



LANDSHYPOTEK

ANNUAL REPORT 2009

Contents

Landshypotek in brief	2
The Year in Brief	3
Statement of the Managing Director	4

Landshypotek AB	
Report of the Board of Directors	6
Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening	15
Income Statement	16
Balance Sheet	17
Statement of Changes in Equity	18
Cash Flow Statement	19
Five-year Summary	20
Risk and Capital Management	21
Notes	29
Proposed Allocation of Earnings	54
Audit Report	55
Senior Management	56
Board of Directors and Managing Director	57

Landshypotek, ekonomisk förening	
Report of the Board of Directors	58
Corporate Governance Landshypotek AB and Landshypotek, ekonomisk förening	67
Income Statement	68
Balance Sheet	69
Statement of Changes in Equity	70
Cash Flow Statement	72
Five-year Summary	73
Risk and Capital Management	74
Notes	82
Proposed Allocation of Earnings	106
Audit Report	107
Senior Management	109
Board of Directors and Auditors	110

Addresses	Inside cover
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Schedule of information

Annual Meeting (association)	5 May 2010
Annual Meeting	5 May 2010
Interim Report Q1	7 May 2010
Interim Report Q2	27 August 2010
Interim Report Q3	28 October 2010





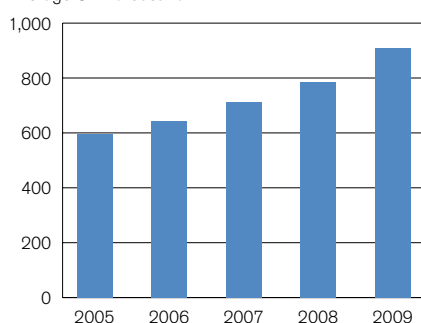
Landshypotek is a cooperative credit institution specialised in the financing of Swedish agriculture and forestry.

Landshypotek in brief

Landshypotek is a member-owned, Swedish credit institution and the market leader in lending to agriculture and forestry. Today, Landshypotek offers the majority of financial services that the customers need in their business and privately, including bank and insurance services.

Average lending

Average SEK thousand



On average, each member borrows SEK 909,000 from Landshypotek. The average loan amount has risen due to structural rationalisation in agriculture. This structural rationalisation has meant that the number of farmers has decreased at the same time as agriculture has become more capital intensive.

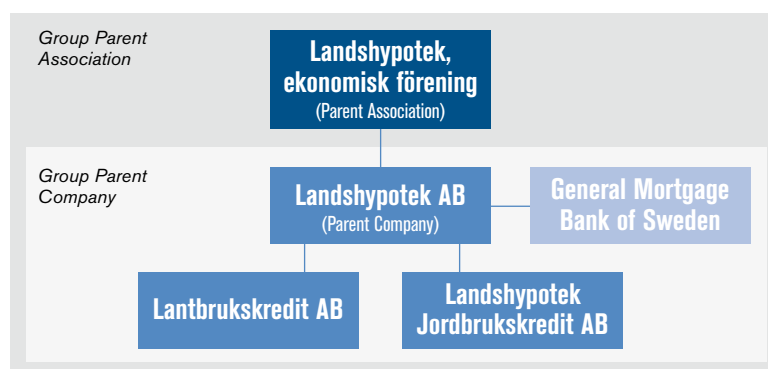


Definition of agricultural property

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.

Landshypotek is a cooperative economic association. The cooperative concept is the cornerstone of the business. This means that the customers are members of the economic association that owns and operates the business. When the business provides a surplus, all members receive a refund on their interest payments.

The business began in 1836 and today has 51,000 members, all land and forest owners. To be able to participate in the cooperative, one must own a farm or forestry land and have a first mortgage loan with Landshypotek.



Summary Landshypotek AB Group	2009	2008
Net interest income	294.5	345.2
Operating profit	172.2	13.1
Profit after taxes	129.2	12.4
Loans to customers	46,456.0	41,301.1
Increase in loans	12.5 %	4.0 %
Interest margin	0.67 %	0.85 %
Cost level	0.48 %	0.54 %
Loan loss level	0.02 %	0.00 %
Rating, long term		
Standard & Poor's, covered bonds	AAA	AAA
Standard & Poor's	A-	A-
Fitch	A+	A+
Moody's	A3	A2
Average number of employees	95	98

The Year in Brief

Landshypotek, ekonomisk förening, Group

Operations

LENDING

12.5

The Group's lending increased by 12.5 percent to MSEK 46,456 (41,286).

OPERATING PROFIT

103

Operating profit not including net result of financial transactions amounted to MSEK 103 (165).

CAPITAL ADEQUACY

8.87

The Group's capital adequacy ratio stands at 8.87 percent.

Member dividend

TOTAL DIVIDEND

91

The Board of Directors proposes that MSEK 91 (128) of the year's earnings be refunded to the members of Landshypotek, ekonomisk förening.

REFUND

4.5

The refund portion amounts to MSEK 65, which is equivalent to 4.5 percent (3.75) of interest paid on ordinary loan interest.

INTEREST ON CONTRIBUTED CAPITAL

2.5

Interest on contributed capital is proposed to be paid in an amount of MSEK 26, equivalent to 2.5 percent (5.0).

Important events

New bank and insurance services

In order to satisfy market demand and needs, we launched both bank and insurance services during the year. The bank services are supplied in co-operation with Sparbanken Finn and the insurance services in co-operation with the insurance brokerage Säkra.

Record lending

In 2009, lending exceeded all previous records. The Group's lending increased by slightly more than SEK 5.2 billion, or 12.5 percent, and totalled SEK 46.5 billion.

More offices

During 2009 the number of Landshypotek offices increased to 19. We now have representation from Skellefteå in the north to Lund in the south.

New MD in 2010

At the end of the year, Kjell Hedman was appointed the new Managing Director of Landshypotek. He will formally assume his duties as of 1 June 2010. Kjell Hedman has extensive experience of banking and mortgage operations and is very familiar with the granting of credit against collateral in forestry and agricultural properties.



Into the 2010s with pride



“ The new organisation is both more effective and better adapted to meet customers’ needs. ”

“ Landshypotek’s foremost strength may be our locally based expertise. ”

Having experienced a financial crisis of historic proportions, Landshypotek remains steadfast with a business concept and operations that win respect among growing numbers of borrowers and investors.

The dominant event during the year was the financial crisis, of course. Periodically, borrowing in the banking system functioned poorly. Now that the acute crisis appears to be over, the turbulence has proved to have benefited a long-term stable actor such as Landshypotek. We have been able to continue our well balanced lending expansion to owners of forestry and agricultural properties. With that we reinforced our position as the market leader of first mortgages to farming and forestry during the year.

Continued modernisation and efficiency enhancement

During the year, Landshypotek built a base organisation adapted to the market of the 2010s. Operations were decentralised and moved closer to Landshypotek’s customers and members. We went from ten regional offices to 19 district offices, at the same time as important support functions were centralised and streamlined. The new organisation is both more effective and better adapted to meet the customers’ needs. We were thus also able to achieve set cost targets for our multi-year savings plan.

Landshypotek’s foremost strength may be our locally based expertise with very in-depth knowledge of each local market. This has been built up over a long period of time and represents a significant investment that is not easy for our competitors to match. Our unique system of elected appraisers gives us the security of accurately appraising the collateral. This minimises the risk of loan losses and means that we can offer the customers the best terms possible.

Structural changes driving the market

Property prices were relatively stable through the crisis. Clear regional differences exist, however. In southern and central Sweden, demand for arable land has long been greater than the supply. This is in part an expression for the long-term consolidation of agriculture and forestry towards larger units. Attractive land is seldom put on offer on the market, and when it is, it is often viewed as an opportunity for multiple buyers. In northern Sweden, the economic situation has been more noticeable. The properties there are often smaller. The buyers have withdrawn at the same time as the number of executive forced sales grew somewhat during the year.

In a longer perspective, the capital-intensive development we described earlier remains. The future generation shift and ensuing investment phases in agriculture as well as expected ownership changes in the forestry sector generate large needs for financing. Here, high standards are set on the type of expertise, that is Landshypotek’s strength.

New bank and insurance services

During the year, we broadened our own portfolio of services. We now offer our customers both insurance and bank services such as deposits, payment services and a complete Internet bank. We are accordingly adapting to our members' express wishes. The new services are offered through Landshypotek, but provided by strategic partners of Landshypotek. The bank services are provided in co-operation with Sparbanken Finn, and the insurance services are provided through the insurance brokerage Säkra.

We are thereby broadening the range of services, but not increasing the risk as these services are handled as a complement and additional service to the members.

I am now turning over the helm

This annual report will be my last as managing director of Landshypotek. My successor, Kjell Hedman, was appointed at the end of 2009 and I will formally turn the reigns over to him on 1 June 2010. Kjell Hedman has extensive experience of banking and mortgage operations and is very familiar with the granting of credit collateralized by forestry and agricultural properties.

I am proud to note that we have succeeded in expanding, modernising and developing a strong Landshypotek, at the same time as we have remained steadfast in our principles. Landshypotek has shown that the co-operative business concept works in both strong economies and recessions. I would therefore like to conclude by directing a heartfelt thank you to all of our knowledgeable and committed employees, to our business partners and investors, and especially to all of Landshypotek's customers and members.

Stockholm in March 2010



Kjell Stillman
Managing Director

“ The turbulence has proved to benefit a long-term stable actor such as Landshypotek. ”

“ Landshypotek has shown that the co-operative business concept works in both strong economies and recessions. ”

Report of the Board of Directors

Local presence is an important success factor for Landshypotek



Today, Landshypotek has offices spread throughout Sweden. A local presence is of great importance in the work of offering the market personal service by employees with considerable knowledge of the local conditions.

On 9 March 2010, the Board of Directors of Landshypotek AB (publ), organisation number 556500-2762, approved the financial statements. These will be presented for final adoption by the regularly scheduled Annual General Meeting on 5 May 2010.

Business

Landshypotek AB is a member-owned credit institution specialised in lending to Swedish agriculture and forestry. Landshypotek offers first mortgage loans on competitive terms and conditions with real property as collateral. Through cooperation with partners, customers are also offered supplemental bank and insurance services.

Landshypotek AB is owned by Landshypotek, ekonomisk förening (Landshypotek 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. At the end of 2009, the association had 51,000 members.

During 2009, operations were conducted by the following corporate entities:

- Landshypotek AB
- Landshypotek Jordbrukskredit AB
- Lantbrukskredit AB
- The General Mortgage Bank of Sweden (Hypoteksbanken) – being phased out.

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

The Group uses the capital market as its source of funding. Desired flexibility is achieved by borrowing being divided into several borrowing programmes adapted to various types of investors. Landshypotek AB is currently responsible for all borrowing. Until 1997, the General Mortgage Bank of Sweden (Hypoteksbanken) was responsible for borrowing.

Organisation

Landshypotek has approximately 100 employees at 19 sales offices throughout the country. The local presence is an important success factor for the Company. The staff has good local knowledge and expert knowledge about the conditions for agriculture and forestry as well as entrepreneurial enterprise. In order to increase availability and the level of service, Landshypotek continued to develop its interaction with the customers through sales offices and by offering new Internet services.

The representatives on Landshypotek's regional boards of directors are charged with performing appraisals on customer properties. The representatives 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 board members are also active advocates of the Company and represent Landshypotek in a variety of contexts.

Market overview

Market trends

Landshypotek's customers still have a bright outlook on the future even though conditions have deteriorated somewhat compared with the preceding year, with rising prices on input goods and lower prices on goods produced. Milk farmers in particular were hurt by a degraded earning power. However, the general consensus is that the price of milk has bottomed out and may rise from current levels. The slightly impaired conditions for farmers have led to a situation where the structural transformation of Swedish agriculture has gained renewed momentum. The number of producers in traditional farming is shrinking, especially in milk and swine production, at the same time as diversification on farms is on the rise. New lines of business include contracting and energy. The state of the forestry business has recovered from the downturn during the past autumn and winter and demand for timber is high.

Price trend for forestry and agricultural properties

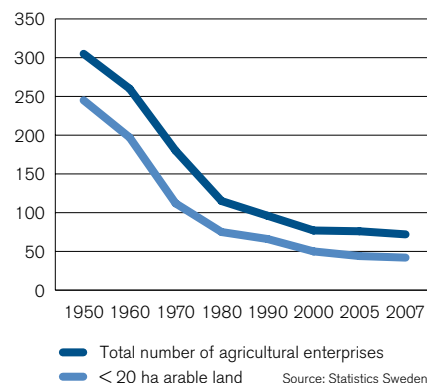
Prices of agricultural properties continued to rise in 2009. Prices of forestry properties remained stable during the period. Landshypotek believes that the prices will rise somewhat in 2010. Landshypotek has noted an increase in price variations. Price declines have been noted for certain objects in less attractive locations, while prices for high-quality arable and forest land have increased.

Landshypotek's development

Landshypotek increased net lending by SEK 5.2 billion during the year. This increase corresponds to a lending growth of 12.5 percent compared with 4.0 percent the preceding year. The increased growth in 2009 compared with 2008 is due to increased market activity. There is great interest in purchasing additional land, as well as investment in buildings and machinery. Landshypotek maintains its position as the market leader in the market for first mortgage loans to farm and forest owners.

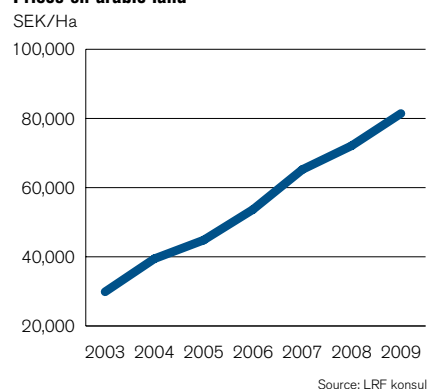
The organisational changes carried out by Landshypotek in recent years have largely had the objective that we should come closer to the customers and be more present and visible in the market. Among other efforts, the number of sales offices has been increased from 10 at the beginning of the 2000s to 19 today. The product range has also been broadened. Landshypotek's core business consists of offering land and forest owners the market's most attractive first mortgage loans. In order to satisfy its customers' other needs for bank services, Landshypotek offers its customers banking services in cooperation 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 broad 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. Landshypotek collaborates with Sparbanken Finn to be able to offer the customers bank services. Landshypotek also offers its customers insurance. Insurance, such as farm insurance and life insurance, is brokered by Landshypotek to its customers; insurers are reputable insurance companies that are a part of Landshypotek's network of

Number of agricultural enterprises



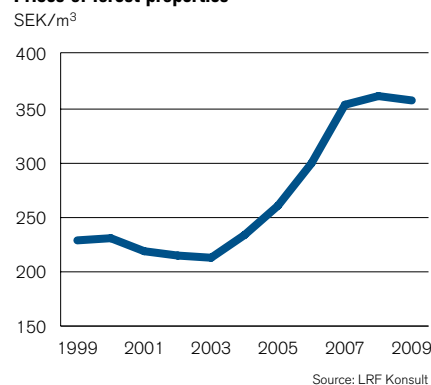
The structural transformation in agriculture has meant that the number of agricultural enterprises has dropped sharply in the past 15 years. This structural transformation is continuing and has the gained momentum in recent years.

Prices on arable land



In 2009, the price of arable land rose by an average of 13 percent compared with 2008. Demand for arable land remains strong at the same time as the supply is relatively small and interest rates are low.

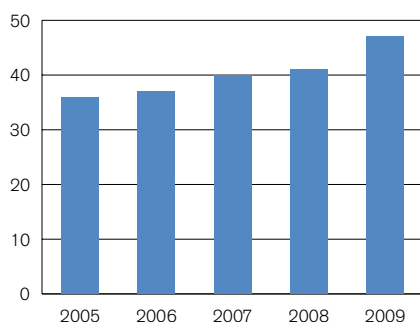
Prices of forest properties



The average price of forest properties was SEK 358/m³ in Sweden as a whole in 2009.

Loans to customers

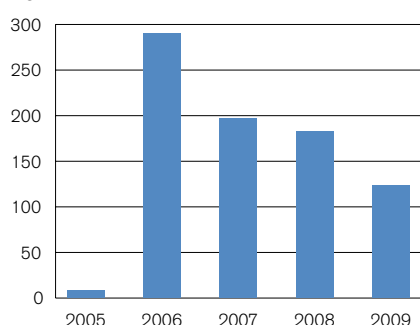
SEK billion



Landshypotek's loans to customers amounted to MSEK 46,456 at 31 December 2009. During the year, lending increased by 12.5 percent.

Operating profit

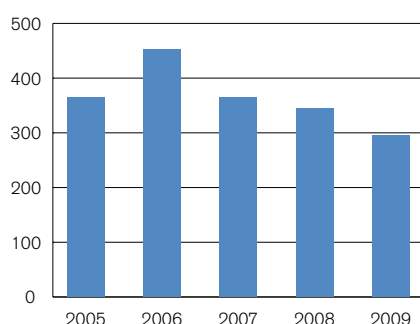
MSEK



Operating profit, excluding "Net result of financial transactions" amounted to MSEK 123.1 in 2009. The decrease in profit is primarily due to lower net interest income.

Net interest income

MSEK



In 2009, net interest income amounted to MSEK 294.5. The size of net interest income is determined by the lending volume, the margin between the borrowing and lending interest rates and the return received on equity invested in lending operations.

partners. During the year, a cooperation agreement was signed with Säkra, which thereby becomes an important partner for Landshypotek.

Success factors

Crucial factors for Landshypotek to continue to experience a strong development in the market and defend its position as the leader in its area of business include:

- good knowledge of its customers' business,
- products that meet the customers' needs,
- elected appraisers who can accurately appraise the collateral,
- a good credit rating, which together with correctly appraised collateral guarantees, continued low levels of loan loss, and
- low borrowing costs.

Profit and profitability**Key financial indicators**

	2009	2008
Net interest income, MSEK	294,466	345,190
Interest rate margin	0.67 %	0.85 %
Other operating income, MSEK	96	-126
Costs, MSEK	-209,662	-218,630
Cost level, %	-0.48 %	-0.54 %
Operating profit, MSEK	172,158	13,070
Loan losses, MSEK	-8,484	12,603
Loan loss level, %	0.02 %	-0.03 %

The consolidated operating profit for 2009 amounted to MSEK 172.2, an increase of MSEK 159.1 compared with the preceding year (MSEK 13.1). Excluding "Net result from financial transactions", operating profit amounted to MSEK 123.1 (183.0), a decrease of MSEK 59.9 compared with 2008. The decrease in profit is primarily due to a lower net interest income as a result of lower market interest rates and lower levels of recovery of previously confirmed loan losses.

Net interest income

Net interest income for 2009 amounted to MSEK 294.5, a decrease of MSEK 50.7 compared with 2008 (345.2). The decrease is primarily due to the fact that interest rates were lower in 2009 compared with 2008. This affects the return on the portion of equity invested in the lending operations. The margin between borrowing and lending, excluding equity, was stable and remained at the same level as last year. The higher lending volume had a positive impact on net interest income.

Other operating income

Operating income not including net interest income amounted to MSEK 95.8, an increase by MSEK 221.9 compared with the corresponding period in 2008. This increase is primarily due to an increase in "Net result of financial transactions" by MSEK 49.1, from MSEK -169.9 in 2008. Net result of financial transactions includes the realised result of purchases and sales of financial instruments and the result from the repurchase of own bonds. This item also includes the result of revaluation of certain financial instruments. In order to gain an understanding of the total effect

Landshypotek's covered bonds

Landshypotek has issued covered bonds in an amount of SEK 46.2 billion. Assets in the covered pool corresponding to SEK 50.4 billion are in place as collateral for these bonds.

Collateral base and covered bonds

Collateral base			
Loans	SEK 44.2 billion		
Supplemental collateral	SEK 6.2 billion		
SEK 50.4 billion			
Covered bonds			
Issued in SEK	SEK 37.8 billion		
Issued in foreign currency	SEK 8.4 billion		
SEK 46.2 billion			
Excess collateral	SEK 4.2 billion	9.0 %	

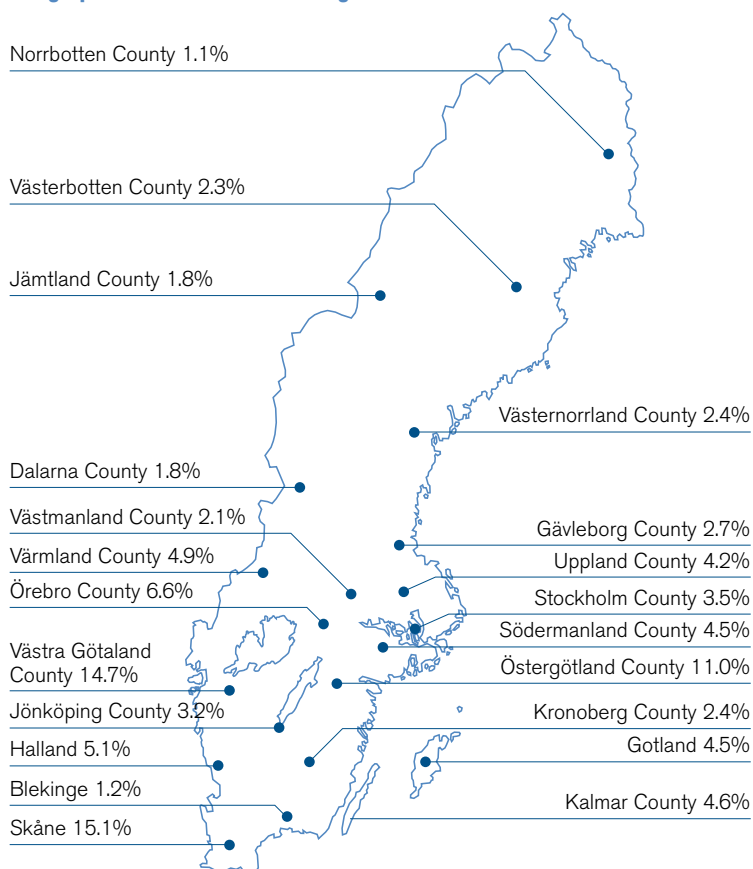
Key ratios, collateral base

LTV - Loan-to-value	
Average volume-weighted LTV	37.1 %
Number of pledged properties	37,097
Number of borrowers	51,097
Number of loans	131,492

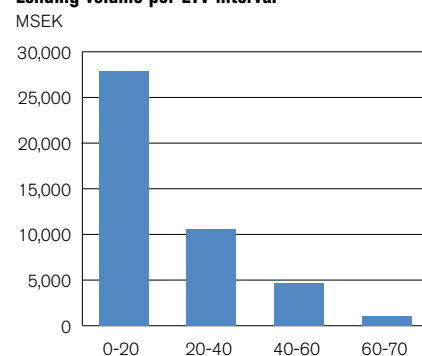
Supplemental collateral

Swedish covered bonds	SEK 6.2 billion
Swedish municipalities	SEK 0.0 billion

Geographic distribution of lending

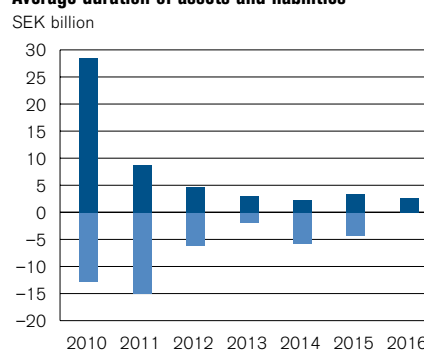


Lending volume per LTV interval



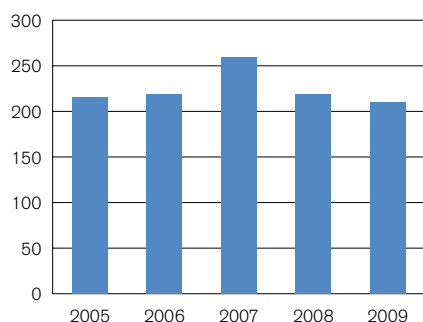
Of Landshypotek's lending, 63 percent takes place against collateral where the loan amount is less than 20 percent of the value of the collateral. Only 2 percent of lending is against collateral where the loan amount is 70 percent of the value of the collateral.

Average duration of assets and liabilities



Costs

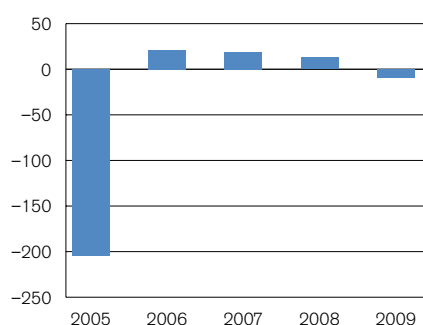
MSEK



Landshypotek works long term to reduce its costs and enhance the efficiency of its operations. Compared with 2005, costs have decreased by 2 percent at the same time as lending increased by 29 percent.

Loan losses

MSEK



In 2009, loan losses amounted to MSEK 8.5, which is equivalent to 0.02 percent of lending. The losses for 2005 were associated with the discontinuation of a commitment in the subsidiary Lantbrukskredit AB.

of fair value measurement, the revaluations carried directly to equity must also be taken into account.

