>3,261,216</b>	<b>3,288,788</b>	<b>3,268,227</b>	<b>3,234,381</b>
<b>Total liabilities, provisions and equity</b>	<b>54,134,129</b>	<b>51,253,559</b>	<b>46,401,939</b>	<b>54,326,030</b>	<b>51,477,089</b>	<b>46,912,803</b>

# Cash Flow Statement

SEK thousand	GROUP			PARENT COMPANY		
	2009 Jan–Mar	2008 Jan–Mar	2008 Full year	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
<b>Liquid funds at beginning of period</b>	<b>2,707</b>	<b>295</b>	<b>295</b>	<b>2,707</b>	<b>295</b>	<b>295</b>
Cash flow from operating activities	110,287	3,861	4,732	110,176	150	1,645
Cash flow from investing activities	–132	–2,290	–2,320	–21	1,421	767
Cash flow from financing activities	–99,983	0	0	–99,983	0	0
<b>Cash flow for the period</b>	<b>10,172</b>	<b>1,571</b>	<b>2,412</b>	<b>10,172</b>	<b>1,571</b>	<b>2,412</b>
<b>Liquid funds at end of period</b>	<b>12,879</b>	<b>1,866</b>	<b>2,707</b>	<b>12,879</b>	<b>1,866</b>	<b>2,707</b>

# Notes

## NOTE 1 LOAN LOSSES

### GROUP

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
The period's impairment charge for realised losses	–325	–404	–325	–705	–2,207
Reversal of prior provisions for probable loan losses, reported as realised losses	325	505	325	619	1,125
Impairment charge for probable loan losses	–841	–703	–841	–366	–1,262
Recovery of previous realised losses	74	706	74	4,025	12,361
Reversal of provisions no longer required for probable loan losses	3	861	3	1,158	2,586
<b>Total loan losses</b>	<b>–764</b>	<b>965</b>	<b>–764</b>	<b>4,731</b>	<b>12,603</b>

All loan losses are attributable to loans to customers

### PARENT COMPANY

SEK thousand	2009 Q 1	2008 Q 4	2009 Jan–Mar	2008 Jan–Mar	2008 Full year
The period's impairment charge for realised losses	–325	–404	–325	–705	–2,207
Reversal of prior provisions for probable loan losses, reported as realised losses	325	504	325	619	1,124
Impairment charge for probable loan losses	–841	–703	–841	–366	–1,262
Recovery of previous realised losses	72	705	72	64	852
Reversal of provisions no longer required for probable loan losses	3	860	3	1,159	2,586
<b>Total loan losses</b>	<b>–766</b>	<b>962</b>	<b>–766</b>	<b>771</b>	<b>1,093</b>

All loan losses are attributable to loans to customers

## NOTE 2 NONPERFORMING LOANS, ETC.

### GROUP

### PARENT COMPANY

SEK thousand	2009 31 Mar	2008 31 Dec	2008 31 Mar	2009 31 Mar	2008 31 Dec	2008 31 Mar
Nonperforming loans where interest is recognised as income	256,849	257,443	193,009	252,957	257,209	191,830
Nonperforming loans that are doubtful credits	6,895	291	5,924	6,895	291	5,924
<b>Total nonperforming loans</b>	<b>263,744</b>	<b>257,734</b>	<b>198,933</b>	<b>259,852</b>	<b>257,500</b>	<b>197,754</b>
Doubtful credits that are not nonperforming	784	787	170	784	787	170
Less provisions set aside	–317	–82	–1,079	–317	–82	–1,079
Doubtful credits that are non-performing	6,895	291	5,924	6,895	291	5,924
<b>Total doubtful loans</b>	<b>7,362</b>	<b>996</b>	<b>5,015</b>	<b>7,362</b>	<b>996</b>	<b>5,015</b>
Shares taken over to protect claims	1	1	1			

## NOTE 3 CHANGES IN EQUITY

GROUP, SEK thousand	Share capital	Other contributed capital	Hedging reserve	Fair value reserve	Retained earnings	Total
<b>Equity 31 December 2008</b>	<b>1,927,000</b>	<b>1,026,248</b>	<b>–58,048</b>	<b>206,864</b>	<b>215,979</b>	<b>3,318,043</b>
Net profit for the period			–9,778	36,055	50	26,327
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>–9,778</b>	<b>36,055</b>	<b>50</b>	<b>26,327</b>
Dividend/group contribution rendered						
Taxes on group contribution rendered						
<b>Equity 31 March 2009</b>	<b>1,927,000</b>	<b>1,026,248</b>	<b>–67,826</b>	<b>242,919</b>	<b>216,029</b>	<b>3,344,370</b>
<b>Equity 31 December 2007</b>	<b>1,927,000</b>	<b>1,026,244</b>	<b>14,701</b>	<b>–44,676</b>	<b>303,896</b>	<b>3,227,165</b>
Net profit for the period			122	–7,182	41,111	34,051
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>–7,182</b>	<b>41,111</b>	<b>34,051</b>
Dividend/group contribution rendered						
Taxes on group contribution rendered						
<b>Equity 31 March 2008</b>	<b>1,927,000</b>	<b>1,026,244</b>	<b>14,823</b>	<b>–51,858</b>	<b>345,007</b>	<b>3,261,216</b>
<b>PARENT COMPANY, SEK thousand</b>	<b>Share capital</b>	<b>Other contributed capital</b>	<b>Hedging reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Equity 31 December 2008</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>–58,048</b>	<b>206,864</b>	<b>182,411</b>	<b>3,268,227</b>
Net profit for the period			–9,778	36,055	–5,715	20,562
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>–9,778</b>	<b>36,055</b>	<b>–5,715</b>	<b>20,562</b>
Dividend/group contribution rendered						
Taxes on group contribution rendered						
<b>Equity 31 March 2009</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>–67,826</b>	<b>242,919</b>	<b>176,696</b>	<b>3,288,788</b>
<b>Equity 31 December 2007</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>14,701</b>	<b>–44,676</b>	<b>299,863</b>	<b>3,206,888</b>
Net profit for the period			122	–7,182	34,553	27,493
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>122</b>	<b>–7,182</b>	<b>34,553</b>	<b>27,493</b>
Dividend/group contribution rendered						
Taxes on group contribution rendered						
<b>Equity 31 March 2008</b>	<b>1,927,000</b>	<b>1,010,000</b>	<b>14,823</b>	<b>–51,858</b>	<b>334,416</b>	<b>3,234,381</b>