Costs

Costs amounted to MSEK 209.7 (218.6). The cost decrease of MSEK 8.9 (4.1 percent) is primarily due to lower general administrative expenses, mainly expenses for IT and purchased services.

Landshypotek has worked to reduce the cost level in the Company over the long term for just over a year. These efforts are beginning to provide results and we anticipate further decreases in costs in future years.

Loan losses and doubtful credits

Loan losses for 2009 amounted to MSEK 8.5 (recoveries: 12.6). Recoveries of previously realised losses, or previously doubtful credits, amounted to MSEK 1.1 (14.9). Doubtful credits amounted to MSEK 42.8, which is equivalent to 0.09 percent of loans outstanding. At year-end 2008, doubtful credits amounted to MSEK 1.0.

During spring/summer of 2009, Landshypotek performed an in-depth analysis of the loan portfolio and carried out different types of stress tests with a view to assessing performance under varying macro-economic scenarios. We are currently not seeing any signs that the overall economic situation has affected the quality of Landshypotek's loan portfolio. Nor can we see that a general deterioration of the economy will lead to significantly higher loan losses. The reason for this is, in part, that the loan value is low; the average volume-weighted loan value is 39.1 percent, and the overall repayment ability of Landshypotek's customers is also strong. Landshypotek's customers derive their income from several sources, such as income from employment, contracting business, forestry and agriculture.

The balance sheet total increased by 16.7 percent to MSEK 59,796 (51,254) due to increased lending to customers and a larger holding of interest-bearing securities.

Financial structure**Assets**

The largest asset item in the balance sheet is "Loans to customers," which amounts to MSEK 46,456 (41,301). More information about Landshypotek's loans to customers is found in the Risk and Capital Management section.

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

Loans to credit institutions	97
Loans to customers	46,456
Bonds and other interest-bearing securities	11,533
Derivatives	308
Non-current assets	340
Other assets	1,062
	59,796

Liabilities, MSEK

Liabilities to credit institutions	5,710
Borrowing from the public	45
Securities in issue	49,027
Derivatives	229
Other liabilities	1,465
Equity	3,320
	59,796

At year-end 2009, Landshypotek's holding of interest-bearing securities amounted to MSEK 11,533 (8,473). The portfolios consist of securities issued by Swedish institutions with high credit ratings. As of 31 December, 99 percent of the portfolio consisted of covered bonds with the highest rating, which can immediately be borrowed against or sold. The remaining 1 percent consisted of bonds issued by Swedish municipalities, also with a high rating. The objective of the holdings of interest-bearing securities is that they function as a liquidity portfolio. The securities can be sold or borrowed against to handle the financing of liabilities falling due.

Landshypotek uses derivatives for the purpose of handling the differences in periods of fixed interest between assets and liabilities. At year-end 2009, the nominal value of the Group's derivative contracts amounted to MSEK 21,302 (16,245). 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 on the type of contract and the remaining time to maturity. The resulting amount constitutes a part of Landshypotek's credit exposure. Counterparties are Swedish and international banks with very high credit ratings. At year-end, the credit exposure in the derivative contracts totalled MSEK 1,075 (739).

Non-current assets amounted to MSEK 340 (344). Non-current assets consist mainly of seven operating properties.

Liabilities

Landshypotek's financing consists primarily of bond loans and money market instruments issued on the Swedish and European markets in the form of MTN, EMTN and commercial paper programmes. Funding is also obtained via borrowings from credit institutions. At year-end 2009, bonds and money market instruments in issue amounted to MSEK 49,027 (38,387). Borrowing from the public amounted to MSEK 45 (32) and borrowing from credit institutions amounted to MSEK 5,710 (7,510). During the year, borrowing from credit institutions decreased in favour of greater financing through bonds.

Equity

At year-end 2009, Landshypotek had equity of MSEK 3,320 (3,318). During 2009, equity grew by MSEK 2.

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

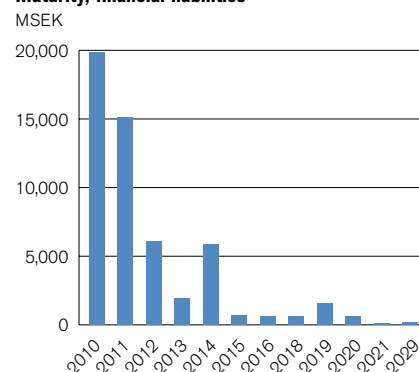
Financing

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

In 2009, covered bonds were issued under Landshypotek's Swedish MTN programme and international EMTN programme in an amount of approximately SEK 32.3 billion.



Maturity, financial liabilities



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



Programme	Utilised 31 Dec. 2009	Maximum amount	Utilised 31 Dec. 2008
Swedish commercial paper	1,975	10,000	1,193
Swedish MTN programme	38,004	50,000	32,040
International EMT programme	8,358	15,000	3,362
Private bonds	0		150
Other bonds	6		136
Subordinated loans	350		450

The situation on the capital market improved steadily during 2009. Landshypotek's assessment is that continued intervention on the part of central banks and governments will be important to ensure a smoothly functioning market.

Rating

On 1 September, Moody's lowered Landshypotek's rating from A2 to A3 with a Negative Outlook. The lowering of Landshypotek's credit rating occurred at the same time as most other Swedish and Nordic banks saw their credit ratings lowered. Fitch placed Landshypotek's credit rating on Negative Outlook in December.

On 1 December, S&P presented its revised methodology for the rating of covered bonds. In connection with this, S&P placed the rating of Landshypotek's covered bonds on the watch list for possible downgrading, which was also applied to all other Swedish issuers' covered bonds rated by S&P.

Capital situation

The capital base as of 31 December was MSEK 3,470 and the capital ratio according to Basel II was 4.7. The capital requirement according to Basel II was MSEK 732 as of 31 December. The capital requirement is calculated as a minimum capital requirement based on credit, market and operative risks (Pillar I). In addition to the minimum capital requirement, each institution must make an internal assessment of its capital requirement. This internal capital assessment shall take all risks into account and the capital requirement for those additional risks. The supervisory authorities expect institutions to maintain a larger capital base than required by the formal minimum capital requirement.

The capital adequacy rules according to Basel II were to be fully applied from 1 January 2010. This transition to Basel II was preceded by transitional rules which were applied for three years. The period of transitional rules is being extended. Under the transitional rules, Landshypotek has a capital ratio of 1.1. More information is available under the Risk and Capital Management section and in Note 33.

Personnel

Landshypotek relies on each individual and his or her expertise to be able to compete.

In 2009, a number of activities were carried out to strengthen the employees' expertise. Among these was the drafting of individual skills development plans.

For information on the personnel, see Note 8 to the Annual Accounts.

Group contributions

A group contribution was rendered during 2009 in the amount of MSEK 102 (140) to the Parent Company, Landshypotek, ekonomisk förening.

Events after the end of the year

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

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





Corporate Governance Landshypotek AB

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

The Swedish Code of Corporate Governance was presented in December 2004. Modelled on that code, the Code of 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 of governance for 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 of Corporate Governance with only minor modifications. Other parts are new and have no equivalent in the Swedish Code of Corporate Governance. The 2006 Association Meeting of Landshypotek, ekonomisk förening adopted a code that largely corresponds to the Code of Governance for Co-operative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

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 liability of the Board of Directors and the Managing Director. Information about and minutes from the Association Meeting are available on 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 2009 Association Meeting appointed ten representatives to constitute the Election Committee for the next election of directors. The members of the Election Committee appoint a chairman among its members. The members of the Election Committee may 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 on Landshypotek's website.

It is up to the Election Committee to evaluate the work of the Board of Directors in preparation for the 2010 Association Meeting. The Election Committee will also suggest a chairman to preside over the Association Meeting, directors and directors' fees 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 overall 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 13 members appointed by the Association Meeting. The Board of Directors of Landshypotek AB has six members elected by the Annual General Meeting.

Senior Management

Senior management and auditors are presented in the next column.

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 2009 Annual General Meeting appointed authorised public accountants Anna Hesselman and Bengt Fröander for the coming four years, i.e. until the 2013 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 the organisation, decision-making process, authority and responsibility, all of which are documented in internal policies, instructions and guidelines. A separate unit for risk control 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 independent from the day-to-day business and administrative function and directly subordinate to the Managing Director. Risk control reports to the Managing Director and, if required, directly to the Board of Directors. 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 has since been performed by KPMG.

Senior Management

Kjell Stillman
Managing Director

Göran Abrahamsson
Chief Member Officer

Bertil Andersson
Chief Operating Officer

Olof Helmersson
Chief Development Officer and Managing Director
of Landshypotek Jordbrukskredit AB

Björn Ordell
Chief Financial Officer

Åsa Simonsson Lönegren
Chief Administrative Officer

Rolf Åttingsberg
Chief Credit Officer and Managing Director of Lantbrukskredit AB

Income Statement

SEK THOUSAND	Note	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Interest income		1,777,540	2,352,047	1,766,774	2,345,617
Interest expense		-1,483,074	-2,006,857	-1,487,067	-2,025,461
Net interest income	2	294,466	345,190	279,707	320,156
Dividend income	3	10,000	120		
Commission income	4	11,840	9,575	11,653	9,545
Commission expense	5	-1,759	-1,394	-1,714	-1,349
Net result of financial transactions	6	49,065	-169,874	49,065	-169,874
Other operating income	7	26,692	35,481	23,213	33,501
Total operating income		390,304	219,097	361,924	191,979
General administrative expense	8	-177,177	-183,235	-186,334	-185,738
Depreciation, amortisation and impairment of tangible and intangible non-current assets	9	-12,598	-11,528	-12,282	-11,483
Other operating expenses	10	-19,887	-23,867	-18,514	-22,694
Total expenses before loan losses		-209,662	-218,630	-217,130	-219,915
Profit before loan losses		180,642	467	144,794	-27,936
Loan losses, net	11	-8,484	12,603	-8,438	1,093
Impairment of financial assets	3				
Operating profit		172,158	13,070	136,356	-26,843
Year-end appropriations	12				
Income tax	13	-42,969	-656	-36,150	10,070
Net profit for the year		129,189	12,414	100,206	-16,773
Earnings per share, SEK		67,0	6,4	52,0	-8,7

Statement of comprehensive income

SEK THOUSAND	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Profit for the period	129,189	12,414	100,206	-16,773
Other comprehensive income				
Cash flow hedges	10,438	-99,180	10,438	-99,180
Available-for-sale financial instruments	-81,240	343,912	-81,240	343,912
Income tax related to other comprehensive income	18,621	-65,941	18,621	-65,941
Total other comprehensive income	-52,181	178,791	-52,181	178,791
Total comprehensive income for the period	77,008	191,205	48,025	162,018

The reporting of Other comprehensive income for 2009 is not compulsory under FFFS 2008:25.
The Parent Company has chosen to report comprehensive income in two separate statements shown above.

Balance Sheet

		GROUP		PARENT COMPANY	
SEK THOUSAND	Note	2009	2008	2009	2008
Assets					
Cash and balances with central banks		8,946	2,707	8,946	2,707
Treasury bills and other eligible bills					
Loans to credit institutions	14	87,761	59,308	300,505	71,991
Loans to customers	15	46,455,974	41,301,123	46,142,049	41,024,606
Bonds and other interest-bearing securities	16	11,532,817	8,473,460	11,532,817	8,473,460
Derivatives	17, 35	308,074	362,497	308,074	362,497
Shares	18	1	1		
Shares in Group companies	19			515,027	514,927
Intangible non-current assets	20				
Tangible assets					
Furniture, fixtures and equipment	21	3,334	4,602	3,334	4,602
Buildings and land	21	336,256	339,470	319,903	335,803
Other assets	22	449,953	167,224	444,778	144,111
Prepaid expenses and accrued income	23	612,446	543,167	611,595	542,386
Total assets	33, 34, 36, 37, 38	59,795,562	51,253,559	60,187,027	51,477,089
Liabilities, provisions and equity					
Liabilities to credit institutions	24	5,709,996	7,509,565	6,224,755	7,836,229
Borrowing from the public	25	45,000	32,022	45,000	32,022
Debt securities in issue, etc.	26	49,027,096	38,387,386	49,027,096	38,387,386
Derivatives	27, 35	229,107	327,324	229,107	327,324
Other liabilities	28	161,797	190,475	151,257	176,738
Accrued expenses and deferred income	29	816,292	869,730	816,037	871,986
Provisions	30	136,431	169,031	102,731	127,194
Subordinated liabilities	31	350,000	449,983	350,000	449,983
Total liabilities		56,475,719	47,935,516	56,945,983	48,208,862
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		1,026,254	1,026,248	1,010,000	1,010,000
Revaluation reserve		96,636	148,816	96,636	148,817
Retained earnings		215,939	304,365	182,376	299,983
Net profit for the year		129,189	12,414	100,206	−16,773
Group contributions paid		−75,174	−100,800	−75,174	−100,800
Total equity		3,319,844	3,318,043	3,241,044	3,268,227
Total liabilities, provisions and equity	33, 34, 36, 37, 38	59,795,562	51,253,559	60,187,027	51,477,089
Memorandum items					
- Pledged assets	32	None	None	None	None
- Contingent liabilities		356,357	227,637	356,357	227,637
- 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 2007	1,927,000	1,026,244	14,701	-44,676	303,896	3,227,165
Comprehensive income for the period		4	-72,749	251,540	12,883	191,678
Total change before transactions with owners	0	4	-72,749	251,540	12,883	191,678
Group contributions paid					-140,000	-140,000
Taxes on Group contributions paid					39,200	39,200
Equity as of 31 December 2008	1,927,000	1,026,248	-58,048	206,864	215,979	3,318,043
Comprehensive income for the period			7,693	-59,874	129,189	77,008
Other items		6			-39	-33
Total change before transactions with owners	0	6	7,693	-59,874	129,150	76,975
Group contributions paid					-102,000	-102,000
Taxes on Group contributions paid					26,826	26,826
Equity as of 31 December 2009	1,927,000	1,026,254	-50,355	146,990	269,955	3,319,844

PARENT COMPANY, SEK THOUSAND

	Share capital	Other capital contributed	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2007	1,927,000	1,010,000	14,701	-44,676	299,863	3,206,888
Comprehensive income for the period			-72,749	251,540	-16,652	162,139
Total change before transactions with owners	0	0	-72,749	251,540	-16,652	162,139
Group contributions paid					-140,000	-140,000
Taxes on Group contributions paid					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
Comprehensive income for the period			7,693	-59,874	100,206	48,025
Other items					-34	-34
Total change before transactions with owners	0	0	7,693	-59,874	100,172	47,991
Group contributions paid					-102,000	-102,000
Taxes on Group contributions paid					26,826	26,826
Equity as of 31 December 2009	1,927,000	1,010,000	-50,355	146,990	207,409	3,241,044

Cash Flow Statement

SEK THOUSAND	GROUP		PARENT COMPANY	
	2009	2008	2009	2008
Cash flow from operating activities				
Interest income	1,712,398	2,285,830	1,701,403	2,281,376
Interest expense	-1,412,198	-1,848,976	-1,416,191	-1,872,002
Dividend income	10,000	120	-	-
Commission income	11,840	9,575	11,653	9,456
Commission expense	-1,759	-1,394	-1,714	-1,349
Net proceeds of financial transactions	-35,019	25,796	-35,019	25,796
Other operating cash receipts	29,676	34,162	25,916	31,919
Administrative expenses paid	-201,804	-192,916	-200,858	-194,473
Recovery of losses realised in prior years	893	12,361	893	852
Income taxes paid	-46,492	-42,781	-42,333	-39,998
Total cash flow from operating activities before working capital changes	67,535	281,777	43,750	241,577
Working capital changes				
Increase (-)/decrease (+) Loans to credit institutions	-14,227	6,857	-8,514	237,799
Increase (-)/decrease (+) Loans to customers	-5,154,851	-1,576,490	-5,117,361	-1,568,170
Increase (-)/decrease (+) Bonds and other interest-bearing securities	-3,069,795	-3,834,887	-3,069,795	-3,834,887
Increase (+)/decrease (-) Liabilities to credit institutions	-1,839,569	6,749,158	-1,871,474	6,658,494
Increase (+)/decrease (-) Borrowing from the public	52,978	-27,978	52,978	-27,978
Increase (+)/decrease (-) Securities in issue, etc.	10,397,918	-1,508,909	10,397,918	-1,458,909
Change in other balance-sheet items	-325,634	-84,796	-326,149	-246,281
Total working capital changes	46,820	-277,045	57,603	-239,932
Cash flow from operating activities	114,355	4,732	101,353	1,645
Investing activities				
Sale of shares	-	-	-	-
Purchase of shares	-	-	-	-
Acquisition of intangible and tangible non-current assets	-8,116	-2,320	4,886	766
Total cash flow from investing activities	-8,116	-2,320	4,886	766
Cash flow from financing activities				
Repayment of subordinated liabilities	-100,000	-	-100,000	-
Group contributions received	-	-	-	-
Dividends and Group contributions paid	-	-	-	-
Total cash flow from financing activities	-100,000	-	-100,000	-
Cash flow for the period	6,239	2,412	6,239	2,411
Change in cash and cash equivalents	6,239	2,412	6,239	2,412
Cash and cash equivalents at beginning of year	2,707	295	2,707	295
Cash and cash equivalents at year-end	8,946	2,707	8,946	2,707

Five-year Summary

EARNINGS TREND - GROUP

MSEK	2009	2008	2007	2006	2005*
Income statement					
Net interest income	294.5	345.2	364.9	452.8	365.3
Other operating income	95.8 **	-126.1 **	157.3	23.5	61.5
Operating expenses	-197.1	-207.1	-220.9	-203.9	-204.3
Depreciation and amortisation	-12.6	-11.5	-38.6	-15.4	-10.2
Loan losses	-8.5	12.6	18.8	21.1	-204.8
Impairment of financial non-current assets	-	-	-70.0	-	-
Operating profit	172.2	13.1	211.5	278.3	7.5
Balance Sheet					
Assets					
Loans to customers – net	46,456	41,301	39,725	37,313	35,954
Other assets	13,340	9,952	5,345	4,746	2,397
Total assets	59,796	51,254	45,070	42,059	38,351
Liabilities					
Borrowing	55,132	46,379	40,691	37,870	34,518
Other liabilities	1,344	1,557	1,152	1,051	654
Untaxed reserves	0	0	0	0	0
Equity	3,320	3,318	3,227	3,138	3,179
Total liabilities and equity	59,796	51,254	45,070	42,059	38,351
Key financial indicators					
Interest rate margin	0.7 %	0.9 %	0.9 %	1.2 %	0.7 %
Return on equity	3.9 %	0.4 %	5.0 %	6.4 %	0.2 %
Loan loss level	0.0 %	0.0 %	0.0 %	-0.1 %	0.6 %
Loan loss provision/lending	0.0 %	0.0 %	0.0 %	0.1 %	0.6 %

* Not recalculated in accordance with new accounting policies. There are significant changes, especially in IAS 39 Financial Instruments: Recognition and Measurement, IAS 19 Employee Benefits and IAS 16 Property, Plant and Equipment.

** Other operating income includes the net result of financial transactions. For 2009, this item amounted to MSEK 49.1 (expense: 169.9). Refer also to explanation in the Board of Directors Report under the heading "Profit and profitability"

Risk and Capital Management

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

Board 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 economic downturns, Landshypotek uses very conservative adjustments to its risk parameters when calculating its capital requirements and stress tests are also conducted.

IRB institution

In Sweden, the new capital adequacy framework (Basel II) has been in effect since 1 February 2007. At the end of 2006, Landshypotek received a positive ruling from the authorities to use the Internal Ratings Based (IRB) approach for reporting all assets that can be reported using the IRB Approach (96 percent of the total credit volume). At year-end 2009, these assets were reported with an average risk weight of 7.6 percent.

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

The quality of the credit portfolio and the internal risk management culture will provide a substantial reduction of the capital requirement, although it will be limited by transitional rules. Landshypotek does not believe that this can be directly translated into freed-up capital due to the regulatory framework's increased business cycle sensitivity and consideration of other risks and rating. Landshypotek's capital requirement and an analysis of capital adequacy are found in Note 33.

Risk organisation and responsibility

The Board of Directors has the ultimate responsibility for risk management and for ensuring that operations are conducted with satisfactory operational internal control. The Risk and Credit Committee of the Board shall support the Board in this work by, for example, reviewing the Group's risk, capital and liquidity policies. The committee also has the duty of making decisions regarding large loans and approves the risk parameters and models. The Board receives 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 limitation 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 held four meetings during 2009.

The Finance Committee convenes on a weekly basis. The Finance





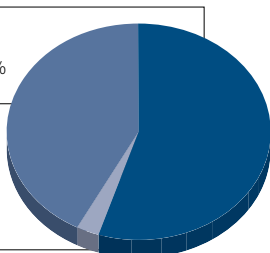
Distribution of volume by customer category

Distribution in %

Rural living 55 %

Rural enterprises 42 %
- individuals

Rural enterprises 3 %
- legal entities



Exposure distribution	Exposure (SEK thousand)	Average risk weight
IRB method		
Exposure without counterparty	360,178	100 %
Retail – real estate credits	44,955,785	8 %
Total	45,315,963	
Standard method		
Companies	1,499,035	99 %
Retail	644,498	75 %
Institutional	14,272,207	19 %
Municipalities, associations and authorities	-	-
Non-performing items	12,121	120 %
Governments and central banks	91,350	0 %
Other items	57	0 %
Total	16,519,269	

Committee monitors the market and liquidity risks and decides on the pricing of credits.

The Board and its Risk and Credit Committee comprise the highest credit-granting body. The Credit Committee is responsible for regularly reviewing the credit-granting rules and 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. Its work is governed by the credit policy and the credit instruction, which are approved by the Board. The Chief Credit Officer reports to the Managing Director and presents credit matters to the Risk and Credit Committee of the Board.

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

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

The Group's internal audit function is an independent auditing function, directly subordinated to the Board. The internal audit function is responsible for evaluating risk management, control and governance processes within the Group and ensuring that operations are conducted in accordance with the intentions of the Board and the Managing Director. Internal audit reports to the Board and also provides information to 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 decreased and been replaced by rural living where business operations are more of a secondary pursuit or has more of a nature of leisure time activity. In order to monitor this trend and to allow evaluation of the borrower in a fair manner, Landshypotek divides its customers into two different customer categories: Rural Living and Rural Enterprises. This customer categorisation is intended to distinguish those borrowers 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 describes 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. All customers who are legal entities are currently reported with a risk weight of 100 percent for conservative reasons. All other lending is categorised as belonging to the 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.)

Since Landshypotek reports the absolute majority of its assets, which is equivalent to exposure including accrued interest of approximately SEK 45 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 are used for the Retail exposure class to calculate the capital requirement and the expected loss. In order for these estimates to be used, Landshypotek must use 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 is automatically categorised as being in default.

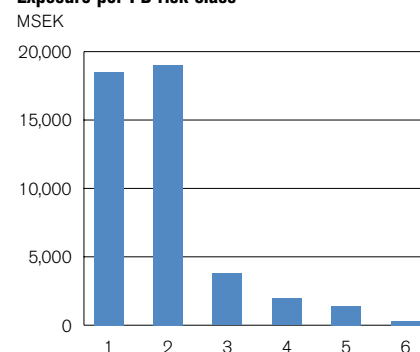
Soft default – when it is probable that the customer will not be able to fulfil its obligations and/or that Landshypotek will have to sell the collateral, or take other similar action. The credit officer responsible needs to set the customer in default mode manually.

PD – Probability of Default: The risk classification model for the Retail exposure class is a statistical model (logistic regression) where the Swedish card forecast 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 for credits in default. Exposure-weighted average PD as of 31 December 2009 was 2.93 percent (including cyclical adjustment and a safety margin). The distribution of retail exposure by risk class is reported to the right.

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 cyclical adjustment is required (since model data does not extend across a full business cycle) as well as an overall safety margin. Landshypotek validates the model on an annual basis. The estimated PD for 2009 was 0.68 percent compared with a realised actual rate of 0.59 percent.

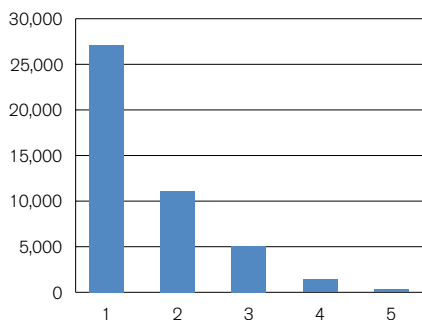
EAD – Exposure At Default. The size of the exposure in the event of default is measured primarily in nominal terms (for all lending) and for the flexible

Exposure per PD risk class



Exposure per LGD risk class

MSEK



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 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 and loan-to-value range are 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 exposure-weighted average LGD for all observations in each respective class (which means that realised values are used when calculating the estimates). The distribution of exposure by LGD risk class is shown in the diagram to the left. 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 5.99 percent as of 31 December 2009.

Landshypotek validates the model on an annual basis and the outcome for the period 2006 to 2009, gave an exposure-weighted average LGD of 0.32 (not including Downturn LGD and a safety margin).

At year-end, Landshypotek had 243 customers in default. 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 external control of payment behaviour, the risk classification of the borrower and the collateral, as well as the determination of the value of the property to be financed. These elements comprise the grounds for the assessment of risk in the credit and the estimated loss ($PD \times LGD \times EAD$). If the aggregate risk assessment of the borrower and the collateral indicates a higher level of risk, standardised decision documentation is prepared and the matter is brought before a higher decision-making body. Loans are made against real estate mortgage deeds within 75 percent of an internally determined collateral value based on an assessment of the fair value of the collateral. The collateral value is the amount on which the loan to value ratio is calculated and constitutes the sustainable value of the collateral on a long-term basis. At Landshypotek, loan to value has long been used as the primary instrument for management and control of the risk of not having adequate collateral in the event of default. The relationship between loan to value and economic loss has been confirmed statistically and Landshypotek can demonstrate that the probable economic loss, even at the highest loan to value range, is very low. At Landshypotek Jordbrukskredit AB, loans can be granted against collateral in real estate mortgage deeds within 85 percent of the internally determined collateral value. At

Lantbrukskredit AB and Landshypotek Jordbrukskredit AB, loans may be secured with collateral other than real estate mortgage deeds, such as a personal guarantee or floating charge, while such collateral is only permitted as a complement to real estate mortgage deeds in Landshypotek AB.

Valuation of the collateral – agricultural property

The staffs of the regional offices are assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who play a very central role in the form of regional boards of directors with four to eight members per region. 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 authorised appraisers 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 regularly examined from various perspectives: by industry, geographically, by risk class, by limit group and so on. Landshypotek's retail exposure as of 31 December 2009 was geographically distributed as shown in the diagram to the right. 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 is affected by changes in general economic conditions or events that affect a large part of the market.

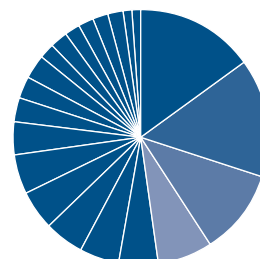
Market risks to which Landshypotek is exposed are interest rate risk, currency risk, liquidity risk and counterparty risk.

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 continuously monitored and are reported to Landshypotek's financial committee as well as the Board of Directors. The Chief Financial Officer has the overall responsibility for management of the Group's financial risks. The Chief Risk Control Officer is responsible for independent control and reporting of the limits established by the Board of Directors in the financial risk policy. Operations are also supported by state-of-the-art financial administrative systems with well-developed routines for daily work as well as for risk estimates and analysis.



Geographic distribution of volume



Skåne County	15%	Jönköping County	3%
Västra Götaland County	15%	Gävleborg County	3%
Östergötland County	11%	Västernorrland County	2%
Örebro County	7%	Kronoberg County	2%
Halland County	5%	Västerbotten County	2%
Värmland County	5%	Västmanland County	2%
Kalmar County	5%	Dalarna County	2%
Gotland County	5%	Jämtland County	2%
Södermanland County	5%	Blekinge County	1%
Uppsala County	4%	Norrbottn County	1%
Stockholm County	3%		

Periods of fixed interest for assets and liabilities

Group 2009

SEK thousand

	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Assets						
Loans to credit institutions	87,761					87,761
Loans to customers	27,609,834	7,079,062	8,005,213	4,078,891	1,748,594	48,521,594
Bonds and other interest-bearing securities		1,717,309	6,705,580	1,888,678	1,001,311	11,312,878
Derivatives	5,254,000	2,525,256	4,479,755	2,495,822	6,595,185	21,350,018
Total assets	32,951,595	11,321,627	19,190,548	8,463,391	9,345,090	81,272,251
Liabilities						
Liabilities to credit institutions	2,025,996	3,684,000				5,709,996
Borrowing from the public	15,000		30,000			45,000
Securities in issue	18,498,407	545,277	15,628,437	7,318,373	7,069,256	49,059,750
Derivatives	16,197,133	1,366,421	2,355,231	592,379	1,068,252	21,579,416
Total liabilities	36,736,536	5,595,698	18,013,668	7,910,752	8,137,508	76,394,162
Total	-3,784,941	5,725,929	1,176,880	552,639	1,207,582	4,878,089
Interest-sensitive net	-4,593	27,796	17,139	21,462	58,620	
Cumulative interest sensitivity		23,202	44,935	38,601	80,082	

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 fixed interest terms 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 fixed interest term on borrowing as on lending. Due to actual conditions and availability on the capital market, there may be certain instances of imbalance between borrowing and lending. This imbalance gives rise to interest rate risk that Landshypotek manages with, among other things, interest 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 fixed interest term as its lending to customers. This means that equity is equated to an interest-bearing liability for purposes of calculating and managing interest-rate risk. Interest-rate risk is calculated as the change in value (change in present value) that occurs if the interest-rate curve is moved in parallel up or down by one percentage point.

Limits for Landshypotek's interest rate risk are set by Landshypotek's Board of Directors in the financial risk policy. Interest rate risks are continuously monitored and are reported by the Risk Control unit to Landshypotek's finance committee as well as to its Board of Directors. At year-end, the interest-rate risk at a parallel movement of the interest rate curve by one percentage point amounted to MSEK 80.1 (27.2).

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 Swedish kronor (SEK). Landshypotek has parts of its financing in currencies other than SEK and a very limited portion of its lending in EUR.

Currency exposure, Group, 2009, local currency, thousands

Currency	Assets	Liabilities	Exposure
CHF	250,000	250,000	0
EUR	170,300	170,276	24
NOK	4,150,000	4,150,000	0

To the 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, which is why no currency risk arises. The part of the lending denominated in EUR is refinanced by borrowing in EUR. Marginal differences may arise here. Accordingly, Landshypotek is exposed to only marginal currency risk. Limits for Landshypotek's currency risk are set forth in the financial risk policy and monitored by the Risk Control unit. The nominal currency exposure amounted to EUR 24 thousand at 31 December 2009.

Maturity analysis of financial assets and liabilities

Group SEK thousand	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	82,761	0	0	0	0	82,761
Loans to customers	27,341,890	8,543,965	7,163,660	3,741,274	1,665,185	48,455,974
Bonds and other interest-bearing securities		1,717,309	6,705,580	1,888,678	1,001,311	11,312,878
Total	27,424,651	10,261,274	13,869,240	5,629,952	2,666,496	59,851,613
Financial liabilities						
Liabilities to credit institutions	2,025,996	3,684,000		0	0	5,709,996
Borrowing from the public	15,000		30,000	0	0	45,000
Securities in issue	3,087,460	11,150,509	21,321,043	7,782,044	5,618,227	48,959,283
Subordinated liabilities			350,000			350,000
Total	5,128,456	14,834,509	21,701,043	7,782,044	5,618,227	55,064,279
Net cash flow	22,296,195	-4,573,235	-7,831,803	-2,152,092	-2,951,731	4,787,334
Unutilised credit facility			750,000			750,000
Refinancing risk	22,296,195	-4,573,235	-7,081,803	-2,152,092	-2,951,731	
Accumulated refinancing risk	22,296,195	17,722,960	10,641,157	8,489,065	5,537,334	

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 maturing loans cannot be refinanced. Landshypotek strives to have 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 shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from the Swedish Central Bank (the Riksbank). 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 temporary strains on liquidity, but also provides the opportunity of procuring the necessary funds at times of severe liquidity crises by selling assets in an orderly fashion or the opportunity of reducing the financing need by calling loans.





Counterparty risks

Counterparty risks arise in the management of Landshypotek's financial risks, i.e. the risk that a counterparty in financial transactions will not be able to fulfil its obligations. This risk arises in both interest-bearing securities and derivative contracts.

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

Operational risks

Operational risk is defined by Landshypotek as follows:

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

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

During the year, Landshypotek worked to improve the prerequisites for more stringent follow-up of the operational risks. This work 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 systematic reporting of occurred incidents. All reported incidents and potential risks have been reviewed and compiled. Risks and incidents were discussed at the Risk and Capital Committee meetings and reported to the Board of Directors.

Internal capital adequacy assessment process (ICAAP)

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

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

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

Notes

NOTE 1 ACCOUNTING PRINCIPLES

Basis for preparing the Annual Accounts

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

Definitions and comparative data

The Landshypotek Group includes Landshypotek AB and subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB, inactive companies and the General Mortgage Bank of Sweden. In running text in the Annual Report, "Landshypotek" refers to the Group 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 Credit 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 2009

The amendment to IFRS 7 became effective in January 2009. This amendment requires enhanced disclosures about fair value and liquidity risk. Valuation at fair value shall take place by levels in a valuation hierarchy.

IAS 1 has been revised. Changes in equity not pertaining to transactions with owners shall be presented in a statement of comprehensive income as of January 2009. The changes that shall be presented in equity are transactions with owners.

Standards, amendments and interpretations which became effective during 2009, but are of no relevance to the Group

The following standards, amendments and interpretations of published standards are mandatory for financial years beginning 1 January 2009 or later, but are not relevant for the Group.

IFRS 2 "Share-based Payment"

Standards, amendments and interpretations of existing standards where amendments have not yet become effective and have not been applied in advance by the Group

A number of amendments of standards and interpretations of standards will be introduced with effect from 1 January 2010. Landshypotek has elected not to apply any of these standards or interpretations early. Landshypotek will apply the International Accounting Standards Board's (IASB) regulations as adopted by the EU for the 2010 financial year. The amendments most important to Landshypotek are listed below.

IAS 27 Consolidated and Separate Financial Statements

IAS 1 Presentation of Financial Statements

IAS 7 Statement of Cash Flows

IFRS 9 Financial Instruments

The above amendments above will be applied to the extent that Landshypotek is affected.

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.

Consolidated accounting

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

Segment reporting

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

Landshypotek offers one type of product – first mortgage loans – in one geographic area – Sweden. Hence, no separate segment reporting is prepared.

Cash and cash equivalents

Included in cash and cash equivalents are cash, bank balances and other investments with maturities 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 of financial assets

Financial assets are divided into the following categories for measurement:

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

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

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

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

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

Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical form. An asset is a resource that is expected to yield future economic benefits over which control is exercised. Expenses associated with intangible assets are capitalised from the point in time when it is probable that the economic benefits that can be calculated in a reliable manner will arise. Amortisation is based on the 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 of the asset are expected to be used. Landshypotek has reviewed the components of the properties and assigned separate depreciation plans to each significant component. Property components are depreciated over 20 to 150 years.

Classification and valuation of financial liabilities

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

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

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

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

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

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

Provisions

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

Embedded derivatives

The main rule is that embedded derivatives are separated from the host contract and reported in the same way as other derivatives that are not a part of hedging circumstances. Embedded derivatives are not separated if their economic properties and risks are closely related with the economic properties and risks of the host contract. At year-end 2009, Landshypotek had no embedded derivatives treated in accordance with the main rule.

Calculation of fair value

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

Transaction or settlement date accounting

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

Interest income and interest expense

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

Hedge accounting

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

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

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

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

Commission income and commission expense

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

Net result of financial transactions

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

Other income

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

Personnel costs

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

Pension costs

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

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

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

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

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

Other expenses

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

Loan losses

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

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

Restructuring of loans

Agreements on concessions that entail a restructuring of the loan receivable are only made on an exceptional basis since all lending is against collateral, the value of which is realised in case of default. Restructured loan receivables are commented on 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. If this value is less than Landshypotek's claim, the difference is recorded as realised loan loss.

Group contributions

Group contributions are reported in accordance with statement URA7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related group contributions paid by Landshypotek AB to the Parent Company, Landshypotek, ekonomisk förening, are recognised directly in equity in Landshypotek AB. Group contributions paid to reduce the Group's taxes are recognised directly in equity in each 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 carrying amount and values for tax purposes of assets and liabilities.

		GROUP		PARENT COMPANY	
NOTE 2	NET INTEREST INCOME, SEK THOUSAND	2009	2008	2009	2008
Interest income					
	Interest income on loans to credit institutions	462	3,503	424	3,220
	Interest income on loans to Group companies		0	192	10,713
	Interest income on loans to customers	1,394,569	2,043,279	1,383,665	2,026,628
	less interest losses	-865	-1,120	-863	-1,120
	Interest income on interest-bearing securities	383,269	305,984	383,269	305,984
	- of which interest income on financial assets valued at fair value in the income statement	57,107	8,685	57,107	8,685
	- of which interest income on available-for-sale financial assets	326,162	297,299	326,162	297,299
	Other interest income	105	401	87	192
Total		1,777,540	2,352,047	1,766,774	2,345,617
Average interest on loans to customers		3.18%	4.95%	3.17%	4.94%
All interest income is attributable to the Swedish market.					
Interest expense					
	Interest expense for liabilities to Group companies	-231	-420	-4,224	-20,319
	Interest expense for liabilities to credit institutions – other	-69,585	-122,633	-69,585	-122,632
	Interest expense for borrowing from the public	0	0	0	0
	Interest expense for interest-bearing securities	-1,400,831	-1,828,718	-1,400,831	-1,827,424
	- of which interest expense for other financial liabilities	-1,188,460	-1,620,133	-1,188,460	-1,618,839
	- of which interest expense on financial assets valued at fair value in the income statement	-212,371	-208,585	-212,371	-208,585
	Interest expense on subordinated liabilities	-6,534	-23,142	-6,534	-23,142
	Interest expense for derivative instruments	-812	-30,384	-812	-30,384
	- of which interest expense on derivatives valued at fair value in the income statement	-1,040	-24,538	-1,040	-24,538
	- of which interest expense on derivatives identified as hedging instruments	228	-5,846	228	-5,846
	Other interest expense	-5,081	-1,560	-5,081	-1,560
Total		-1,483,074	-2,006,857	-1,487,067	-2,025,461
Total net interest income		294,466	345,190	279,707	320,156

NOTE 3	DIVIDEND INCOME AND IMPAIRMENT OF FINANCIAL NON-CURRENT ASSETS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Dividends from Group companies		10,000	120		
Impairment of shares					

NOTE 4	COMMISSION INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Loan commissions		11,585	9,347	11,397	9,319
Commissions on securities		256	227	256	227
Total		11,840	9,575	11,653	9,545

NOTE 5	COMMISSION EXPENSE, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Commissions on securities		-404	-430	-364	-390
Other commissions		-1,354	-964	-1,349	-959
Total		-1,759	-1,394	-1,714	-1,349

NOTE 6	NET RESULT OF FINANCIAL TRANSACTIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Financial assets valued at fair value in the income statement					
Realised result of sales of bonds and other interest-bearing securities		5,319		5,319	
Available-for-sale financial assets					
Realised result of sales of bonds and other interest-bearing securities		132,423	-20,044	132,423	-20,044
Other financial liabilities					
Realised result on repurchase of own bonds issued		-142,728	98,878	-142,728	98,878
Financial liabilities valued at fair value in the income statement					
Realised result from purchase/sale of derivative contracts		-30,033	-53,038	-30,033	-53,038
Total realised result		-35,019	25,796	-35,019	25,796
Financial assets valued at fair value in the income statement					
Change in value of bonds and other interest-bearing securities		20,495	0	20,495	0
Financial liabilities valued at fair value in the income statement					
Change in value of issued bonds included in fair value hedge		237,679	-374,730	237,679	-374,730
Change in value of derivatives included in fair value hedge		-234,037	368,529	-234,037	368,529
Change in value of bonds valued according to fair value option		4,113	-104,387	4,113	-104,387
Change in value of derivatives not included in any hedging relationship		55,834	-85,082	55,834	-85,082
Total unrealised result		84,084	-195,670	84,084	-195,670
Net result of financial transactions		49,065	-169,874	49,065	-169,874

NOTE 7	OTHER OPERATING INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Real estate commissions	26,946	25,136	23,472	23,156
	Sale of operating property	-365	10,204	-365	10,204
	Other	111	141	106	141
Total		26,692	35,481	23,213	33,501

		GROUP		PARENT COMPANY	
NOTE 8	GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2009	2008	2009	2008
Personnel expenses					
Salaries, etc., to Managing Director, senior management and Board of Directors		-9,152	-8,918	-9,152	-8,918
Salaries, etc., to other personnel		-49,029	-42,783	-49,062	-41,655
Provision to profit sharing foundation		-540	-591	-540	-591
Pension costs		-10,586	-10,716	-20,698	-16,449
Social insurance charges		-16,926	-16,995	-16,938	-16,657
Other personnel costs		-796	-964	-796	-960
Total		-87,028	-80,967	-97,186	-85,230
Specification of pension costs					
Change in provision for pensions		945	222	945	222
Pension premiums		-17,069	-12,570	-17,069	-12,270
- of which to senior executives		-5,407	-3,835	-5,407	-3,835
Directly paid pensions		-1,165	-1,180	-1,165	-1,180
Payroll and yield taxes attributable to pension costs		-3,409	-3,292	-3,409	-3,221
Defined-benefit pension plans		10,112	6,104	0	0
Total		-10,586	-10,716	-20,698	-16,449

CONT.	NOTE 8 GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	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 Pensionskassa and by provisions for pensions covered by credit insurance from FPG (Försäkringsbolaget Pensionsgaranti, mutual). Further information about the pension liability is reported in Note 30.				
	Number of male employees	45	52	45	51
	Number of female employees	50	46	50	45
	Total	95	98	95	96
	Average number of paid employees, including substitutes	95.7	99.0	95.7	96.7
	Absence due to illness in Landshypotek AB				
	Total absence due to illness	1.91 %	2.50 %	1.91 %	2.50 %
	Long-term absence due to illness in percent of total absence due to illness	28.34 %	54.39 %	28.34 %	54.39 %
	Absence due to illness for men	0.88 %	1.32 %	0.88 %	1.32 %
	Absence due to illness for women	3.04 %	3.84 %	3.04 %	3.84 %
	Employees - 29 years	1.95 %	7.96 %	1.95 %	7.96 %
	Employees 30 - 49 years	2.50 %	3.01 %	2.50 %	3.01 %
	Employees 50 years -	1.36 %	1.12 %	1.36 %	1.12 %
	Loans to directors and senior executives				
	Loans to directors	115,920	68,827	90,537	47,814
	Loans to senior executives	4,309	8,083	4,309	8,083
	Directors and senior executives				
	Number of directors	24	23	6	7
	- of whom men	22	21	5	7
	Fixed salary and benefits were paid to the Managing Director in the amount of SEK 1,828 thousand (1,770) during the year. 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 equal to one annual salary and severance pay equal to one annual salary. To other senior executives, a total of six (seven) persons, fixed salary was paid including the benefit of a company car in the amount of SEK 7,324 thousand (6,697). These persons are covered by a defined-benefit pension plan under a collective bargaining agreement. Fixed fees in the amount of SEK 471 thousand (451) were paid to the Board of Directors in accordance with Annual General Meeting Resolution. The Chairman of the Board received SEK 171 thousand (164). Daily expense allowances were also paid. No other compensation was paid for Board work.				
	Other administrative expenses				
	Cost of premises	-5,099	-5,012	-5,099	-5,012
	Office expenses	-3,993	-4,686	-3,989	-4,648
	Telephone, data networks and postage expenses	-3,926	-4,180	-3,919	-4,176
	IT expenses	-41,630	-46,945	-40,838	-45,875
	Purchased services	-24,788	-29,600	-24,696	-29,117
	Auditing				
	Audit fee Öhrlings PricewaterhouseCoopers	-2,075	-2,278	-2,000	-2,153
	Assignments other than the audit assignment	-714	-684	-714	-684
	Other	-7,926	-8,884	-7,893	-8,842
	Total	-90,149	-102,269	-89,146	-100,507
	Total	-177,177	-183,235	-186,334	-185,738

		GROUP		PARENT COMPANY	
NOTE 9	DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Intangible					
	Amortisation of non-current assets	-	-237	-	-237
	Impairment of non-current assets	-	-	-	-
Tangible					
	Depreciation of furniture and fixtures	-1,704	-2,620	-1,704	-2,620
	Impairment of furniture and fixtures	0	-	-	-
	Depreciation of real property	-10,894	-8,671	-10,578	-8,626
	Impairment of real property	0	-	-	-
Total		-12,598	-11,528	-12,282	-11,483

NOTE 10	OTHER OPERATING EXPENSES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Marketing expenses	-10,764	-13,238	-10,764	-13,230
	Costs for premises	-8,200	-9,322	-6,906	-8,370
	Other	-923	-1,308	-844	-1,094
Total		-19,887	-23,867	-18,514	-22,694

		GROUP		PARENT COMPANY	
NOTE 11	LOAN LOSSES, NET, SEK THOUSAND	2009	2008	2009	2008
Loan losses					
Year's write-off for realised losses		-1,784	-2,207	-1,784	-2,207
Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts		1,596	1,125	1,432	1,124
Year's provision for probable loan losses		-9,414	-1,262	-9,197	-1,262
Recovery of previous realised losses		900	12,361	893	852
Reversal of prior provisions for probable loan losses		218	2,586	218	2,586
Total		-8,484	12,603	-8,438	1,093

All loan losses are attributable to loans to customers.

There are no properties taken over in foreclosure.

NOTE 12	YEAR-END APPROPRIATIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Change in tax allocation reserve	-	-	-	-
	Other	-	-	-	-
Total		-	-	-	-

		GROUP		PARENT COMPANY	
NOTE 13	INCOME TAX, SEK THOUSAND	2009	2008	2009	2008
Income tax related to income statement					
Current tax		-15,742	-5,155	-11,583	10
Change in deferred taxes relating to temporary differences		-27,227	4,499	-24,567	10,060
Total income tax related to income statement		-42,969	-656	-36,150	10,070
Specification of change in deferred taxes relating to temporary differences					
Deferred taxes relating to pension costs		-2,660	-2,593		
Deferred taxes relating to depreciation of real estate		2,151	4,495	2,151	4,495
Deferred tax asset relating to tax loss carryforward		-26,718	2,597	-26,718	5,565
Total change in deferred taxes		-27,227	4,499	-24,567	10,060
The average tax rate for the year was 26.3%.					
Income tax related to other comprehensive income					
Taxes relating to cash flow hedges		-2,745	26,431	-2,745	26,431
Taxes relating to available-for-sale financial instruments		21,366	-92,372	21,366	-92,372
Total income tax related to other comprehensive income		18,621	-65,941	18,621	-65,941

		GROUP		PARENT COMPANY	
NOTE 14	LOANS TO CREDIT INSTITUTIONS, SEK THOUSAND	2009	2008	2009	2008
Loans to Group companies				225,000	23,000
Loans to banks		65,323	40,764	53,308	30,809
Loans to PlusGiro		22,438	18,544	22,197	18,182
Total		87,761	59,308	300,505	71,991
Loans to credit institutions by time remaining to maturity					
- payable on demand		87,761	59,308	295,505	48,991
- up to 3 months		0	0	5,000	23,000
- more than 3 months up to 1 year		0	0	0	0
- more than 1 year up to 3 years		0	0	0	0
- more than 3 years up to 5 years		0	0	0	0
- more than 5 years		0	0	0	0
Total		87,761	59,308	300,505	71,991

NOTE 15	LOANS TO CUSTOMERS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Loans outstanding	46,462,871	41,301,205	46,148,893	41,024,688
	Less specific provisions for individually assessed loan receivables	-6,897	-82	-6,844	-82
	Net loans outstanding	46,455,974	41,301,123	46,142,049	41,024,606
	Disclosures on overdue loans and doubtful credits				
	Loan receivables overdue 1-30 days	1,832,631	2,920,843	1,831,347	2,917,133
	Loan receivables overdue 31-60 days	292,199	395,041	287,570	393,993
	Loan receivables overdue more than 60 days	536,492	516,227	532,323	516,029
	Total overdue loan receivables	2,661,322	3,832,111	2,651,240	3,827,155
	Disclosures on overdue loans and doubtful credits				
	Overdue loan receivables where interest is recognised as income	237,356	257,443	229,204	257,209
	Overdue loan receivables that are doubtful credits	32,823	291	32,769	291
	Total	270,179	257,734	261,973	257,500
	Doubtful credits that are not due	10,005	787	9,774	787
	Doubtful credits that are also due	32,823	291	32,769	291
	Total doubtful credits	42,828	1,078	42,543	1,078
	Less provisions made	-6,897	-82	-6,844	-82
	Total	35,930	996	35,699	996
	Doubtful credits at beginning of year	1,078	15,620	1,078	15,620
	New/settled doubtful credits during the year	41,750	-14,542	41,465	-14,542
	Doubtful credits at end of year	42,828	1,078	42,543	1,078
	Provisions at beginning of year	-82	-1,729	-82	-1,729
	New/reversed provisions during the year	-6,815	1,647	-6,762	1,647
	Provisions at end of year	-6,897	-82	-6,844	-82
	Doubtful credits that have regained status of normal credits during the year	231	158	0	158
	Loans to customers by remaining time to maturity				
	- payable on demand	-	-	-	-
	- up to 3 months	27,341,890	21,269,540	27,038,817	21,016,661
	- more than 3 months up to 1 year	6,543,965	4,245,472	6,540,146	4,235,562
	- more than 1 year up to 3 years	7,163,660	8,686,755	7,156,739	8,681,614
	- more than 3 years up to 5 years	3,741,274	4,592,286	3,740,243	4,587,909
	- more than 5 years	1,665,185	2,507,070	1,666,104	2,502,860
	Total	46,455,974	41,301,123	46,142,049	41,024,606
	Overdue loan receivables (more than one day)	24,312	40,199	22,058	37,617

NOTE 16	BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Bonds					
Issued by Swedish municipalities		20,735	20,940	20,735	20,940
Issued by Swedish banks			59,999		59,999
Issued by Swedish housing finance institutions		11,512,082	8,392,521	11,512,082	8,392,521
- of which covered bonds		11,512,082	8,392,521	11,512,082	8,392,521
Total		11,532,817	8,473,460	11,532,817	8,473,460
Holdings by time remaining to maturity					
- market value adjustment		219,939	280,684	219,939	280,684
- up to 3 months					
- more than 3 months up to 1 year		1,717,309	2,155,427	1,717,309	2,155,427
- more than 1 year up to 3 years		6,705,580	4,968,556	6,705,580	4,968,556
- more than 3 years up to 5 years		1,888,678	681,853	1,888,678	681,853
- more than 5 years		1,001,311	386,940	1,001,311	386,940
Total		11,532,817	8,473,460	11,532,817	8,473,460
Valuation of bonds and other interest-bearing securities					
Nominal amount		11,070,000	8,260,000	11,070,000	8,260,000
Amortised cost		11,312,878	8,192,776	11,312,878	8,192,776
Market value		11,532,817	8,473,460	11,532,817	8,473,460
Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as a trading portfolio.					
Bonds and other interest-bearing securities by category					
Trading portfolio		1,608,047	541,787	1,608,047	541,787
Available-for-sale financial assets		9,924,770	7,931,673	9,924,770	7,931,673
		11,532,817	8,473,460	11,532,817	8,473,460

		GROUP		PARENT COMPANY	
NOTE 17	DERIVATIVES, SEK THOUSAND	2009	2008	2009	2008
Derivatives not included in hedge accounting					
Positive closing value of interest swaps		38,766	63,514	38,766	63,514
Positive closing value of currency swaps		210,944	10,139	210,944	10,139
Total		249,710	73,653	249,710	73,653
Derivatives included in hedge accounting					
Positive closing value of interest swaps		79,654	76,053	79,654	76,053
Positive closing value of currency swaps		-21,291	212,791	-21,291	212,791
Total		58,363	288,844	58,363	288,844
Grand total		308,074	362,497	308,074	362,497

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

		GROUP		PARENT COMPANY	
NOTE 18	SHARES, SEK THOUSAND	2009	2008	2009	2008
Shares					
ESS-gruppen, acquisition cost 2004		50,000	50,000	0	0
ESS-gruppen, impairment 2004		-49,999	-49,999	0	0
Total		1	1	0	0
Participating interest					
ESS-gruppen, participating interest		100 %	100 %		

		GROUP		PARENT COMPANY	
NOTE 19	SHARES IN GROUP COMPANIES, SEK THOUSAND	2009	2008	2009	2008
Holdings in credit institutions					
Landshypotek Jordbrukskredit AB; 1,000,000 shares with a quotient value of SEK 100		-	-	345,553	345,553
Landshypotek Jordbrukskredit 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
Fastighetsaktiebolaget Värmlandsbjörnen 5 AB; 1,000 shares with a quotient value of SEK 100		-	-	100	100
Fastighetsaktiebolaget Fastighets AB Lyckan; 1,000 shares with a quotient value of SEK 100		-	-	100	
Total		-	-	515,027	514,927

All subsidiaries are wholly owned.

		GROUP		PARENT COMPANY	
NOTE 20	INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Other intangible non-current assets					
Acquisition cost at beginning of year		8,038	8,038	4,047	4,047
Disposals during the year		-3,991	-	-	-
Closing acquisition cost		4,047	8,038	4,047	4,047
Accumulated amortisation at beginning of year		-8,038	-7,800	-4,047	-3,810
Closing amortisation on disposals		3,991	-237	-	-237
Impairment losses					
Closing accumulated amortisation and impairment		-4,047	-8,038	-4,047	-4,047
Book value		0	0	0	0

Intangible non-current assets consist of investments in software.

		GROUP		PARENT COMPANY	
NOTE 21	TANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Furniture, fixtures and equipment					
Non-current assets					
Acquisition cost at beginning of year		35,070	36,748	34,291	35,969
Purchases during the year		651	1,421	651	1,421
Disposals during the year		-2,153	-3,099	-1,987	-3,099
Closing acquisition cost		33,568	35,070	32,955	34,291
Accumulated depreciation at beginning of year		-30,468	-30,317	-29,689	-29,538
Year's depreciation and impairment		-1,919	-3,250	-1,919	-3,250
Accumulated depreciation of assets sold		2,153	3,099	1,987	3,099
Closing accumulated depreciation		-30,234	-30,468	-29,621	-29,689
Total furniture, fixtures and equipment		3,334	4,602	3,334	4,602
Buildings and land					
Current assets					
Agricultural properties taken over to protect claims					
Number of properties		0	0	0	0
Tax assessment value		0	0	0	0
Estimated fair value		0	0	0	0
Book value		0	0	0	0
Net recorded return					
Non-current assets					
Operating properties					
Number of properties		7	7	5	6
Tax assessment value		276,876	276,068	240,328	254,039
Estimated fair value		492,000	454,400	422,000	426,400
Acquisition cost at beginning of year		390,820	391,371	387,107	390,392
Capitalised renovation costs		8,045	809	7,409	809
Properties sold		-	-1,360	-14,919	-4,094
Closing acquisition cost		398,865	390,820	379,597	387,107
Write-up for the year		-	-	-	-
Accumulated depreciation at beginning of year		-51,350	-44,996	-51,305	-44,643
Deducted accumulated depreciation		-	2,317	2,019	1,710
Year's depreciation		-11,259	-8,671	-10,408	-8,371
Closing accumulated depreciation		-62,609	-51,350	-59,694	-51,304
Book value		336,256	339,470	319,903	335,803
Total buildings and land		336,256	339,470	319,903	335,803

NOTE 22	OTHER ASSETS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Announced interest and repayments	34,375	43,706	33,700	42,833
	Receivables from Group companies	22	157	20,107	5,177
	Other receivables	345,984	35,890	339,396	30,621
	Deferred tax assets	69,572	87,472	51,575	65,479
	Total	449,953	167,224	444,778	144,111

NOTE 23	PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Prepaid expenses	9,654	5,517	9,313	5,476
	Accrued interest	602,792	537,650	602,282	536,910
	Total	612,446	543,167	611,595	542,386

NOTE 24	LIABILITIES TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Borrowing from Group companies			514,759	326,665
	Swedish banks	5,709,996	7,509,565	5,709,996	7,509,564
	Total	5,709,996	7,509,565	6,224,755	7,836,229
	Liabilities to credit institutions by time remaining to maturity				
	- payable on demand	58,997	9,565	58,997	9,564
	- up to 3 months	1,966,999	7,000,000	2,481,758	7,326,665
	- more than 3 months up to 1 year	3,684,000	500,000	3,684,000	500,000
	- more than 1 year up to 3 years		0		0
	- more than 3 years up to 5 years		0		0
	- more than 5 years		0		0
	Total	5,709,996	7,509,565	6,224,755	7,836,229

NOTE 25	BORROWING FROM THE PUBLIC, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Other notes payable	45,000	32,022	45,000	32,022
	Total	45,000	32,022	45,000	32,022
	Borrowing from the public by time remaining to maturity				
	- payable on demand				
	- up to 3 months	15,000	22,022	15,000	22,022
	- more than 3 months up to 1 year		10,000		10,000
	- more than 1 year up to 3 years	30,000		30,000	
	- more than 3 years up to 5 years				
	- more than 5 years				
	Total	45,000	32,022	45,000	32,022

NOTE 26	DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Commercial paper	1,974,685	1,186,465	1,974,685	1,186,465
	Bond loans	47,052,411	37,200,920	47,052,411	37,200,920
	Total	49,027,096	38,387,386	49,027,096	38,387,386
	Borrowing by time remaining to maturity				
	- market value adjustment	67,813	309,605	67,813	309,605
	- up to 3 months	3,087,460	4,222,657	3,087,460	4,222,657
	- more than 3 months up to 1 year	11,150,509	10,278,771	11,150,509	10,278,771
	- more than 1 year up to 3 years	21,321,043	14,625,160	21,321,043	14,625,160
	- more than 3 years up to 5 years	7,782,044	4,706,109	7,782,044	4,706,109
	- more than 5 years	5,618,227	4,245,084	5,618,227	4,245,084
	Total	49,027,096	38,387,386	49,027,096	38,387,386
	Securities in issue classified as fair value hedging				
	Amortised cost	9,569,788	3,417,475	9,569,788	3,417,475
	Fair values	9,637,601	3,703,503	9,637,601	3,703,503
	Securities in issue classified as fair value option				
	Amortised cost	0	1,552,859	0	1,552,859
	Fair value	0	1,556,973	0	1,556,973
	Change in value during the year due to change in our own credit spread	0	2,936	0	2,936

NOTE 27	DERIVATIVES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Derivatives not included in hedge accounting				
	Negative closing value of interest swaps	157,108	248,444	157,108	248,444
	Negative closing value of currency swaps	0	0	0	0
	Total	157,108	248,444	157,108	248,444
	Derivatives included in hedge accounting				
	Negative closing value of interest swaps	71,999	78,881	71,999	78,881
	Negative closing value of currency swaps	0	0	0	0
	Total	71,999	78,881	71,999	78,881
	Grand total	229,107	327,324	229,107	327,324

The above presentation pertains to the market value of derivative contracts. Accrued interest is presented in Note 29, Accrued expenses and deferred income.

NOTE 28	OTHER LIABILITIES, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Tax liabilities	5,128	5,209	2,506	2,609
	Liabilities to Group companies	102,000	140,000	104,765	141,505
	Other liabilities	54,669	45,266	43,986	32,624
	Total	161,797	190,475	151,257	176,738

NOTE 29	ACCRUED EXPENSES AND DEFERRED INCOME, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Accrued interest	793,179	850,021	793,416	852,542
	Other accrued expenses	18,904	18,483	18,904	18,430
	Deferred income	4,209	1,225	3,717	1,014
	Total	816,292	869,730	816,037	871,986

NOTE 30	PROVISIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
	Provisions for pensions	37,758	46,841	4,058	5,004
	Deferred tax	98,673	122,190	98,673	122,190
	Total	136,431	169,031	102,731	127,194
	Opening deferred tax on write-up of property	45,222	49,215	45,222	49,215
	Change during the year	-797	-3,993	-797	-3,993
	Closing deferred tax on write-up of property	44,425	45,222	44,425	45,222
	Opening deferred tax on write-up of property IFRS	3,148	3,649	3,148	3,649
	Change during the year	-1,354	-501	-1,354	-501
	Closing deferred tax on write-up of property IFRS	1,794	3,148	1,794	3,148
	Opening deferred tax on fair value reserve	73,821	-18,552	73,821	-18,552
	Change during the year	-21,367	92,372	-21,367	92,372
	Closing deferred tax on fair value reserve	52,454	73,821	52,454	73,821
	Total deferred taxes	98,673	122,190	98,673	122,190

Pension provisions are recognised under general administrative expense in the income statement.

Landshypotek's pension plan is a so-called defined-benefit pension plan. Landshypotek had funded its obligation via SPK, which manages the assets and handles pension payments on behalf of Landshypotek. The present value of the obligations, after deduction for the fair value of managed assets, amounted to MSEK 33.2 at 31 December 2009. The difference between the book value and the amount presented above for 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 and 10 percent of the fair value of managed assets.

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

CONT.	NOTE 30 PROVISIONS, SEK THOUSAND	GROUP		PARENT COMPANY	
		2009	2008	2009	2008
Discount rate		3.50 %	3.00 %		
Anticipated return on assets		5.00 %	6.00 %		
Anticipated change of income base amount		3.00 %	3.00 %		
Anticipated future rate of increase in salaries		3.00 %	3.00 %		
Anticipated inflation		2.00 %	2.00 %		
Inflation-adjustment of pensions paid		2.00 %	2.00 %		
Personnel turnover		5.00 %	5.00 %		
Early retirement		20.00 %	20.00 %		
Opening balance of present value of pension obligations		300,250	246,027		
Service cost		4,770	5,751		
Interest expense		8,906	9,791		
Pension payment		-13,584	-10,847		
Actuarial gain/loss		-17,166	56,251		
Present value of pension obligations 31 December 2009		283,176	306,973		
Managed assets, opening balance		240,637	207,005		
Yield		14,156	12,315		
Payments to the fund		7,643	8,139		
Pension payments		-13,584	-10,847		
Actuarial gain/loss		1,120	30,141		
Managed assets 31 December 2009		249,972	246,753		
Net liability, opening balance		-60,221	-39,022		
Year's pension cost		495	-3,227		
Payments to the fund		7,643	8,139		
Actuarial gain/loss		18,764	-26,110		
Net liability 31 December 2009		-33,319	-60,220		
Accumulated actuarial gain/loss		381	-18,383		
<i>Corridor value</i>		28,664	30,697		
Book liability 31 December 2009		-33,700	-41,838		
Other pension liabilities		-4,058	-5,004		
Total book pension liability		-37,758	-46,842		
Specification of pension costs					
Service cost		-4,923	-5,751		
Interest expense		-9,110	-9,791		
Anticipated yield		14,528	12,315		
Pension costs		495	-3,227		
Specification of deferred taxes					
Deferred tax on write-up of property		44,425	45,221	44,425	45,221
Deferred tax on write-up of property IAS 19		1,794	3,148	1,794	3,148
Deferred tax on revaluation reserve		52,454	73,821	52,454	73,821
Deferred tax on pension liability					
Total provision for deferred taxes		98,673	122,190	98,673	122,190

Deferred tax for 2009 is calculated on the tax rate of 26.3 percent.

				GROUP		PARENT COMPANY	
NOTE 31	SUBORDINATED LIABILITIES, SEK THOUSAND			2009	2008	2009	2008
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
Total				350,000	449,983	350,000	449,983

			GROUP		PARENT COMPANY	
NOTE 32	MEMORANDUM ITEMS, SEK THOUSAND		2009	2008	2009	2008
Pledged assets			None	None	None	None
Contingent liabilities						
	Försäkringsbolaget Pensionsgaranti, FPG		81	100	81	100
	Flexible first mortgages, approved amounts not utilised		356,276	227,537	356,276	227,537
Total			356,357	227,637	356,357	227,637
Guarantees			100,000	100,000	None	None

FINANCIAL CORPORATE GROUP				
NOTE 33	CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	Basel II	Transitional rules	Basel I
Tier 1 capital		3,154,293	3,154,293	3,188,411
	Share capital paid in or equivalent, after deduction of cumulative preference shares	1,029,841	1,029,841	1,029,841
	Equity component of reserves and profit or loss brought forward from preceding financial year	2,169,288	2,169,288	2,169,288
	Profit for the year	47,841	47,841	47,841
	Deduction for deferred tax assets	-58,559	-58,559	-58,559
	Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	-34,118	-34,118	-
Tier 2 capital		315,881	315,881	350,000
	Subordinated term loans in accordance with Chapter 8, Sections 18-30 of the Swedish Capital Adequacy and Large Exposures Act	350,000	350,000	350,000
	Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	-34,119	-34,119	-
Capital base		3,470 174	3,470 174	3,538 411
Capital requirement for credit risks in accordance with the standard method		377,127	377,127	3,999,509
	Exposure to governments and central banks	0	0	-
	Municipalities, similar entities and authorities	0	0	-
	Institutional exposure	218,435	218,435	-
	Corporate exposure	119,108	119,108	-
	Retail exposure	38,421	38,421	-
	Non-performing items	1,163	1,163	-
	Other items	0	0	-
Capital requirement for credit risks in accordance with IRB		302,341	302,341	-
	Retail – real estate credits	273,527	273,527	-
	Without counterparty	28,814	28,814	-
Capital requirement for operational risks – Base method		52,124	52,124	-
Additional capital requirement in accordance with the transitional rules		-	2,399,778	-
Capital requirement		731,592	3,131,370	3,999,509
Capital adequacy ratio		4.74	1.11	0.88
Capital adequacy		37.95 %	8.87 %	7.08 %
Tier 1 capital adequacy		34.49 %	8.06 %	6.38 %
IRB deduction				
	Anticipated loss amount in excess of provisions	-68,237		

Capital adequacy ratio = Capital base/Capital requirement

CONT.	NOTE 33 CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	LHAB PARENT COMPANY		
		Basel II	Transitional rules	Basel I
Tier 1 capital		3,058,715	3,058,715	3,092,833
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		1,117,202	1,117,202	1,117,202
Profit for the year		175,381	175,381	175,381
Group contributions paid		-75,175	-75,175	-75,175
Deduction for deferred tax assets		-51,575	-51,575	-51,575
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-34,118	-34,118	-
Tier 2 capital		315,881	315,881	350,000
Subordinated term loans in accordance with Chapter 8, Sections 18-30 of the Swedish Capital Adequacy and Large Exposures Act		350,000	350,000	350,000
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-34,119	-34,119	-
Capital base		3,374,596	3,374,596	3,442,833
Capital requirement for credit risks in accordance with the standard method		350,637	350,637	3,955,490
Exposure to governments and central banks		0	0	-
Municipalities, similar entities and authorities		0	0	-
Institutional exposure		213,011	213,011	-
Corporate exposure		113,130	113,130	-
Retail exposure		24,380	24,380	-
Non-performing items		116	116	-
Other items		0	0	-
Capital requirement for credit risks in accordance with IRB		343,226	343,226	-
Retail – real estate credits		273,527	273,527	-
Without counterparty		69,699	69,699	-
Capital requirement for operative risks – Base method		48,420	48,420	-
Additional capital requirement in accordance with the transitional rules		-	2,353,872	-
Capital requirement		742,283	3,096,155	3,955,490
Capital adequacy ratio		4.55	1.09	0.87
Capital adequacy		36.37 %	8.72 %	6.96 %
Tier 1 capital adequacy		32.97 %	7.90 %	6.26 %
IRB deduction				
Anticipated loss amount in excess of provisions		-68,237		

Capital adequacy ratio = Capital base/Capital requirement

NOTE 34	FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND				GROUP
2009	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks				8,946	
Treasury bills and other eligible bills				0	
Loans to credit institutions				87,761	
Loans to customers				46,455,974	
Bonds and other interest-bearing securities	1,608,047				9,924,770
Derivatives	249,710	58,363			
Total financial assets	1,857,757	58,363	-	46,552,681	9,924,770
Financial liabilities					
Liabilities to credit institutions			5,709,996		
Borrowing from the public			45,000		
Securities in issue, etc.	9,637,601		39,389,495		
Derivatives	157,108	71,999			
Subordinated liabilities			350,000		
Total financial liabilities	9,794,709	71,999	45,494,491	-	-
2008	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks				2,707	
Treasury bills and other eligible bills					
Loans to credit institutions				59,308	
Loans to customers				41,301,123	
Bonds and other interest-bearing securities	541,787				7,931,673
Derivatives	73,653	288,844			
Total financial assets	615,440	288,844	-	41,363,138	7,931,673
Financial liabilities					
Liabilities to credit institutions			7,509,565		
Borrowing from the public			32,022		
Securities in issue, etc.	4,173,401		34,213,985		
Derivatives	248,444	78,881			
Subordinated liabilities			449,983		
Total financial liabilities	4,421,845	78,881	42,205,555	-	-

CONT.	NOTE 34 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND			PARENT COMPANY	
2009	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks				8,946	
Treasury bills and other eligible bills					
Loans to credit institutions				300,505	
Loans to customers				46,142,049	
Bonds and other interest-bearing securities	1,608,047				9,924,770
Derivatives	249,710	58,363			
Total financial assets	1,857,757	58,363	-	46,451,500	9,924,770
Financial liabilities					
Liabilities to credit institutions			6,224,755		
Borrowing from the public			45,000		
Securities in issue, etc.	9,637,601		39,389,495		
Derivatives	157,108	71,999			
Subordinated liabilities			350,000		
Total financial liabilities	9,794,709	71,999	46,009,250	-	-
2008	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks				2,707	
Treasury bills and other eligible bills					
Loans to credit institutions				71,991	
Loans to customers				41,024,606	
Bonds and other interest-bearing securities	541,787				7,931,673
Derivatives	73,653	288,844			
Total financial assets	615,440	288,844	-	41,099,304	7,931,673
Financial liabilities					
Liabilities to credit institutions			7,836,229		
Borrowing from the public			32,022		
Securities in issue, etc.	4,173,401		34,213,985		
Derivatives	248,444	78,881			
Subordinated liabilities			449,983		
Total financial liabilities	4,421,845	78,881	42,532,219	-	-

Maturity analysis, sensitivity analysis and financial risks are presented in the section on risk.

NOTE 35	DERIVATIVE INSTRUMENTS, SEK THOUSAND		GROUP	
2009	With positive or zero closing value Nominal amount	Book value	With negative closing value Nominal amount	Book value
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
- Options				
- Futures				
Currency-related				
- Swaps	9,537,844	189,653		
- Options				
- Futures				
Total	14,317,844	308,074	6,954,000	229,107

2008	With positive or zero closing value Nominal amount	Book value	With negative closing 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				
2009	With positive or zero closing value Nominal amount	Book value	With negative closing value Nominal amount	Book value
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
- Options				
- Futures				
Currency-related				
- Swaps	9,537,844	189,653		
- Options				
- Futures				
Total	14,317,844	308,074	6,954,000	229,107

2008	With positive or zero closing value Nominal amount	Book value	With negative closing 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

NOTE 36 FAIR VALUE DISCLOSURES, SEK THOUSAND

GROUP

	2009		2008	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	8,946	8,946	2,707	2,707
Treasury bills and other eligible bills				
Loans to credit institutions	87,761	87,761	59,308	59,308
Loans to customers	46,455,974	47,292,200	41,301,123	42,276,458
Bonds and other interest-bearing securities	11,532,817	11,532,817	8,473,460	8,473,460
Derivatives	308,074	308,074	362,497	362,497
Shares	1	1	1	1
Shares in Group companies				
Intangible non-current assets				
Tangible assets				
Furniture, fixtures and equipment	3,334	3,334	4,602	6,602
Buildings and land	336,256	492,000	339,470	454,400
Other assets	449,953	449,953	167,224	167,224
Prepaid expenses and accrued income	612,446	612,446	543,166	543,167
Total assets	59,795,562	60,787,532	51,253,559	52,343,824
Liabilities and provisions				
Liabilities to credit institutions	5,709,996	5,695,103	7,509,565	7,517,471
Borrowing from the public	45,000	45,219	32,022	32,118
Securities in issue, etc.	46,027,096	49,468,249	38,387,386	39,925,512
Derivatives	229,107	229,107	327,324	327,324
Other liabilities	161,797	161,797	190,475	190,475
Accrued expenses and deferred income	816,292	816,292	869,730	869,730
Provisions	136,431	136,431	169,031	169,031
Subordinated liabilities	350,000	352,801	449,983	454,359
Total liabilities	53,475,719	56,904,999	47,935,516	49,486,020

PARENT COMPANY

	2009		2008	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	8,946	8,946	2,707	2,707
Treasury bills and other eligible bills				
Loans to credit institutions	300,505	300,505	71,991	72,044
Loans to customers	46,142,049	46,969,779	41,024,606	41,985,595
Bonds and other interest-bearing securities	11,532,817	11,532,817	8,473,460	8,473,460
Derivatives	308,074	308,074	362,497	362,497
Shares		0		
Shares in Group companies	515,027	514,027	514,927	514,927
Intangible non-current assets				
Tangible assets				
Furniture, fixtures and equipment	3,334	3,334	4,602	4,602
Buildings and land	319,903	422,000	335,803	426,400
Other assets	444,778	444,778	144,111	144,111
Prepaid expenses and accrued income	611,595	611,595	542,386	542,385
Total assets	60,187,027	61,116,855	51,477,089	52,528,728
Liabilities and provisions				
Liabilities to credit institutions	6,224,755	6,209,876	7,836,229	7,844,709
Borrowing from the public	45,000	45,219	32,022	32,118
Securities in issue, etc.	49,027,096	49,466,249	38,387,386	39,925,512
Derivatives	229,107	229,107	327,324	327,324
Other liabilities	151,257	151,257	176,739	176,739
Accrued expenses and deferred income	816,037	804,385	871,986	871,986
Provisions	102,731	102,731	127,194	127,194
Subordinated liabilities	350,000	352,801	449,983	454,359
Total liabilities	56,945,983	57,373,277	48,208,862	49,759,940

NOTE 37 FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS, SEK THOUSAND								GROUP
	2009				2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	1,608,047	-		1,608,047	541,787	-		541,787
Derivatives	-	249,710		249,710	-	73,653		73,653
Derivatives identified as hedging instruments								
Derivatives	-	58,363		58,363	-	288,844		288,844
Available-for-sale financial assets								
Bonds and other interest-bearing securities	9,904,035	20,735		9,924,770	7,850,734	80,939		7,931,673
Total assets valued at fair value	11,512,082	328,808	0	11,840,891	8,392,521	443,436	0	8,835,957
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.		9,637,601		9,637,601		4,173,401		4,173,401
Derivatives		157,108		157,108		248,444		248,444
Derivatives identified as hedging instruments								
Derivatives		71,999		71,999		78,881		78,881
Total liabilities valued at fair value	0	9,866,708	0	9,866,708	0	4,500,726	0	4,500,726

PARENT COMPANY								
	2009				2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	1,608,047	-	-	1,608,047	541,787	-	-	541,787
Derivatives	-	249,710	-	249,710		73,653	-	73,653
Derivatives identified as hedging instruments								
Derivatives	-	58,363	-	58,363		288,844	-	288,844
Available-for-sale financial assets								
Bonds and other interest-bearing securities	9,904,035	20,735	-	9,924,770	7,850,734	80,939	-	7,931,673
Total assets valued at fair value	11,512,082	328,808	-	11,840,891	8,392,521	443,436	0	8,835,957
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.		9,637,601		9,637,601		4,173,401		4,173,401
Derivatives		157,108		157,108		248,444		248,444
Derivatives identified as hedging instruments								
Derivatives		71,999		71,999		78,881		78,881
Total liabilities valued at fair value	0	9,866,708	0	9,866,708	0	4,500,726	0	4,500,726

Level 1: Prices quoted on active markets for identical assets and liabilities. Refers to holdings of bonds valued without spread.

Level 2: Observable data for assets/liabilities other than quoted prices, either direct or indirect. Refers to holdings of bonds valued with spread and holdings of derivatives.

Level 3: Data for assets/liabilities not based on observable market data. Landshypotek had no holdings in level 3 at year-end.

		GROUP		PARENT COMPANY	
NOTE 38	ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	2009	2008	2009	2008
ASSETS					
SEK		87,761	59,308	300,505	71,991
Loans to credit institutions		87,761	59,308	300,505	71,991
SEK		46,432,978	41,291,510	46,119,053	41,014,993
EUR		22,996	9,613	22,996	9,613
Loans to customers		46,455,974	41,301,123	46,142,049	41,024,606
SEK		11,532,817	8,473,460	11,532,817	8,473,460
Bonds and other interest-bearing securities		11,532,817	8,473,460	11,532,817	8,473,459
SEK		308,074	362,497	308,074	362,497
Derivatives		308,074	362,497	308,074	362,497
SEK		1,410,936	1,057,171	1,903,582	1,544,536
Other assets		1,410,936	1,057,171	1,903,582	1,544,536
TOTAL ASSETS		59,795,562	51,253,559	60,187,027	51,477,089
LIABILITIES					
SEK		5,686,541	7,500,020	6,201,300	7,826,684
EUR		23,455	9,545	23,455	9,545
Liabilities to credit institutions		5,709,996	7,509,565	6,224,755	7,836,229
SEK		45,000	32,022	45,000	32,022
Borrowing from the public		45,000	32,022	45,000	32,022
SEK		40,465,115	35,584,238	40,465,115	35,584,238
CHF		1,721,724	369,655	1,721,724	369,655
EUR		1,712,259	273,283	1,712,259	273,283
NOK		5,127,998	2,160,210	5,127,998	2,160,210
Securities in issue		49,027,096	38,387,385	49,027,096	38,387,385
SEK		229,107	327,324	229,107	327,324
Derivatives		229,107	327,324	229,107	327,324
SEK		1,464,520	1,679,220	1,420,025	1,625,902
Other liabilities		1,464,520	1,679,220	1,420,025	1,625,902
TOTAL LIABILITIES		56,475,719	47,935,516	56,945,983	48,208,862

All assets and liabilities in foreign currencies are hedged against exchange rate fluctuations with the help of derivative contracts.

Proposed Allocation of Earnings

Retained earnings	SEK 279,011,736
Group contribution	SEK -102,000,000
Tax effect of Group contribution	SEK 26,826,000
Total	SEK 203,837,736
Net profit for 2009	SEK 100,206,427
At the disposal of the Annual General Meeting	SEK 304,044,163

Conditional on the approval by the Annual General Meeting, a Group contribution has been rendered in the amount of SEK 102,000,000, which has reduced unrestricted equity as of the balance sheet date by SEK 75,174,000 after taking the tax effect into account. The proposed transfer of value in the form of a Group contribution reduces the Company's capital adequacy ratio to 1.11 percent, calculated in accordance with the transitional rules of the Swedish Financial Supervisory Authority. The Board of Directors is of the opinion that the proposed dividend, in the form of a Group contribution, does not compromise the Company's ability to fulfil its obligations in the short and long term, nor to make any necessary capital investments. The proposed transfer of value can therefore be defended considering that stated in the Swedish Companies Act, Chapter 17, Section 3, paragraphs 2-3. The Board of Directors proposes that the year's funds at the disposal of the Annual General Meeting, SEK 304,044,163, be carried forward. The undersigned hereby certify that, to the best of our knowledge, the annual accounts are prepared in accordance with generally accepted accounting principles for credit market companies and that the information provided agrees with actual circumstances and that nothing of material importance has been omitted that could affect the image of Landshypotek AB created by the annual accounts.

Stockholm 9 March 2010

Ulf Dinkelspiel
Chairman

Lars Folkmer

Anders Johansson

Richard Montgomery

Henrik Toll

Charlotte Önnestedt

Kjell Stillman
Managing Director

Audit Report

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

We have audited the annual accounts, the consolidated financial statements, accounting and the administration of the Board of Directors and the Managing Director of Landshypotek AB for 2009. The Company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 6-54. 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. These standards require that we plan and perform the audit to obtain high, but not absolute assurance that the annual accounts and the consolidated accounts are free from material misstatements. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes an assessment of the accounting principles applied and the application thereof by the Board of Directors and the Managing Director, an assessment of the critical estimates made by the Board of Directors and Managing Director

in preparing the annual accounts, and an evaluation of the overall information contained in the annual accounts and consolidated accounts. As a basis for our statement on discharge from liability, we have examined significant decisions, measures and circumstances in the Company in order to evaluate whether or not any member of the Board of Directors or the Managing Director is liable for damages to the Company. We have also examined whether any member of the Board of Directors or the Managing Director has acted in contravention 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 have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a true and fair view of the Company's financial position and performance in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual report.

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

Stockholm 9 March 2010

Anna Hesselman
Authorised Public Accountant

Bengt Fröander
Authorised Public Accountant

Senior Management



Kjell Stillman
Managing Director



Göran Abrahamsson
Chief Member Officer



Bertil Andersson
Chief Operating Officer



Olof Helmersson
*Chief Development Officer
and Managing Director of
Landshypotek Jordbrukskredit*



Björn Ordell
Chief Financial Officer



Åsa Simonsson-Lönegren
Chief Administrative Officer



Rolf Åttingsberg
Chief Credit Officer

Board of Directors and Managing Director



Ulf Dinkelspiel
Chairman



Lars-Åke Folkmer
Director



Anders Johansson
Director



Richard Montgomery
Director



Kjell Stillman
Managing Director



Henrik Toll,
Director



Charlotte Önnestedt
Director

Directors

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

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

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

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

Kjell Stillman, b. 1948, Västerås, Managing Director and Director of Landshypotek, ekonomisk förening and Landshypotek AB. Director of Landshypotek Jordbrukskredit AB. Chairman of Landshypotek AB

Henrik Toll, b. 1954, Sorunda, University Diploma in Agricultural and Rural Management, Director of Landshypotek, ekonomisk förening, Landshypotek AB and Landshypotek Jordbrukskredit AB. Deputy Director of Sveriges Allmänna Hypoteksbank. Chairman of Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra-Borgaren AB and Västra Borgaren AB. Director of Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

Charlotte Önnestedt, b. 1963, Ödeshög, University Diploma in Agricultural and Rural Management, Director of Landshypotek AB and Landshypotek Jordbrukskredit AB.

Auditors

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

Deputy auditors

Christina Asseus Sylvén, Sollentuna, Authorised Public Accountant.
Ulf Westerberg, Stockholm, Authorised Public Accountant.

Report of the Board of Directors

Local presence is an important success factor for Landshypotek



Today, Landshypotek has offices spread throughout Sweden. A local presence is of great importance in the work of offering the market personal service by employees with considerable knowledge of the local conditions.

On 9 March 2010, the Board of Directors of Landshypotek, ekonomisk förening, registration number 769600-5003, approved the financial statements for issue. These will be presented for final adoption by the regularly scheduled Association Meeting on 5 May 2010.

Business

Landshypotek, ekonomisk förening (economic association) is the Parent Company of the Landshypotek, ekonomisk förening Group. The association is owned by its members. Operations in the Group are primarily conducted in Landshypotek AB. 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 at competitive terms as well as other bank products and services in cooperation with partners.

Lending is concentrated to Landshypotek AB, but certain lending activities are also conducted by the subsidiaries Landshypotek Jordbrukskredit AB and Lantbrukskredit AB. Landshypotek AB is responsible for all borrowing. The Company uses the capital market as its source of funding. Desired flexibility is achieved by borrowing being divided into several borrowing programmes that attract various types of investors.

Landshypotek AB is owned by Landshypotek, ekonomisk förening (economic association). The co-operative association is a democratic organisation where all members have one vote at the annual regional meeting.

During 2009, operations were conducted by the following corporate entities:

- Landshypotek, ekonomisk förening
- Landshypotek AB
- Landshypotek Jordbrukskredit AB
- Lantbrukskredit AB
- The General Mortgage Bank of Sweden (Hypoteksbanken) – is being phased out.

Organisation

Landshypotek has approximately 100 employees at 19 sales offices throughout the country. Its local presence is an important success factor for the Company. The staff has good local knowledge and expert knowledge about the conditions for agriculture and forestry as well as entrepreneurial enterprise. In order to increase availability and the level of service, Landshypotek continued to develop its interaction with the customers through sales offices and by offering new Internet services.

The representatives on Landshypotek's regional boards of directors are charged with performing appraisals on customer properties. The representatives 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 board members are also active advocates of the Company and represent Landshypotek in a variety of contexts.

Market overview

Market trends

Landshypotek's customers still have a bright outlook on the future even though conditions have deteriorated somewhat compared with the preceding year, with rising prices on input goods and lower prices on goods produced. Milk farmers in particular were hurt by a degraded earning power. However, the general consensus is that the price of milk has bottomed out and may rise from current levels. The slightly impaired conditions for farmers have led to a situation where the structural transformation of Swedish agriculture has gained renewed momentum. The number of producers in traditional farming is shrinking, especially in milk and swine production, at the same time as diversification on farms is on the rise. New lines of business include contracting and energy. The state of the forestry business has recovered from the downturn during the past autumn and winter and demand for timber is high.

Price trend on forestry and agricultural properties

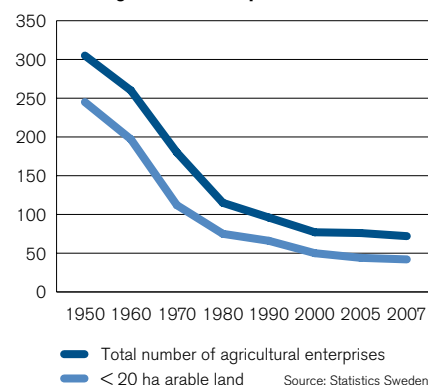
Prices on agricultural and forestry properties rose sharply until summer 2008 when the upward trend levelled off. Prices have since largely remained stable although we noted some increases in prices in the autumn. Landshypotek believes that prices will continue to rise somewhat in 2010. Landshypotek noted an increase in price fluctuations. For objects with less attractive locations, a certain decline in price was noted, while prices for first-rate arable and forest land rose.

Landshypotek's development

Landshypotek increased net lending by SEK 5.2 billion during the year, which is a record. This increase corresponds to a lending growth of 12.5 percent compared with 4.0 percent the previous year. The increased growth in 2009 compared with 2008 is due to increased market activity. There is great interest in purchasing additional land, as well as investment in buildings and machinery, and in Landshypotek increasing its presence on the market. Landshypotek maintains its position as the market leader on the market for first mortgage loans to farm and forest owners.

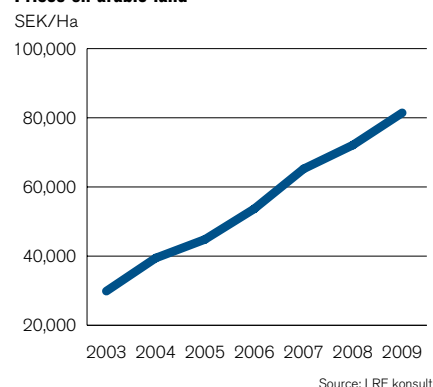
The organisational changes carried out by Landshypotek in recent years have largely had the objective of coming closer to the customers and being more present and visible on the market. Among other efforts, the number of sales offices has been increased from 10 at the beginning of the 2000s to 19 today. The product range has also been broadened. Landshypotek's core business consists of offering land and forest owners the market's most attractive first mortgage loans. In order to satisfy its customers' other needs for bank services, Landshypotek offers its customers banking services in cooperation with partners. Landshypotek can offer an array of bank services, such as second and third mortgage loans, property financing and committed credit facilities as well as account and payment services. It is important for Landshypotek to be able to offer a broad 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. Landshypotek collaborates with Sparbanken Finn to be able to offer the customers bank services. Landshypotek also offers its customers insurance. Insurance, such as farm insurance and life insurance, is brokered by Landshypotek to its customers; insurers are reputable insurance companies that are a part of Landshypotek's network of partners. During the year, a cooperation agreement was signed with Säkra, which thereby becomes an important partner to Landshypotek.

Number of agricultural enterprises



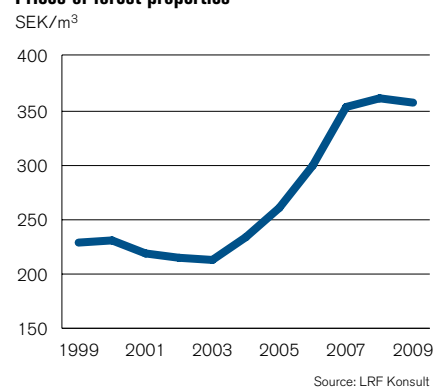
The structural transformation in agriculture has meant that the number of agricultural enterprises has dropped sharply in the past 50 years. This structural transformation is continuing and has gained momentum in recent years.

Prices on arable land



In 2009, the price of arable land rose by an average of 13 percent compared with 2008. Demand for arable land remains strong at the same time as the supply is relatively small and interest rates are low.

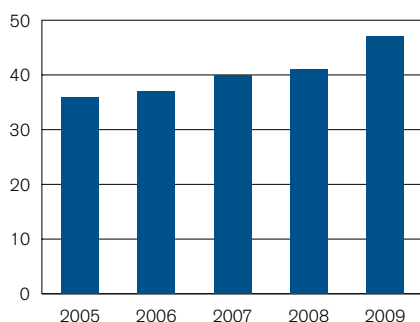
Prices of forest properties



The average price on forest properties was SEK 358/m³ in Sweden as a whole in 2009.

Loans to customers

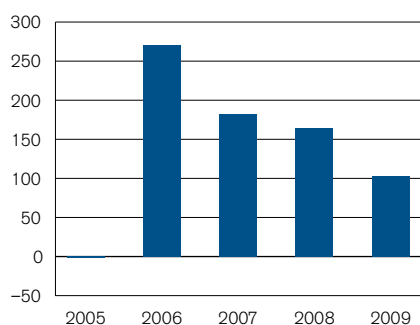
SEK billion



Landshypotek's loans to customers amounted to MSEK 46,456 at 31 December 2009. During the year, lending increased by 12.5 percent.

Operating profit

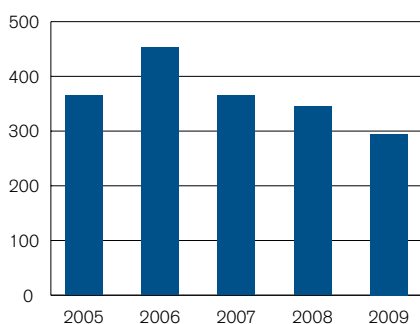
MSEK



Operating profit, excluding "Net result of financial transactions" amounted to MSEK 103.4 in 2009. The decrease in profit is primarily due to lower net interest income.

Net interest income

MSEK



In 2009, net interest income amounted to MSEK 294.0. The size of net interest income is determined by the lending volume, the margin between the borrowing and lending interest rates and the return received on equity invested in lending operations.

Success factors

Crucial factors for Landshypotek to continue to experience strong development on the market and defend its position as the leader in its area of business include:

- good knowledge of its customers' business,
- products that meet the customers' needs,
- elected appraisers who can accurately appraise the collateral,
- a good credit rating, which together with correctly appraised collateral guarantees continued low levels of loan loss, and
- low borrowing costs.

Profit and profitability**Key financial indicators**

	2009	2008
Net interest income	293,957	344,618
Interest rate margin	0.67 %	0.85 %
Costs	-228,785	-236,313
Cost level, %	-0.52 %	-0.58 %
Operating profit, MSEK	152,528	-5,184
Loan losses	-8,484	12,603
Loan loss level, %	0.02 %	-0.03 %

The consolidated operating profit for 2009 amounted to MSEK 152.5, an increase of MSEK 157.7 compared with the previous year (loss: 5.2). Operating profit not including net result of financial transactions amounted to MSEK 103.5 (164.7). The decrease in profit is primarily due to lower net interest income as a result of lower market interest rates and lower recoveries of previously realised loan losses.

Net interest income

Net interest income for 2009 amounted to MSEK 294.0, a decrease of MSEK 50.7 compared with 2008 (344.6). This decrease is primarily due to the fact that interest rates were lower in 2009 compared with 2008. This affects the return on the portion of 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 lending volume had a positive impact on net interest income.

Other operating income

Operating income not including net interest income amounted to MSEK 95.8, an increase by MSEK 221.9 compared with the corresponding period in 2008. This increase is primarily due to an increase in "Net result of financial transactions" by MSEK 49.1, from MSEK -169.9 in 2008. Net result of financial transactions includes the realised result of purchases and sales of financial instruments and the result from the repurchase of own bonds. This item also includes the result of revaluation of certain financial instruments. 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 in Landshypotek will then be approximately MSEK -3.1. Furthermore, a dividend of MSEK 10 was recognised in 2009.

Landshypotek's covered bonds

Landshypotek has issued covered bonds in an amount of SEK 46.2 billion. Assets in the covered pool corresponding to SEK 50.4 billion are in place as collateral for these bonds.

Collateral base and covered bonds

Collateral base			
Loans	SEK 44.2 billion		
Supplemental collateral	SEK 6.2 billion		
SEK 50.4 billion			
Covered bonds			
Issued in SEK	SEK 37.8 billion		
Issued in foreign currency	SEK 8.4 billion		
SEK 46.2 billion			
Excess collateral	SEK 4.2 billion	9.0%	

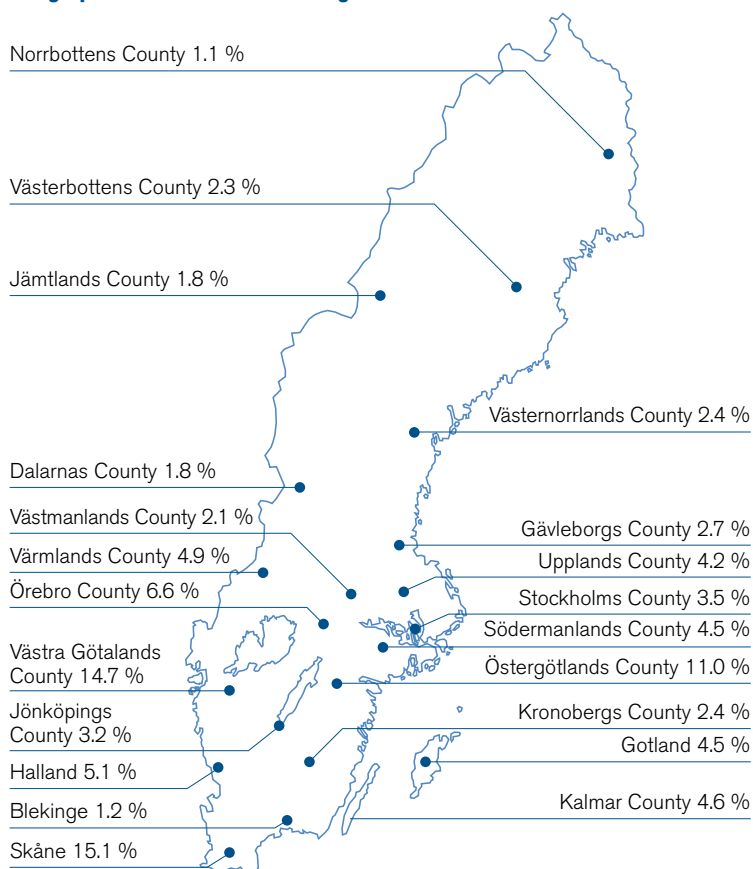
Key ratios, collateral base

LTV Loan-to-value	
Average volume-weighted LTV	37.1%
Number of pledged properties	37,097
Number of borrowers	51,097
Number of loans	131,492

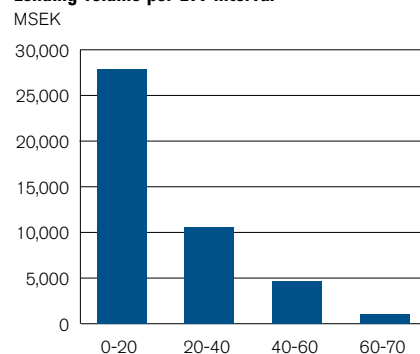
Supplemental collateral

Swedish covered bonds	SEK 6.2 billion
Swedish municipalities	SEK 0.0 billion

Geographic distribution of lending

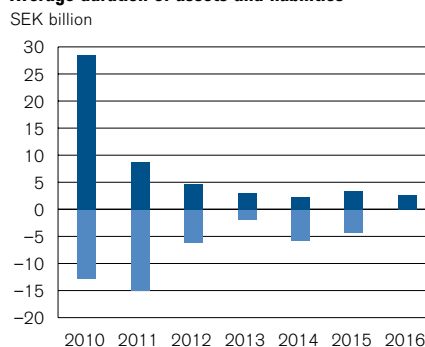


Lending volume per LTV interval



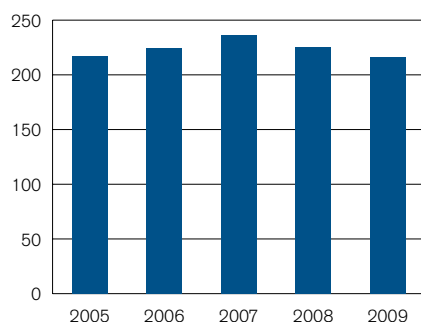
Of Landshypotek's lending, 63 percent takes place against collateral where the loan amount is less than 20 percent of the value of the collateral. Only 2 percent of lending is against collateral where the loan amount is 70 percent of the value of the collateral.

Average duration of assets and liabilities



Costs

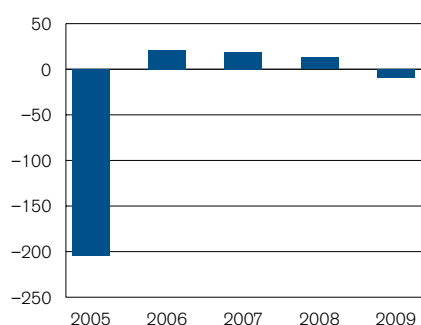
MSEK



Landshypotek works long term to reduce its costs and enhance the efficiency of its operations. Compared with 2005, costs decreased by at the same time as lending increased.

Loan losses

MSEK



In 2009, loan losses amounted to MSEK 8.5, which is equivalent to 0.02 percent of lending. The large losses for 2005 were associated with the discontinuation of a commitment in the subsidiary Lantbrukskredit AB.

Costs

Costs amounted to MSEK 228.8 (236.3). The cost decrease of MSEK 7.5 (3.2 percent) is primarily due to lower general administrative expenses, mainly expenses for IT and purchased services.

Landshypotek has worked to reduce the cost level in the Company over the long term for just over a year. These efforts are beginning to provide results and we anticipate further decreases in costs in future years.

Loan losses and doubtful credits

Loan losses for 2009 amounted to MSEK 8.5 (recoveries: 12.6). Recoveries of previously realised losses, or previously doubtful credits, amounted to MSEK 1.1 (14.9). Doubtful credits amounted to MSEK 42.8, which is equivalent to 0.09 percent of loans outstanding. At year-end 2009, doubtful credits amounted to MSEK 1.0, corresponding to 0.0 percent of loans outstanding.

During spring/summer of 2009, Landshypotek performed an in-depth analysis of the loan portfolio and carried out different types of stress tests with a view to assessing performance under varying macro-economic scenarios. We are currently not seeing any signs that the overall economic situation has affected the quality of Landshypotek's loan portfolio. Nor can we see that a general deterioration of the economy will lead to significantly higher loan losses. The reason for this is, in part, that the loan to value ratio is low, the average volume-weighted loan to value ratio is 39.1 percent, and the overall repayment ability of Landshypotek's customers is also strong. Landshypotek's customers derive their income from several sources, such as income from employment, contracting business, forestry and agriculture.

The balance sheet total increased by 16.7 percent to MSEK 59,789 (51,229) due to increased lending to customers and a larger holding of interest-bearing securities.

Financial structure**Assets**

The largest asset item in the balance sheet is "Loans to customers", which amounts to MSEK 46,456 (41,286). More information about Landshypotek's loans to customers is found in the Risk and Capital Management section.

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

Loans to credit institutions	99
Loans to customers	46,456
Bonds and other interest-bearing securities	11,533
Derivatives	308
Non-current assets	340
Other assets	1,053
	59,789

Liabilities, MSEK

Liabilities to credit institutions	5,670
Borrowing from the public	190
Securities in issue	49,027
Derivatives	229
Other liabilities	1,329
Equity	3,344
	59,789

At year-end 2009, Landshypotek's holding of interest-bearing securities amounted to MSEK 11,533 (8,473). The portfolios consist of securities issued by Swedish institutions with high credit ratings. At year-end, 99 percent of the portfolio comprised covered bonds with high ratings, which can immediately be pledged or converted. The remaining 1 percent comprised bonds issued by Swedish municipalities, also with the highest rating. The objective of the holdings of interest-bearing securities is that they function as a liquidity portfolio. The securities can be sold or borrowed against to handle the financing of liabilities falling due.

Landshypotek uses derivatives for the purpose of handling the differences in periods of fixed interest between assets and liabilities. At year-end 2009, the nominal value of the Group's derivative contracts amounted to MSEK 21,302 (16,245). 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 on the type of contract and the remaining time to maturity. The resulting amount constitutes a part of Landshypotek's credit exposure. Counterparties are Swedish and international banks with very high credit ratings. At year-end, the credit exposure in the derivative contracts totalled MSEK 1,075 (739).

Non-current assets amounted to MSEK 340 (344). Non-current assets consist mainly of seven operating properties.

Liabilities

Landshypotek's financing consists primarily of bond loans and money market instruments issued on the Swedish and European markets in the form of MTN, EMTN and commercial paper programmes. Funding is also obtained via borrowings from credit institutions. At year-end 2009, bonds and money market instruments in issue amounted to MSEK 49,027 (38,387). Borrowing from the public amounted to MSEK 190 (32) and borrowing from credit institutions amounted to MSEK 5,670 (7,510). During the year, borrowing from credit institutions decreased in favour of greater financing through bonds.

Equity

At year-end 2009, Landshypotek had equity of MSEK 3,344 (3,362). During 2009, equity decreased by MSEK 18.1.

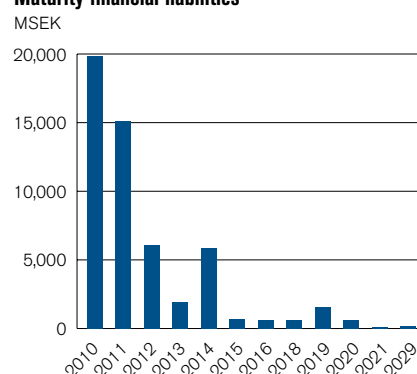
Financing

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

In 2009, covered bonds were issued under Landshypotek's Swedish MTN programme and international EMTN programme in an amount of approximately MSEK 32.3.



Maturity financial liabilities



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



Programme	Utilised 31 Dec. 2009	Maximum amount	Utilised 31 Dec. 2008
Swedish commercial paper	1,975	10,000	1,193
Swedish MTN programme	38,004	50,000	32,040
International EMT programme	8,358	15,000	3,362
Private bonds	0		150
Other bonds	6		136
Subordinate loans	350		450

The situation on the capital market improved steadily during 2009. Landshypotek's assessment is that continued intervention on the part of central banks and governments will be important to ensure a smoothly functioning market.

Rating

On 1 September, Moody's lowered Landshypotek's rating from A2 to A3 with a Negative Outlook. The lowering of Landshypotek's credit rating occurred at the same time as most other Swedish and Nordic banks saw their credit ratings lowered. Fitch placed Landshypotek's credit rating on Negative Outlook in December.

On 1 December, S&P presented its revised methodology for the rating of covered bonds. In connection with this, S&P placed the rating of Landshypotek's covered bonds on the watch list for possible downgrading, which was also applied to all other Swedish issuers' covered bonds rated by S&P.

Capital situation

The capital base as of 31 December was MSEK 3,470 and the capital ratio according to Basel II was 4.7. The capital requirement according to Basel II was MSEK 732 as of 31 December. The capital requirement is calculated as a minimum capital requirement based on credit, market and operative risks (Pillar I). In addition to the minimum capital requirement, each institution must 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 larger capital base than required by the formal minimum capital requirement.

The capital adequacy rules according to Basel II were to be fully applied from 1 January 2010. This transition to Basel II was preceded by transitional rules which were applied for three years. The period of transitional rules is being extended. Under the transitional rules, Landshypotek has a capital ratio of 1.1. More information is available under the Risk and Capital Management section and in Note 33.

Personnel

Landshypotek relies on each individual and his or her expertise to be able to compete.

In 2009, a number of activities were carried out to strengthen the employees' expertise. Among these was the drafting of individual skills development plans.

For further information on the personnel, see Note 8 to the Annual Accounts.

Group contributions

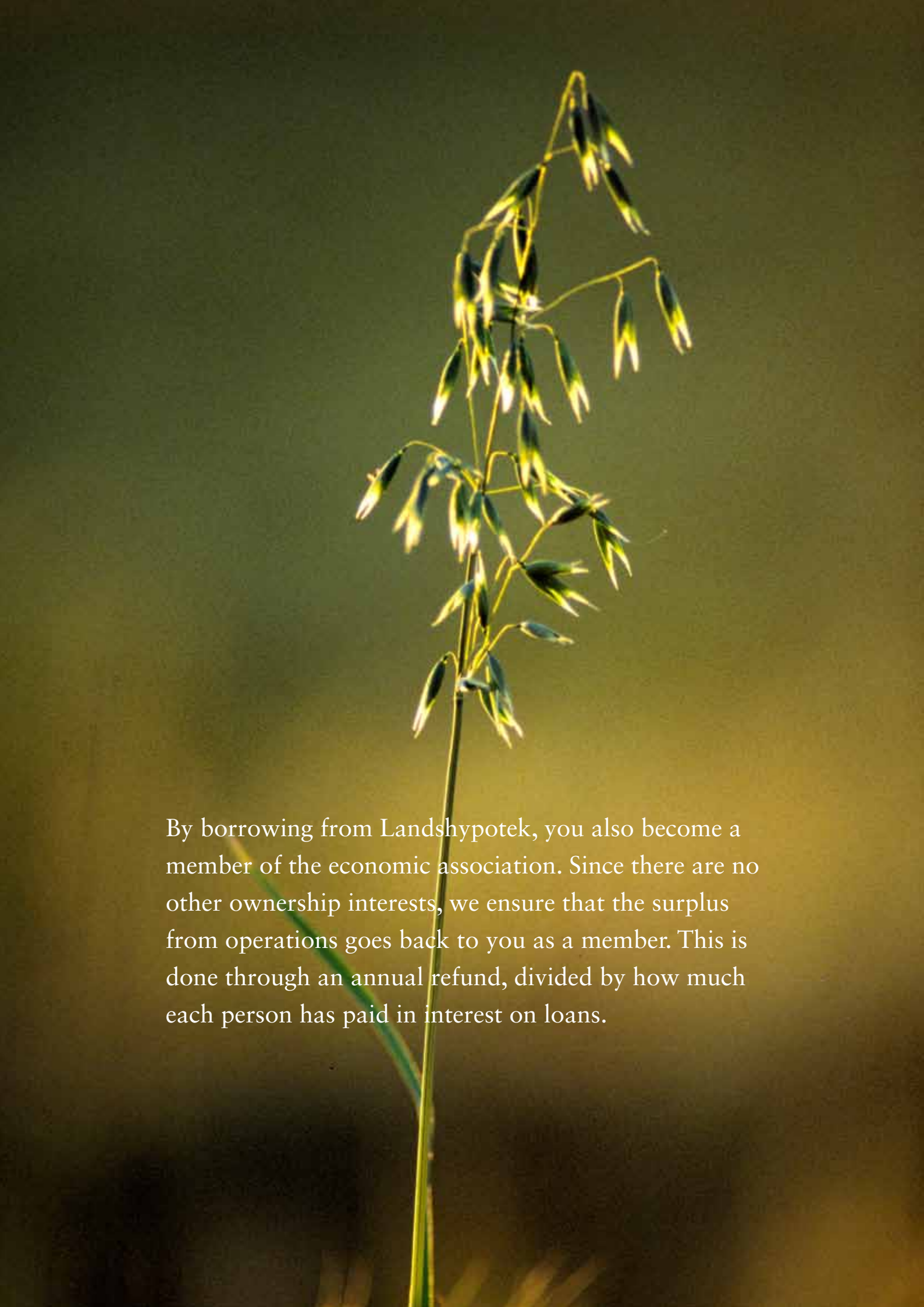
A group contribution was rendered during 2009 in the amount of MSEK 102 (140) to the Parent Company, Landshypotek, ekonomisk förening.

Events after the end of the year

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

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





By borrowing from Landshypotek, you also become a member of the economic association. Since there are no other ownership interests, we ensure that the surplus from operations goes back to you as a member. This is done through an annual refund, divided by how much each person has paid in interest on loans.

Corporate Governance • Landshypotek, ekonomisk förening

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

The Swedish Code of Corporate Governance was presented in December 2004. Modelled on that code, the Code of Governance for 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 of Corporate Governance with only minor modifications. Other parts are new and have no equivalent in the Swedish Code of Corporate Governance. The 2006 Association Meeting of Landshypotek, ekonomisk förening adopted a code that largely corresponds to the Code of Governance for Co-operative Agricultural Associations and Association Enterprises. Landshypotek AB also adopted the same code at its 2006 Annual General Meeting.

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 liability 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 2009 Association Meeting appointed ten representatives to constitute the Election Committee for the next election of directors. The members of the Election Committee appoint a chairman among its members. The members of the Election Committee may 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 2010 Association Meeting. The Election Committee will also suggest a chairman to preside over the Association Meeting, directors and directors' fees 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 overall 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 13 members appointed by the Association Meeting. The Board of Directors of Landshypotek AB has six members elected by the Annual General Meeting.

Senior Management

Senior management and auditors are presented in the next column.

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 2009 Annual General Meeting appointed authorised public accountants Anna Hesselman and Bengt Fröander for the coming four years, i.e. until the 2013 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 the organisation, decision-making process, authority and responsibility, all of which are documented in internal policies, instructions and guidelines. A separate unit for risk control 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 independent from the day-to-day business and administrative function and directly subordinate to the Managing Director. Risk control reports to the Managing Director and, if required, directly to the Board of Directors. 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 has since been performed by KPMG.

Senior Management

Kjell Stillman
Managing Director

Göran Abrahamsson
Chief Member Officer

Income statement

SEK THOUSAND	Note	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Interest income		1,777,356	2,351,056	256	536
Interest expense		-1,483,399	-2,006,438	-765	-1,111
Net interest income	2	293,957	344,618	-509	-576
Dividend income	3	10,000	120	0	0
Commission income	4	11,840	9,575	0	0
Commission expense	5	-1,759	-1,394	0	0
Net result of financial transactions	6	49,065	-169,874	0	0
Other operating income	7	26,694	35,481	0	0
Total operating income		389,797	218,526	-509	-576
General administrative expense	8	-195,475	-199,701	-8,184	-8,474
Depreciation, amortisation and impairment of tangible and intangible non-current assets	9	-12,598	-11,528	0	0
Other operating expenses	10	-20,712	-25,084	-826	-1,217
Total expenses before loan losses		-228,785	-236,313	-9,010	-9,691
Profit/loss before loan losses		161,012	-17,787	-9,519	-10,267
Loan losses, net	11	-8,484	12,603	0	0
Impairment of financial assets	3		0	0	0
Operating profit/loss		152,528	-5,184	-9,519	-10,267
Year-end appropriations	12	-90,606	-128,109	11,394	11,395
Income tax	13	-14,080	40,720	-597	-416
Net profit/loss for the year		47,841	-92,574	1,278	712

Statement of comprehensive income

SEK THOUSAND	GROUP		PARENT ASSOCIATION	
	2009	2008	2009	2008
Profit for the period	47,841	-92,574	1,278	712
Other comprehensive income				
Cash flow hedges	10,438	-99,180	0	0
Available-for-sale financial instruments	-81,240	343,912	0	0
Income tax related to other comprehensive income	18,621	-65,941	0	0
Total other comprehensive income	-52,181	178,791	0	0
Comprehensive income for the period	-4,340	86,217	1,278	712

The reporting of Other comprehensive income for 2009 is not compulsory under FFFS 2008:25.
The Parent Company has chosen to report comprehensive income in two statements as per the above.

Balance Sheet

		GROUP		PARENT ASSOCIATION	
SEK THOUSAND	Note	2009	2008	2009	2008
Assets					
Cash and balances with central banks		8,946	2,707		
Loans to credit institutions	14	89,574	61,646	41,683	2,208
Loans to customers	15	46,455,974	41,286,123		
Bonds and other interest-bearing securities	16	11,532,817	8,473,460		
Derivatives	17, 35	308,074	362,497		
Shares and participations	18	2	2	1	1
Shares in Group companies	19			1,870,378	1,870,378
Intangible non-current assets	20				
Tangible assets					
Furniture, fixtures and equipment	21	3,334	4,602		
Buildings and land	21	336,256	339,470		
Other assets	22	441,451	156,103	104,533	142,695
Prepaid expenses and accrued income	23	612,606	543,226	195	185
Total assets	33, 34, 36, 37, 38	59,789,034	51,229,837	2,016,790	2,015,467
Liabilities, provisions and equity					
Liabilities to credit institutions	24	5,669 996	7 509 565		15,000
Borrowing from the public	25	190,083	32,022	145,083	
Securities in issue, etc.	26	49,027,096	38,387,385		
Derivatives	27, 35	229,107	327,324		
Other liabilities	28	59,962	164,903	8,362	124,720
Accrued expenses and deferred income	29	816,453	869,736	197	131
Provisions	30	102,731	127,193		
Subordinated liabilities	31	350,000	449,983		
Total liabilities		56,445,428	47,868,111	153,642	139,851
Untaxed reserves				495	495
Equity					
Member contributions		1,029,841	1,043,588	1,029,841	1,043,588
Other contributed capital		1,796,404	1,797,796	713,399	713,399
Revaluation reserve		96,636	148,816		
Retained earnings		372,884	464,100	118,135	117,423
Net profit/loss for the year		47,841	−92,574	1,278	712
Total equity		3,343,606	3,361,726	1,862,653	1,875,121
Total liabilities, provisions and equity	33, 34, 36, 37, 38	59,789,034	51,229,837	2,016,790	2,015,467
Memorandum items	32				
- Pledged assets		None	None	None	None
- Contingent liabilities		356,357	227,637	None	None
- Guarantees		100,000	100,000	None	None

Statement of Changes in Equity

GROUP, SEK THOUSAND

	Contribution capital added	Voluntary contribution	Other contributed capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2007	1,039,297	2,151	1,797,796	14,701	-44,676	463,628	3,272,897
Comprehensive income for the period				-72,749	251,540	-92,102	86,689
Total change before transactions with owners	0	0	0	-72,749	251,540	-92,102	86,689
Contribution capital paid in/disbursed during the year	-2,285	16					-2,270
Regular refund	75,268						75,268
Regular refund disbursement	-11,730						-11,730
Disbursement in advance	-25,454						-25,454
Disbursement of surplus contribution funds	-15,235	-7					-15,242
Interest on capital contribution accounts	52,734	108					52,842
Preliminary tax deducted	-15,388	-1					-15,389
Regular disbursements	-55,886						-55,886
Equity as of 31 December 2008	1,041,321	2,267	1,797,796	-58,048	206,864	371,526	3,361,726
Comprehensive income for the period				7,693	-59,874	47,841	-4,340
Other items						-33	-33
Total change before transactions with owners	0	0	0	7,693	-59,874	47,808	-4,373
Contribution capital paid in/disbursed during the year	-17,762	-19					-17,781
Regular refund	64,574						64,574
Regular refund disbursement	-18,292						-18,292
Disbursement in advance	-63						-63
Disbursement of surplus contribution funds	-12,346	-9					-12,355
Interest on capital contribution accounts	25,975	57					26,032
Preliminary tax deducted	-7,428	-1					-7,429
Regular closing payments	-48,340	-93					-48,433
Equity as of 31 December 2009	1,027,639	2,202	1,797,796	-50,355	146,990	419,334	3,343,606

During the year, contribution capital paid in/disbursed increased as a result of Landshypotek having removed the limit for amounts below SEK 1,000 for disbursements. Disbursement in advance has decreased due to the reason above, that the limit amount was removed.

Cont. *Statement of Changes in Equity*

PARENT ASSOCIATION, SEK THOUSAND

	Contribution capital added	Voluntary contribution	Other contributed capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity as of 31 December 2007	1,039,297	2,151	713,399	0	0	117,423	1,872,270
Comprehensive income for the period						712	712
Total change before transactions with owners	0	0	0	0	0	712	712
Contribution capital paid in/disbursed during the year	-2,285	16					-2,270
Regular refund	75,268						75,268
Regular refund disbursement	-11,730						-11,730
Disbursement in advance	-25,454						-25,454
Disbursement of surplus contribution funds	-15,235	-7					-15,242
Interest on capital contribution accounts	52,734	108					52,842
Preliminary tax deducted	-15,388	-1					-15,389
Regular closing payments	-55,886						-55,886
Equity as of 31 December 2008	1,041,321	2,267	713,399	0	0	118,135	1,875,121
Comprehensive income for the period						1,278	1,278
Total change before transactions with owners	0	0	0	0	0	1,278	1,278
Contribution capital paid in/disbursed during the year	-17,762	-19					-17,781
Regular refund	64,575						64,575
Regular refund disbursement	-18,292						-18,292
Disbursement in advance	-63						-63
Disbursement of surplus contribution funds	-12,346	-9					-12,355
Interest on capital contribution accounts	25,975	57					26,032
Preliminary tax deducted	-7,428	-1					-7,429
Regular closing payments	-48,340	-93					-48,433
Equity as of 31 December 2009	1,027,640	2,202	713,399	0	0	119,413	1,862,653

Cash Flow Statement

	GROUP		PARENT ASSOCIATION	
SEK THOUSAND	2009	2008	2009	2008
Cash flow from operating activities				
Interest income	1,712,090	2,274,858	223	572
Interest expense	-1,412,523	-1,841,120	-890	-1,094
Dividend income	10,000	120	0	0
Commission income	11,840	9,575	0	0
Commission expense	-1,759	-1,394	0	0
Net proceeds of financial transactions	-35,019	25,796	0	0
Other operating cash receipts	25,878	34,162	0	0
Administrative expenses paid	-225,506	-210,771	-8,797	-9,548
Recovery of losses realised in prior years	893	12,361	0	0
Income taxes paid	-16,339	-42,781	-597	-970
Total cash flow from operating activities before working capital changes	69,555	260,806	-10,061	-11,040
Working capital changes				
Increase (-)/decrease (+) Loans to credit institutions	-27,928	6,019	-39,475	11,165
Increase (-)/decrease (+) Loans to customers	-5,169,851	-1,575,572	0	0
Increase (-)/decrease (+) Bonds and other interest-bearing securities	-3,069,795	-3,834,887	0	0
Increase (+)/decrease (-) Liabilities to credit institutions	-1,839,569	6,749,158	-15,000	1,000
Increase (+)/decrease (-) Borrowing from the public	158,061	-17,978	145,083	0
Increase (+)/decrease (-) Securities in issue, etc.	10,397,918	-1,512,201	0	0
Change in other balance sheet items	-390,289	-84,643	-78,194	-15,392
Total working capital changes	58,547	-270,104	12,414	-3,227
Cash flow from operating activities	128,102	-9,298	2,353	-14,267
Investing activities				
Sale of shares				
Group contributions received				
Purchase of shares				
Acquisition of intangible and tangible non-current assets	-8,116	-2,557		
Dividends and Group contributions paid	-13,747	14,267	-2,353	14,267
Total cash flow from investing activities	-21,863	11,710	-2,353	14,267
Cash flow from financing activities				
Subordinated liabilities	-100,000	0		0
Total cash flow from financing activities	-100,000	0	0	0
Cash flow for the period	6,239	2,412	0	0
Change in cash and cash equivalents	6,239	2,412	0	0
Cash and cash equivalents at beginning of year	2,707	295	0	0
Cash and cash equivalents at year-end	8,946	2,707	0	0

Five-year Summary

Earnings trend – Landshypotek, ekonomisk förening – Group

MSEK	2009	2008	2007	2006	2005*
Income statement					
Net interest income	294.0	344.6	364.7	453.2	367.9
Other operating income	95.8 **	-126.1 **	157.3	23.5	62.0
Operating expenses	-216.2	-224.8	-236.1	-223.5	-217.0
Depreciation and amortisation	-12.6	-11.5	-38.6	-15.4	-10.2
Loan losses	-8.5	12.6	18.8	21.1	-204.8
Impairment of financial instruments	-	-	-70.0	0.0	0.0
Operating profit	152.5	-5.2	196.1	259.0	-2.1
Balance Sheet					
Assets					
Loans to customers – net	46,456	41,286	39,711	37,289	35,954
Other assets	13,333	9,944	5,349	4,760	2,408
Total assets	59,789	51,230	45,059	42,049	38,362
Liabilities					
Borrowing	49,567	38,869	39,918	37,861	34,452
Other liabilities	6 878	8,999	1,868	988	712
Equity	3,344	3,362	3,273	3,200	3,198
Total liabilities and equity	59,789	51,230	45,059	42,049	38,362
Key financial indicators					
Interest rate margin	0.6 %	0.8 %	0.9 %	1.2 %	0.8 %
Return on equity	1.4 %	-2.8 %	2.4 %	3.9 %	-0.1 %
Loan loss level	0.0 %	0.0 %	-0.1 %	-0.1 %	0.6 %
Loan loss provision/lending	0.0 %	0.0 %	0.0 %	0.1 %	0.6 %

* Not recalculated in accordance with new accounting policies. Refer to Note 1 for further information.

** Other operating income includes the net result of financial transactions. For 2009, this item amounted to MSEK 49.1 (expense: 169.9).
Refer also to explanation in the Board of Directors Report under the heading "Profit and profitability".

Risk and Capital Management



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

Board 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 economic downturns, Landshypotek uses very conservative adjustments to its risk parameters when calculating its capital requirements, and stress tests are also conducted.

IRB institution

In Sweden, the new capital adequacy framework (Basel II) has been in effect since 1 February 2007. At the end of 2006, Landshypotek received a positive ruling from the authorities to use the Internal Ratings Based (IRB) approach for reporting all assets that can be reported using the IRB Approach (96 percent of the total credit volume). At year-end 2009, these assets were reported with an average risk weight of 7.6 percent.

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

The quality of the credit portfolio and the internal risk management culture will provide a substantial reduction of the capital requirement, although it will be limited by transitional rules. Landshypotek does not believe that this can be directly translated into freed-up capital due to the regulatory framework's increased business cycle sensitivity and consideration of other risks and rating. Landshypotek's capital requirement and an analysis of 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 ensuring that operations are conducted with satisfactory internal control. The Risk and Credit Committee of the Board shall support the Board in this work by, for example, reviewing the Group's risk, capital and liquidity policies. The committee also has the duty of making decisions regarding large loans and approves the risk parameters and models. The Board receives a report on 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 limitation 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 held four meetings during 2009.

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

The Board and its Risk and Credit Committee comprise the highest credit-granting body. The Credit Committee is responsible for regularly reviewing the credit-granting rules and 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 and Compliance, and Internal Audit.

The Risk Control & Compliance Unit carries out overall risk control. The unit is responsible for follow-up and monitoring of all the risks of the Group and is also responsible for monitoring 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 the presenter in the Risk and Credit Committee in matters not dealing with individual credits.

The Group's internal audit function is an independent auditing function, directly subordinated to the Board. The internal audit function is responsible for evaluating risk management, control and governance processes within the Group and ensuring that operations are conducted in accordance with the intentions of the Board and the Managing Director. Internal audit reports to the Board and also provides information to 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 decreased and been replaced by rural living where business operations are more of a secondary pursuit or have more of a nature of leisure time activity. In order to monitor this trend and to allow evaluation of the borrower in a fair manner, Landshypotek divides its customers into two different customer categories: Rural Living and Rural Enterprises. This customer categorisation is intended to distinguish those borrowers 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 describes 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. All customers who are legal entities are currently reported with a risk weight of 100 percent for conservative reasons. All other lending is categorised as belonging to the 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



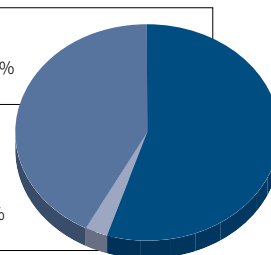
Distribution of volume by customer category

Distribution in %

Rural living 55 %

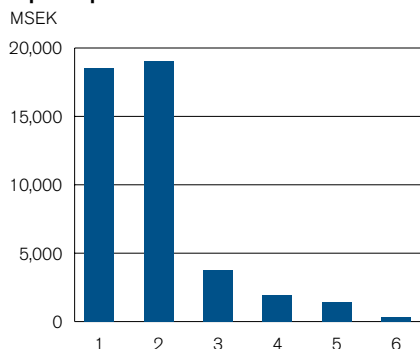
Rural enterprises 42 %
- individuals

Rural enterprises 3 %
- legal entities



Exposure distribution	Exposure (SEK thousand)	Average risk weight
IRB method		
Exposure without counterparty	360,178	100 %
Retail – real estate credits	44,955,785	8 %
Total	45,315,963	
Standard method		
Companies	1,499,035	99 %
Retail	644,498	75 %
Institutional	14,272,207	19 %
Municipalities, associations and authorities	-	-
Non-performing items	12,121	120 %
Governments and central banks	91,350	-
Other items	57	-
Total	16,519,269	

Exposure per PD risk class



part of the counterparty, are also used under the IRB method (such as intangible and tangible non-current assets and, real estate holdings, etc.)

Since Landshypotek reports the absolute majority of its assets, which is equivalent to exposure including accrued interest of approximately SEK 45 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 are used for the Retail exposure class to calculate the capital requirement and the expected loss. In order to be able to calculate these estimates, Landshypotek must use 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 is 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 sell 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 statistical model (logistic regression) where the Swedish card forecast 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 for credits in default. Exposure-weighted average PD as of 31 December 2009 was 2.93 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 cyclical adjustment is required (since model data does not extend across a full business cycle) as well as an overall safety margin. Landshypotek validates the model on an annual basis. The estimated PD for 2009 was 0.68 percent compared with a realised actual rate of 0.59 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 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 and loan-to-value range are 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 exposure-weighted average LGD for all observations in each respective class (which means that realised values are used when calculating the estimates). The distribution of exposure by LGD risk class 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 5.99 percent as of 31 December 2009.

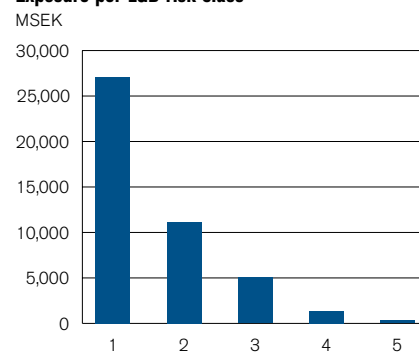
Landshypotek validates the model on an annual basis and the outcome for the period 2006 to 2009, gave an exposure-weighted average LGD of 0.32 (not including Downturn LGD and a safety margin).

At year-end, Landshypotek had 243 customers in default. 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

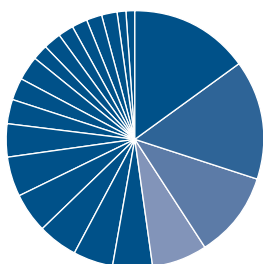
The central elements of the credit approval process are the external control of payment behaviour, the risk classification of the borrower and the collateral, as well as the determination of the value of the property to be financed. These elements comprise the grounds for the assessment of risk in the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

Exposure per LGD risk class





Geographic distribution of volume



Skåne County	15%	Jönköping County	3%
Västra Götaland County	15%	Gävleborg County	3%
Östergötland County	11%	Västernorrland County	2%
Örebro County	7%	Kronoberg County	2%
Halland County	5%	Västerbotten County	2%
Värmland County	5%	Västmanland County	2%
Kalmar County	5%	Dalarna County	2%
Gotland County	5%	Jämtland County	2%
Södermanland County	5%	Blekinge County	1%
Uppsala County	4%	Norrboten County	1%
Stockholm County	3%		

Valuation of the collateral – agricultural property

The staffs of the regional offices are assisted in the valuation process by the organisation of representatives of Landshypotek, ekonomisk förening who play a very central role in the form of regional boards of directors with 4–8 members per region. 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 authorised appraisers 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 regularly examined from various perspectives: by industry, geographically, by risk class, by limit group and so on. Landshypotek's retail exposure at year-end 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 is affected by changes in general economic conditions or events that affect a large part of the market.

Market risks to which Landshypotek is exposed are interest-rate risk, currency risk, liquidity risk and counterparty 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 continuously monitored and are reported to Landshypotek's financial committee as well as the Board of Directors. The Chief Financial Officer has the overall responsibility for management of the Group's financial risks. The Chief Risk Control Officer is responsible for independent control and reporting of the limits established by the Board of Directors in the financial risk policy. Operations are also supported by state-of-the-art financial administrative systems with well-developed routines for daily work as well as for risk estimates and analysis.

Interest-rate risks

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

Fixed interest terms for consolidated interest-bearing assets and liabilities**Group 2009****SEK THOUSAND**

	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Assets						
Loans to credit institutions	87,761					87,761
Loans to customers	27,609,834	7,079,062	8,005,213	4,078,891	1,748,594	48,521,594
Bonds and other interest-bearing securities		1,717,309	6,705,580	1,888,678	1,001,311	11,312,878
Derivatives	5,254,000	2,525,256	4,479,755	2,495,822	6,595,185	21,350,018
Total assets	32,951,595	11,321,627	19,190,548	8,463,391	9,345,090	81,272,251
Liabilities						
Liabilities to credit institutions	2,025,996	3,684,000				5,709,996
Borrowing from the public	15,000		30,000			45,000
Securities in issue	18,498,407	545,277	15,628,437	7,318,373	7,069,256	49,059,750
Derivatives	16,197,133	1,366,421	2,355,231	592,379	1,068,252	21,579,416
Total liabilities	36,736,536	5,595,698	18,013,668	7,910,752	8,137,508	76,394,162
Total	-3,784,941	5,725,929	1,176,880	552,639	1,207,582	4,878,089
Interest-sensitive net	-4,593	27,796	17,139	21,462	58,620	
Cumulative interest sensitivity		23,202	44,935	38,601	80,082	

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

and availability on the capital market, there may be certain instances of imbalance between borrowing and lending. This imbalance gives rise to interest-rate risk that Landshypotek manages with, among other things, interest swaps. Landshypotek does not actively trade.

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

Limits for Landshypotek's interest-rate risk are set by Landshypotek's Board of Directors in the financial risk policy. Interest-rate risks are continuously monitored and are reported by the Risk Control unit to Landshypotek's finance committee as well as to its Board of Directors. At year-end, the interest-rate risk at a parallel movement of the interest rate curve by one percentage point amounted to MSEK 80.1 (27.2).

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 Swedish kronor (SEK). Landshypotek has parts of its financing in currencies other than SEK and a very limited portion of its lending in EUR. To the extent financing is done in currencies other than SEK, the nominal amount as well as all cash flows associated with the financing are swapped to SEK, which is why no currency risk arises. The part of the lending denominated in EUR is refinanced by borrowing in EUR. Marginal

**Currency exposure, Group, 2009, local currency, thousands**

Currency	Assets	Liabilities	Exposure
CHF	250,000	250,000	0
EUR	170,300	170,276	24
NOK	4,150,000	4,150,000	0

differences may arise here. Accordingly, Landshypotek is exposed to only marginal currency risk. Limits for Landshypotek's currency risk are set forth in the financial risk policy. Management follows up on the currency risk monthly. The nominal currency exposure amounted to EUR 24 thousand at year-end.

Maturity analysis of financial assets and liabilities

Group SEK THOUSAND	< 3 months	3-12 months	1-3 years	3-5 years	> 5 years	Total
Financial assets						
Loans to credit institutions	89,574	0	0	0	0	89,574
Loans to customers	27,341,890	8,543,965	7,163,660	3,741,274	1,665,185	48,455,974
Bonds and other interest-bearing securities		1,717,309	6,705,580	1,888,678	1,001,311	11,312,878
Total	27,431,464	10,261,274	13,869,240	5,629,952	2,666,496	59,858,426
Financial liabilities						
Liabilities to credit institutions	1,985,996		3,684,000	0	0	5,669,996
Borrowing from the public	160,083		30,000	0	0	190,083
Securities in issue	3,087,460	11,150,509	21,321,043	7,782,044	5,618,227	48,959,283
Subordinated liabilities			350,000			350,000
Total	5,233,539	11,150,509	16,534,856	7,782,044	5,618,227	55,169,362
Net cash flow	22,197,925	-889,235	-1,453,839	-2,152,092	-2,951,731	4,689,064
Unutilised credit facility						750,000
Refinancing risk	22,197,925	-889,235	-1,453,839	-2,152,092	-2,951,731	
Accumulated refinancing risk	22,197,925	21,308,690	3,764,197	8,390,795	5,439,064	

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 maturing loans cannot be refinanced. Landshypotek strives to have 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 shall be available. Landshypotek's holdings in its liquid portfolio are of a kind that may be used as security for loans from the Swedish Central Bank (the Riksbank). 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 temporary strains on liquidity, but also provides the opportunity of procuring the necessary funds at times of severe liquidity crises by selling assets in an orderly fashion or the opportunity of reducing the financing need by calling loans.

Counterparty risks

Counterparty risks arise in the management of Landshypotek's financial risks, i.e. the risk that a counterparty in financial transactions will not be able to fulfil its obligations. This risk arises in both interest-bearing securities and derivative contracts.

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

Operational risks

Operational risk is defined by Landshypotek as follows:

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

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

During the year, Landshypotek worked to improve the prerequisites for more stringent follow-up of the operational risks. This work 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 systematic reporting of occurred incidents. All reported incidents and potential risks have been reviewed and compiled. Risks and incidents were discussed at the Risk and Capital Committee meetings and reported to the Board of Directors.

Internal capital adequacy assessment process (ICAAP)

In order to evaluate its capital adequacy requirement, 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, reporting and managing all risks to which the Group is exposed. The ICAAP results in a detailed report of the current risk profile and the risk profile in the medium term, and forms the basis for the evaluation of the capital adequacy requirement, which must be on a par with the chosen risk profile. This capital constitutes a buffer against unexpected losses. Due consideration is also given to strategic business decisions and rating. The annual ICAAP also includes a review of the organisation, business-critical documentation such as policies and instructions, and the risk management system as a whole.

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

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



Notes

NOTE 1 | ACCOUNTING PRINCIPLES

Basis for preparing the Annual Accounts

The Annual Accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU. Also applied are the amendments and limitations pursuant to the provisions of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the directives of the Swedish Financial Supervisory Authority, FFFS 2008:25. Differences in accounting principles between the Group and the Parent Company are set forth under each respective heading below. The accounting currency is Swedish Kronor (SEK).

Definitions and comparative data

The Landshypotek Group includes Landshypotek AB and subsidiaries Lantbrukskredit AB, Landshypotek Jordbrukskredit AB, inactive companies and the General Mortgage Bank of Sweden (Sveriges Allmänna Hypoteksbank). 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 Credit 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 2009

The amendment to IFRS 7 entered into effect in January 2009. This amendment requires enhanced disclosures about fair value and liquidity risk. Valuation at fair value shall take place as per levels in a valuation hierarchy.

IAS 1 has been revised. Changes in equity not pertaining to transactions with owners shall be presented in a statement of comprehensive income as of January 2009. The changes that shall be presented in equity are transactions with owners.

Standards, amendments and interpretations which have entered into effect during 2009, but are of no relevance to the Group

The following standards, amendments and interpretations of published standards are mandatory for financial years beginning 1 January 2009 or later, but are not relevant for the Group.

IFRS 2 "Share-based Payment"

Standards, amendments and interpretations of existing standards where amendments have not yet entered into effect and have not been applied in advance by the Group

A number of amendments of standards and interpretations of standards will be introduced with effect from 1 January 2010. Landshypotek has elected not to apply any of these standards or interpretations early. Landshypotek will apply the International Accounting Standards Board's (IASB) regulations as adopted by

the EU for the 2010 financial year. The amendments most important to Landshypotek are listed below.

Full IFRS are applied as of 2010.

IAS 27 "Consolidated and Separate Financial Statements"

IAS 1 "Presentation of Financial Statements"

IAS 7 "Statement of Cash Flows"

IFRS 9 "Financial Instruments: Recognition and Measurement"

The above amendments above will be applied to the extent that Landshypotek is affected.

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

Segment reporting

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

Landshypotek offers one type of product – first mortgage loans – in one geographic area – Sweden. Hence, no separate segment reporting is prepared.

Cash and cash equivalents

Included in cash and cash equivalents are cash, bank balances and other investments with maturity dates within three months.

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 of financial assets

Financial assets are divided into the following categories for measurement:

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

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

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

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

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

Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical form. An asset is a resource that is expected to yield future economic benefits over which control is exercised. Expenses associated with intangible assets are capitalised from the point in time when it is probable that the economic benefits that can be calculated in a reliable manner will arise. Amortisation is based on the 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 of the asset are expected to be used. Landshypotek has reviewed the components of the properties and assigned separate depreciation plans to each significant component. Property components are depreciated over 20 to 150 years.

Classification and valuation of financial liabilities

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

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

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

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

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

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

Provisions

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

Embedded derivatives

The main rule is that embedded derivatives are separated from the host contract and reported in the same way as other derivatives that are not a part of hedging circumstances. Embedded derivatives are not separated if their economic properties and risks are closely related with the economic properties and risks of the host contract. At year-end 2009, Landshypotek had no embedded derivatives treated in accordance with the main rule.

Calculation of fair value

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

Transaction or settlement date accounting

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

Interest income and interest expense

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

Hedge accounting

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

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

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

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

Commission income and commission expense

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

Net result of financial transactions

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

Other income

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

Personnel expenses

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

Pension costs

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

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

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

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

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

Other expenses

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

Loan losses

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

A loan receivable is reported as a doubtful credit when an individual assessment indicates that it is unlikely to be paid in accordance with

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

Restructuring of loans

Agreements on concessions that entail a restructuring of the loan receivable are only made on an exceptional basis since all lending is against collateral the value of which is realised in case of default. Restructured loan receivables are commented on 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. If this value is less than Landshypotek's claim, the difference is recorded as realised loan loss.

Group contributions

Group contributions are reported in accordance with statement URA7 of the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council.

Yield-related Group contributions paid by Landshypotek AB to the Parent Company, Landshypotek, ekonomisk förening, are recognised directly in equity in Landshypotek AB. Group contributions paid to reduce the Group's taxes are recognised directly in equity in each 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 carrying amounts and values for tax purposes of assets and liabilities.

NOTE 2	NET INTEREST INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Interest income					
Interest income on loans to credit institutions		462	3,503	6	68
Interest income on loans to Group companies				231	420
Interest income on loans to customers		1,394,360	2,042,169		0
less interest losses		-865	-1,120		0
Interest income on interest-bearing securities		383,269	305,984		0
of which interest income on financial assets valued at fair value in the income statement		65,107	8,686		
of which interest income on available-for-sale financial assets		326,162	297,299		0
Other interest income		130	520	19	48
Total		1,777,356	2,351,056	256	536
Average interest on loans to customers		3.18 %	4.95 %		
All interest income is attributable to the Swedish market.					
Interest expense					
Interest expense for liabilities to Group companies		0		-209	-1,111
Interest expense for liabilities to credit institutions		-69,585	-122,633		
Interest expense for borrowing from the public		-556	0	-556	
Interest expense for interest-bearing securities		-1,400,831	-1,828,718		
of which interest expense for other financial liabilities		-1,188,460	-1,620,133		
of which interest expense on financial assets valued at fair value in the income statement		-212,371	-208,585		
Interest expense on subordinated liabilities		-6,534	-23,142		
Interest expense for derivative instruments		-812	-30,384		
of which interest income on derivative instruments valued at fair value in the income statement		-1,040	-24,538		
of which interest expense on derivatives identified as hedging instruments		228	-5,846		
Other interest expense		-5,081	-1,561		
Total		-1,483,399	-2,006,438	-765	-1,111
Total net interest income		293,957	344,618	-509	-576

NOTE 3	DIVIDEND INCOME AND IMPAIRMENT OF FINANCIAL NON-CURRENT ASSETS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Dividends from Group companies		10,000	120	0	0
Impairment of shares				0	0

NOTE 4	COMMISSION INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Loan commissions		11,585	9,348	-	-
Commissions on securities		256	227	-	-
Total		11,840	9,575	-	-

NOTE 5	COMMISSION EXPENSE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Commissions on securities	-404	-430	-	-
	Other commissions	-1,354	-964	-	-
	Total	-1,759	-1,394	-	-

NOTE 6	RESULT OF VALUATION AT FAIR VALUE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Financial assets valued at fair value in the income statement				
	Realised result of sales of bonds and other interest-bearing securities	5,319		-	-
	Available-for-sale financial assets				
	Realised result of sales of bonds and other interest-bearing securities	132,423	-20,044	-	-
	Other financial liabilities				
	Realised result on repurchase of own bonds issued	-142,728	98,878	-	-
	Financial liabilities valued at fair value in the income statement				
	Realised result from purchase/sale of derivative contracts	-30,033	-53,038	-	-
	Total realised result	-35,019	25,796	-	-
	Financial assets valued at fair value in the income statement				
	Change in value of bonds and other interest-bearing securities	20,495	0	-	-
	Financial liabilities valued at fair value in the income statement				
	Change in value of issued bonds included in fair value hedge	237,679	-374,730	-	-
	Change in value of derivatives included in fair value hedge	-234,037	368,529	-	-
	Change in value of bonds valued according to fair value option	4,113	-104,387	-	-
	Change in value of derivatives not included in any hedging relationship	55,834	-85,082	-	-
	Total unrealised result	84,084	-195,670	-	-
	Net result of financial transactions	49,065	-169,874	-	-

NOTE 7	OTHER OPERATING INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Real estate commissions	26,946	25,136	-	-
	Sale of operating property	-365	0	-	-
	Other	111	10,345	-	-
	Total	26,692	35,481	-	-

NOTE 8	GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Personnel expenses					
Salaries, etc. to Managing Director, senior management and Board of Directors		-9,857	-9,671	-705	-753
Salaries, etc. to other personnel		-52,612	-45,985	-3,583	-3,202
Provision to profit sharing foundation		-540	-591	-	-
Pension costs		-20,698	-18,706	-	-
Social insurance charges		-18,116	-18,221	-1,190	-1,226
Other personnel costs		-1,110	-1,185	-314	-221
Total		-102,933	-94,359	-5,792	-5,402
Specification of pension costs					
Change in provision for pensions		945	222	-	-
Pension premiums		-17,069	-12,570	-	-
- of which to senior executives		-5,407	-3,835	-	-
Directly paid pensions		-1,165	-1,180	-	-
Payroll and yield taxes attributable to pension costs		-3,409	-3,291	-	-
Defined-benefit pension plans			-1,887	-	-
Total		-20,698	-18,706	-	-
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 Pensionskassa and by provisions 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		45	52	2	2
Number of female employees		50	46	0	0
Total		95	98	2	2
Average number of paid employees, including substitutes		95.7	99.0	2.0	2.0
Absence due to illness in Landshypotek AB					
Total absence due to illness		1.91 %	2.47 %		
Long-term absence due to illness in percent of total absence due to illness		28.34 %	54.39 %		
Absence due to illness for men		0.88 %	1.32 %		
Absence due to illness for women		3.04 %	3.78 %		
Employees – 29 years		1.95 %	7.96 %		
Employees 30 – 49 years		2.50 %	2.99 %		
Employees 50 years –		1.36 %	1.12 %		
Loans to directors and senior executives					
Loans to directors		177,901	171,447	0	0
Loans to senior executives		4,309	8,083	0	0
Directors and senior executives					
Number of directors		37	38	13	15
- of whom men		32	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 equal to one annual salary and severance pay equal to one annual salary. No remuneration is paid for other senior executives. Fixed fees in the amount of SEK 705 thousand (753) were paid to the Board of Directors in accordance with Annual General Meeting Resolution. The Chairman of the Board received SEK 150 thousand (144). Daily expense allowances were also paid. No other compensation was paid for Board work.

		GROUP		PARENT ASSOCIATION	
CONT.	NOTE 8, GENERAL ADMINISTRATIVE EXPENSE, SEK THOUSAND	2009	2008	2009	2008
Other administrative expenses					
Cost of premises		-5,099	-5,017	-	-5
Office expenses		-3,994	-4,690	-1	-4
Telephone, data networks and postage expenses		-4,462	-4,358	-536	-179
IT expenses		-41,630	-46,945	-	0
Purchased services		-25,839	-31,558	-1,051	-1,957
Auditing					
Audit fee		-2,247	-2,634	-173	-355
Assignments other than the audit assignment		-714	-684	-	0
Other		-8,557	-9,455	-631	-571
Total		-92,542	-105,341	-2,392	-3,071
Grand total		-195,475	-199,701	-8,184	-8,474

		GROUP		PARENT ASSOCIATION	
NOTE 9	DEPRECIATION, AMORTISATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Intangible					
	Amortisation of non-current assets	-	-237	-	-
	Impairment of non-current assets	-	-	-	-
Tangible					
	Depreciation of furniture and fixtures	-1,704	-2,620	-	-
	Impairment of furniture and fixtures	-	-	-	-
	Depreciation of real property	-10,894	-8,671	-	-
	Impairment of real property	-	-	-	-
Total		-12,598	-11,528	-	-

NOTE 10	OTHER OPERATING EXPENSES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Marketing expenses	-10,794	-13,619	-30	-382
	Costs for premises	-8,200	-9,322	-	-
	Other	-1,718	-2,143	-796	-835
Total		-20,712	-25,084	-826	-1,217

NOTE 11	LOAN LOSSES, NET, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Loan losses					
	Year's write-off for realised losses	-1,784	-2,207	-	-
	Reversal of prior provisions for probable loan losses, reported as realised losses in this year's accounts	1,596	1,125	-	-
	Year's provision for probable loan losses	-9,414	-1,262	-	-
	Recovery of previous realised losses	900	12,361	-	-
	Reversal of prior provisions for probable loan losses	218	2,586	-	-
Total		-8,484	12,603	-	-

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

NOTE 12	YEAR-END APPROPRIATIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Change in tax allocation reserve	-	-	-	-495
	Group contribution from subsidiary	-	-	102,000	140,000
	Refund of member contributions	-64,574	-75,268	-64,574	-75,268
	Interest on member contributions	-26,032	-52,842	-26,032	-52,842
	Total	-90,606	-128,109	11,394	11,395

NOTE 13	INCOME TAX, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Current taxes for the year	-16,339	-5,573	-597	-416
	Changes in deferred taxes relating to temporary differences	2,259	46,292	-	0
	Total	-14,080	40,720	-597	-416
	Specification of changes in deferred taxes relating to temporary differences				
	Deferred taxes relating to pension costs	-	-	-	-
	Deferred taxes relating to depreciation of real estate	2,151	4,495	-	-
	Deferred tax asset relating to tax loss carryforward	108	41,797	-	-
	Total change in deferred taxes	2,259	41,797	-	-
	The average tax rate for the year was 26.3%.				
	Income tax related to other comprehensive income				
	Taxes relating to cash flow hedges	-2,745	26,431	-	-
	Taxes relating to available-for-sale financial instruments	21,366	-92,372	-	-
	Total income tax related to other comprehensive income	18,621	-65,941	-	-

NOTE 14	LOANS TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Loans to Group companies	-	-	40,000	-
	Loans to banks	67,034	43,039	1,581	2,145
	Loans to PlusGiro	22,540	18,607	102	63
	Total	89,574	61,646	41,683	2,208
	Loans to credit institutions by time remaining to maturity				
	- payable on demand	89,574	61,646	41,683	2,208
	- up to 3 months	-	-	-	-
	- more than 3 months up to 1 year	-	-	-	-
	- more than 1 year up to 3 years	-	-	-	-
	- more than 3 years up to 5 years	-	-	-	-
	- more than 5 years	-	-	-	-
	Total	89,574	61,646	41,683	2,208

NOTE 15	LOANS TO CUSTOMERS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Loans outstanding	46,462,871	41,286,205	-	-
	Less specific provisions for individually assessed loan receivables	-6,897	-82	-	-
	Net loans outstanding	46,455,974	41,286,123	-	-
	Disclosures on overdue loans				
	Loan receivables overdue 1 - 30 days	1,832,631	2,920,843		
	Loan receivables overdue 31 - 60 days	292,199	395,041		
	Loan receivables overdue more than 60 days	536,492	516,227		
	Total overdue loan receivables	2,661,322	3,832,111		
	Disclosures on overdue loans and doubtful credits				
	Overdue loan receivables where interest is recognised as income	237,356	257,443	-	-
	Overdue loan receivables that are doubtful credits	32,823	291	-	-
	Total overdue loan receivables	270,179	257,734	-	-
	Disclosures on doubtful credits				
	Doubtful credits that are not due	10,005	787	-	-
	Doubtful credits that are also due	32,823	291	-	-
	Total doubtful credits	42,828	1,078	-	-
	Less provisions made	-6,897	-82	-	-
	Total	35,931	996		
	Doubtful credits at beginning of year	1,078	15,620	-	-
	New/settled doubtful credits during the year	41,750	-14,542	-	-
	Doubtful credits at end of year	42,828	1,078	-	-
	Provisions at beginning of year	-82	-1,729	-	-
	New/reversed provisions during the year	-6,815	1,647	-	-
	Provisions at end of year	-6,897	-82	-	-
	Doubtful credits that have regained status of normal credits during the year	231	158	-	-
	Loans to customers by remaining time to maturity				
	- payable on demand				
	- up to 3 months	27,341,890	21,254,540	-	-
	- more than 3 months up to 1 year	6,543,965	4,245,472	-	-
	- more than 1 year up to 3 years	7,163,660	8,686,755	-	-
	- more than 3 years up to 5 years	3,741,274	4,592,286	-	-
	- more than 5 years	1,665,185	2,507,070	-	-
	Total	46,455,974	41,286,123	-	-
	Overdue loan receivables (more than one day)	24,312	40,199	-	-

NOTE 16	BONDS AND OTHER INTEREST-BEARING SECURITIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Bonds					
Issued by Swedish municipalities		20,735	20,940		
Issued by Swedish banks		-	59,999	-	-
Issued by Swedish housing finance institutions		11,512,082	8,392,521	-	-
- of which covered bonds		11 512 082	8 392 521	-	-
Total		11,532,817	8,473,460	-	-
Holdings by time remaining to maturity					
- market value change		219,939	280,684	-	-
- up to 3 months				-	-
- more than 3 months up to 1 year		1,717,309	2,155,427	-	-
- more than 1 year up to 3 years		6,705,580	4,968,556	-	-
- more than 3 years up to 5 years		1,888,678	681,853	-	-
- more than 5 years		1,001,311	386,940	-	-
Total		11,532,817	8,473,460	-	-
Valuation of bonds and other interest-bearing securities					
Nominal amount		11,070,000	8,260,000	-	-
Amortised cost		11,312,878	8,192,776	-	-
Market value		11,532,817	8,473,460	-	-
Bonds and other interest-bearing securities are classified as available-for-sale financial assets or as a trading portfolio.					
Bonds and other interest-bearing securities by category					
Trading portfolio		1,608,047	541,787	-	-
Available-for-sale financial assets		9,924,770	7,931,673	-	-
Total		11,532,817	8,473,460	-	-

		GROUP		PARENT ASSOCIATION	
NOTE 17	DERIVATIVES, SEK THOUSAND	2009	2008	2009	2008
Derivatives not included in hedge accounting					
Positive closing value of interest swaps		38,766	63,514	-	-
Positive closing value of currency swaps		210,944	10,139	-	-
Total		249,710	73,653	-	-
Derivatives included in hedge accounting					
Positive closing value of interest swaps		79,654	76,053	-	-
Positive closing value of currency swaps		-21,291	212,791	-	-
Total		58,363	288,844	-	-
Grand total		308,074	362,497	-	-

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

NOTE 18	SHARES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
Shares					
ESS-gruppen, acquisition cost 2004		50,000	50,000	-	-
ESS-gruppen, impairment 2004		-49,999	-49,999	-	-
Other		1	1	1	1
Total		2	2	1	1
Participating interest					
ESS-gruppen		100 %	100 %	-	-

		GROUP		PARENT ASSOCIATION	
NOTE 19	SHARES IN GROUP COMPANIES, SEK THOUSAND	2009	2008	2009	2008
Holdings in credit institutions					
Landshypotek AB; 1,927,000 shares with a quotient value of SEK 1,000		-	-	1,870,328	1,870,328
Other holdings					
Samkredit AB; 10,000 shares with a quotient value of SEK 10		-	-	50	50
Total		-	-	1,870,378	1,870,378

All subsidiaries are wholly owned.
See separate organisation chart.

		GROUP		PARENT ASSOCIATION	
NOTE 20	INTANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Other intangible non-current assets					
	Acquisition cost at beginning of year	8,038	8,038	-	-
	Disposals during the year	-3,991	0	-	-
Closing acquisition cost		4,047	8,038	-	-
	Accumulated amortisation at beginning of year	-8,038	-7,801	-	-
	Closing amortisation on disposals	3,991	-237	-	-
	Impairment losses		0	-	-
Closing accumulated amortisation and impairment		-4,047	-8,038	-	-
Book value		0	0	-	-

Intangible non-current assets consist of investments in software.

		GROUP		PARENT ASSOCIATION	
NOTE 21	TANGIBLE NON-CURRENT ASSETS, SEK THOUSAND	2009	2008	2009	2008
Furniture, fixtures and equipment					
Non-current assets					
Acquisition cost at beginning of year		35,070	36,788	-	-
Purchases during the year		651	1,421	-	-
Disposals during the year		-2,153	-3,099	-	-
Closing acquisition cost		33,568	35,110	-	-
Accumulated depreciation at beginning of year		-30,468	-30,357	-	-
Year's depreciation and impairment		-1,919	-3,250	-	-
Accumulated depreciation of assets sold		2,153	3,099	-	-
Closing accumulated depreciation		-30,234	-30,508	-	-
Total furniture, fixtures and equipment		3,334	4,602	-	-
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	7	-	-
Tax assessment value		276,876	276,068	-	-
Estimated fair value		492,000	454,400	-	-
Acquisition cost at beginning of year		390,820	391,371	-	-
Capitalised renovation costs		8,045	809	-	-
Properties sold		-	-1,360	-	-
Closing acquisition cost		398,865	390,820	-	-
Write-up for the year		-	-	-	-
Accumulated depreciation at beginning of year		-51,350	-44,996	-	-
Deducted accumulated depreciation		-	2,317	-	-
Year's depreciation		-11,259	-8,671	-	-
Closing accumulated depreciation		-62,609	-51,350	-	-
Book value		336,256	339,470	-	-
Total buildings and land		336,256	339,470	-	-

NOTE 22	OTHER ASSETS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Announced interest and repayments	34,375	43,706		
	Receivables from Group companies	-	13	102,000	140,000
	Other receivables	348,517	38,586	2,533	544
	Deferred tax assets	58,559	73,799		2,151
	Total	441,451	156,103	104,533	142,695

NOTE 23	PREPAID EXPENSES AND ACCRUED INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Prepaid expenses	9,815	5,701	162	185
	Accrued interest	602,791	537,525	33	-
	Total	612,606	543,226	195	185

NOTE 24	LIABILITIES TO CREDIT INSTITUTIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Borrowing from Group companies		-		15,000
	Swedish banks	5,669,996	7,509,565	-	-
	Total	5,669,996	7,509,565		15,000
	Liabilities to credit institutions by time remaining to maturity				
	- payable on demand	58,997	9,565	-	-
	- up to 3 months	1,926,999	7,000,000	-	15,000
	- more than 3 months up to 1 year	3,684,000	500,000	-	-
	- more than 1 year up to 3 years	-	-	-	-
	- more than 3 years up to 5 years	-	-	-	-
	- more than 5 years	-	-	-	-
	Total	5,669,996	7,509,565	-	15,000

NOTE 25	BORROWING FROM THE PUBLIC, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Member accounts	145,083	-	145,083	
	Other notes payable	45,000	32,022	-	-
	Total	190,083	32,022	145,083	-
	Borrowing from the public by time remaining to maturity				
	- payable on demand	145,083	-	145,083	-
	- up to 3 months	15,000	22,022	-	-
	- more than 3 months up to 1 year	-	10,000	-	-
	- more than 1 year up to 3 years	30,000	-	-	-
	- more than 3 years up to 5 years	-	-	-	-
	- more than 5 years	-	-	-	-
	Total	190,083	32,022	145,083	-

NOTE 26	DEBT SECURITIES IN ISSUE, ETC., SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Commercial paper	1,974,685	1,186,465	-	-
	Bond loans	47,052,411	37,200,920	-	-
	Total	49,027,096	38,387,385	-	-
	Borrowing by time remaining to maturity				
	- market value adjustment	67,813	309,605	-	-
	- up to 3 months	3,087,460	4,222,657	-	-
	- more than 3 months up to 1 year	11,150,509	10,278,771	-	-
	- more than 1 year up to 3 years	21,321,043	14,625,160	-	-
	- more than 3 years up to 5 years	7,782,044	4,706,109	-	-
	- more than 5 years	5,618,227	4,245,084	-	-
	Total	49,027,096	38,387,386	-	-
	Securities in issue classified as fair value hedging				
	Amortised cost	9,569,788	3,417,475		
	Fair value	9,637,601	3,703,503		
	Securities in issue classified as fair value option				
	Amortised cost	-	1,552,859		
	Fair value	-	1,556,973		
	Change in value during the year due to change in our own credit spread	-	2,936		

NOTE 27	DERIVATIVES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Derivatives not included in hedge accounting				
	Negative closing value of interest swaps	157,108	248,443	-	-
	Negative closing value of currency swaps	-	-	-	-
	Total	157,108	248,443	-	-
	Derivatives included in hedge accounting				
	Negative closing value of interest swaps	71,999	78,881	-	-
	Negative closing value of currency swaps	-	-	-	-
	Total	71,999	78,881	-	-
	Grand total	229,107	327,324	-	-

The above presentation pertains to the market value of derivative contracts. Accrued interest is presented in Note 29, Accrued expenses and deferred income.

NOTE 28	OTHER LIABILITIES, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Tax liabilities	5,128	5,211	-	-
	Liabilities to Group companies	-	13	22	157
	Other liabilities	54,834	159,679	8,340	124,563
	Total	59,962	164,903	8,362	124,720

NOTE 29	ACCRUED EXPENSES AND DEFERRED INCOME, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Accrued interest	793,144	850,021	-	125
	Other accrued expenses	19,100	18,490	197	7
	Deferred income	4,209	1,225	-	-
	Total	816,453	869,736	197	131

NOTE 30	PROVISIONS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Provisions for pensions	4,058	5,004	-	-
	Deferred tax	98,673	122,189	-	-
	Total	102,731	127,193	-	-
The Group of which Landshypotek, ekonomisk förening is the Parent Company adheres to the Swedish Safeguarding of Pension Commitments Act in reporting future pension obligations.					
	Opening deferred tax on write-up of property	45,222	49,215	-	-
	Change during the year	-797	-3,993	-	-
	Closing deferred tax on write-up of property	44,425	45,222	-	-
	Opening deferred tax on write-up of property IFRS	3,148	3 649	-	-
	Change during the year	-1,354	-501	-	-
	Closing deferred tax on write-up of property IAS 19	1,794	3,148	-	-
	Opening deferred tax on fair value reserve	73,821	-18,552	-	-
	Change during the year	-21,367	92 372	-	-
	Closing deferred tax on fair value reserve	52,454	73,821	-	-
	Total deferred taxes	98,673	122,189	-	-

Pension provisions are recognised under general administrative expense in the income statement.

				GROUP		PARENT ASSOCIATION	
NOTE 31	SUBORDINATED LIABILITIES, SEK THOUSAND			2009	2008	2009	2008
In Swedish kronor							
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	-	-
Total				350,000	449,983	-	-

NOTE 32	MEMORANDUM ITEMS, SEK THOUSAND	GROUP		PARENT ASSOCIATION	
		2009	2008	2009	2008
	Ställda panter	None	None	None	None
	Contingent liabilities				
	Försäkringsbolaget Pensionsgaranti, FPG	81	100		
	Flexible first mortgages, approved amounts not utilised	356,276	227,537		
	Total	356,357	227,637	None	None
	Guarantees	100,000	100,000	None	None

		FINANCIAL CORPORATE GROUP		
NOTE 33	CAPITAL ADEQUACY ANALYSIS, SEK THOUSAND	Basel II	Transitional rules	Basel I
Tier 1 capital		3,154 293	3,154 293	3,188 411
Share capital paid in or equivalent, after deduction of cumulative preference shares		1,029,841	1,029,841	1,029,841
Equity component of reserves and profit or loss brought forward from preceding financial year		2,169,288	2,169,288	2,169,288
Profit for the year		47 841	47 841	47 841
Deduction for deferred tax assets		-58,559	-58,559	-58,559
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-34,118	-34,118	-
Tier 2 capital		315,881	315,881	350,000
Subordinated term loans in accordance with Chapter 8, Sections 18-30 of the Swedish Capital Adequacy and Large Exposures Act		350,000	350,000	350,000
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act		-34,119	-34,119	-
Capital base		3,470 174	3,470 174	3,538 411
Capital requirement for credit risks in accordance with the standard method		377,127	377,127	3,999,509
Exposure to governments and central banks		0	0	-
Municipalities, similar entities and authorities		0	0	-
Institutional exposure		218,435	218,435	-
Corporate exposure		119,108	119,108	-
Retail exposure		38,421	38,421	-
Non-performing items		1,163	1,163	-
Other items		0	0	-
Capital requirement for credit risks in accordance with IRB		302,341	302,341	-
Retail - real estate credits		273,527	273,527	-
Without counterparty		28,814	28,814	-
Capital requirement for operational risks - Base method		52,124	52,124	-
Additional capital requirement in accordance with the transitional rules		-	2,399,778	-
Capital requirement		731,592	3,131,370	3,999,509
Capital adequacy ratio		4,74	1,11	0,88
Capital adequacy		37.95 %	8.87 %	7.08 %
Tier 1 capital adequacy		34.49 %	8.06 %	6.38 %
IRB deduction				
Anticipated loss amount in excess of provisions		-68,237		

Capital adequacy ratio = Capital base/Capital requirement

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

2008	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks				2,707	
Treasury bills and other eligible bills					
Loans to credit institutions				61,646	
Loans to customers				41,286,123	
Bonds and other interest-bearing securities	541,787				7,931,673
Derivatives	73,653	288,844			
Total financial assets	615,440	288,844	-	41,350,476	7,931,673
Financial liabilities					
Liabilities to credit institutions			7,509,565		
Borrowing from the public			32,022		
Securities in issue, etc.	1,556,973		36,830,412		
Derivatives	248,444	78,881			
Subordinated liabilities			449,983		
Total financial liabilities	1,805,416	78,881	44,821,982	-	-

CONT.	NOTE 34, FINANCIAL ASSETS AND LIABILITIES BY CATEGORY, SEK THOUSAND		PARENT ASSOCIATION		
2009	Valued at fair value in the income statement	Derivatives identified as hedging instruments	Other financial liabilities	Loans and accounts receivable	Available-for- sale financial assets
Assets					
Cash and balances with central banks					
Treasury bills and other eligible bills					
Loans to credit institutions				41,683	
Loans to customers					
Bonds and other interest-bearing securities					
Derivatives					
Total financial assets	-	-	-	41,683	-
Financial liabilities					
Liabilities to credit institutions					
Borrowing from the public			145,083		
Securities in issue, etc.					
Derivatives					
Subordinated liabilities					
Total financial liabilities	-	-	145,083	-	-
</					

Maturity analysis, sensitivity analysis and financial risks are presented in the section on risk.

NOTE 35	DERIVATIVE INSTRUMENTS, SEK THOUSAND		GROUP	
2009	With positive or zero closing value Nominal amount	Book value	With negative closing value Nominal amount	Book value
Interest-rate related				
- Swaps	4,780,000	118,421	6,954,000	229,107
- Options				
- Futures				
Currency-related				
- Swaps	9,537,844	189,653		
- Options				
- Futures				
Total	14,317,844	308,074	6,954,000	229,107

2008	With positive or zero closing value Nominal amount	Book value	With negative closing 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 ASSOCIATION				
2009	With positive or zero closing value Nominal amount	Book value	With negative closing value Nominal amount	Book value
Interest-rate related				
- Swaps				
- Options				
- Futures				
Currency-related				
- Swaps				
- Options				
- Futures				
Total	-	-	-	-

2008	With positive or zero closing value Nominal amount	Book value	With negative closing value Nominal amount	Book value
Interest-rate related				
- Swaps				
- Options				
- Futures				
Currency-related				
- Swaps				
- Options				
- Futures				
Total	-	-	-	-

The book values of derivatives refer to market value excluding accrued interest income/expense.

NOTE 36 FAIR VALUE DISCLOSURES, SEK THOUSAND			GROUP	
	2009		2008	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	8,946	8,946	2,707	2,707
Loans to credit institutions	89,574	89,574	61,646	61,646
Loans to customers	46,455,974	47,292,200	41,286,123	42,261,458
Bonds and other interest-bearing securities	11,532,817	11,532,817	8,473,460	8,473,460
Derivatives	308,074	308,074	362,497	362,497
Shares and participations	2	2	2	2
Shares in Group companies	-	-	-	-
Intangible non-current assets	-	-	-	-
Tangible assets	-	-	-	-
Furniture, fixtures and equipment	3,334	3,334	4,602	4,602
Buildings and land	336,256	492,000	339,470	454,400
Other assets	441,451	441,451	156,103	156,103
Prepaid expenses and accrued income	612,606	612,606	543,226	543,226
Total assets	59,789,034	60,781,004	51,229,836	52,320,101
Liabilities and provisions				
Liabilities to credit institutions	5,669,996	5,655,101	7,509,565	7,509,565
Borrowing from the public	190,083	190,083	32,022	32,022
Securities in issue, etc.	49,027,096	49,468,249	38,387,385	39,925,512
Derivatives	229,107	327,324	327,324	327,324
Other liabilities	59,962	59,962	164,903	164,903
Accrued expenses and deferred income	816,453	816,453	869,736	869,736
Provisions	102,731	102,731	127,193	127,193
Subordinated liabilities	350,000	352,801	449,983	454,359
Total liabilities	56,445,428	46,874,706	47,868,111	49,410,614

PARENT ASSOCIATION				
	2009		2008	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	0	0	-	-
Loans to credit institutions	41,683	41,683	2,208	2,208
Loans to customers	0	0	-	-
Bonds and other interest-bearing securities	0	0	-	-
Derivatives	0	0	-	-
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	0	0	-	-
Tangible assets	0	0	-	-
Furniture, fixtures and equipment	0	0	-	-
Buildings and land	0	0	-	-
Other assets	104,533	104,533	142,695	142,695
Prepaid expenses and accrued income	195	195	185	185
Total assets	2,016,790	2,016,790	2,015,467	2,015,467
Liabilities and provisions				
Liabilities to credit institutions	145,083	145,083	15,000	15,000
Borrowing from the public	-	-	-	-
Securities in issue, etc.	-	-	-	-
Derivatives	-	-	-	-
Other liabilities	8,362	8,362	124,720	124,720
Accrued expenses and deferred income	197	197	131	131
Provisions	-	-	-	-
Subordinated liabilities	-	-	-	-
Total liabilities	153,642	153,642	139,851	139,851

NOTE 37 FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS, SEK THOUSAND								GROUP
	2009				2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities	1,608,047	-		1,608,047	541,787	-		541,787
Derivatives	-	249,710		249,710	-	73,653		73,653
Derivatives identified as hedging instruments								
Derivatives	-	58,363		58,363	-	288,844		288,844
Available-for-sale financial assets								
Bonds and other interest-bearing securities	9,904,035	20,735		9,924,770	7,850 734	80 939		7,931,673
Total assets valued at fair value	11,512,082	328,808	0	11,840,891	8,392 521	443 436	0	8,835,957
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.	-	9,637,601		9,637,601		4,173,401		4,173,401
Derivatives	-	157,108		157,108		248,444		248,444
Derivatives identified as hedging instruments								
Derivatives	-	71,999		71,999		78,881		78,881
Total liabilities valued at fair value	0	9,866,708	0	9,866,708	0	4,500,726	0	4,500,726

PARENT ASSOCIATION								
	2009				2008			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets valued at fair value in the income statement								
Bonds and other interest-bearing securities				-				-
Derivatives				-				-
Derivatives identified as hedging instruments								
Derivatives				-				-
Available-for-sale financial assets								
Bonds and other interest-bearing securities				-				-
Total assets valued at fair value				-				-
Financial liabilities valued at fair value in the income statement								
Securities in issue, etc.				-				-
Derivatives				-				-
Derivatives identified as hedging instruments								
Derivatives				-				-
Total liabilities valued at fair value				-				-

Level 1: Prices quoted on active markets for identical assets and liabilities. Refers to holdings of bonds valued without spread.

Level 2: Observable data for assets/liabilities other than quoted prices, either direct or indirect. Refers to holdings of bonds valued with spread and holdings of derivatives.

Level 3: Data for assets/liabilities not based on observable market data. Landshypotek had no holdings at level 3 at year-end.

		GROUP		PARENT ASSOCIATION	
NOTE 38	ASSETS AND LIABILITIES BY SIGNIFICANT CURRENCIES, SEK THOUSAND	2009	2008	2009	2008
ASSETS					
SEK		89,574	61,646	41,683	2,208
Loans to credit institutions		89,574	61,646	41,683	2,208
SEK		46,432,978	41,276,510		
EUR		22,996	9,613		
Loans to customers		46,455,974	41,286,123	0	0
SEK		11,532,817	8,473,460		
Bonds and other interest-bearing securities		11,532,817	8,473,460	0	0
SEK		308,074	362,497		
Derivatives		308,074	362,497	0	0
SEK		1,402,595	1,046,110	1,975,107	2,013,259
Other assets		1,402,595	1,046,110	1,975,107	2,013,259
TOTAL ASSETS		59,789,034	51,229,837	2,016,790	2,015,467
LIABILITIES					
SEK		5,646,541	7,500,020		15,000
EUR		23,455	9,545		
Liabilities to credit institutions		5,669,996	7,509,565	0	15,000
SEK		190,083	32,022	145,083	
Borrowing from the public		190,083	32,022	145,083	0
SEK		40,465,115	35,584,237		
CHF		1,721,724	369,655		
EUR		1,712,259	273,283		
NOK		5,127,998	2,160,210		
Securities in issue		49,027,096	38,387,385	0	0
SEK		229,107	327,324		
Derivatives		229,107	327,324	0	0
SEK		1,329,146	1,611,815	8,559	124,851
Other liabilities		1,329,146	1,611,815	8,559	124,851
TOTAL LIABILITIES		56,445,428	47,868,111	153,642	139,851

All assets and liabilities in foreign currencies are hedged against exchange rate fluctuations with the help of derivative contracts.



Proposed Allocation of Earnings

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

- that MSEK 64.6, equivalent to 4.50 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 26.0. The rate of interest is proposed to be 2.5 percent on the regular portion of the contribution and 2.5 percent on the voluntary contributions as well.
- 30 percent of the refund will be paid.
- members' preliminary tax of 30% of interest will be paid to the Swedish Tax Agency.
- that the year's funds at the disposal of the Annual Association Meeting:

Retained earnings	SEK 118,135,017
Net profit for 2009	SEK 1,277,750
<hr/>	
At the disposal of the Annual Association Meeting	SEK 119,412,767

MSEK 119.4 be carried forward.

The undersigned hereby certify that, to the best of our knowledge, the annual accounts are prepared in accordance with generally accepted accounting principles, 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 9 March 2010

Lars Bäckström
Chairman

Gunnar Granqvist

Lars-Åke Folkmer

Inga-Lill Gilbertsson

Hans Pettersson

Anders Johansson

Eivor Nilsson

Peder Thott

Pär Sahlin

Kjell Stillman
Managing Director

Lars Öhman

Henrik Toll

Eva Wedberg

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, accounting and the administration of the Board of Directors and the Managing Director of Landshypotek, ekonomisk förening for 2009. The Association's annual accounts and consolidated financial statements are included in the printed version of this document on pages 58-106. These accounts and the administration of the Association 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. These standards require that we plan and perform the audit to obtain high, but not absolute assurance that the annual accounts and the consolidated accounts are free from material misstatements. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements. An audit also includes an assessment of the accounting principles applied and the application thereof by the Board of Directors and the Managing Director, an assessment of the critical estimates made by the Board of Directors and Managing Director

in preparing the annual accounts, and an evaluation of the overall information contained in the annual accounts and consolidated accounts. As a basis for our statement on discharge from liability, we have examined significant decisions, measures and circumstances in the Association in order to evaluate whether or not any member of the Board of Directors or the Managing Director is liable for damages to the Association. We have also examined whether any member of the Board of Directors or the Managing Director has acted in contravention with the Co-operative Societies' Act, the Swedish Banking and Financing Business 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 have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and provide a true and fair view of the Association's financial position and performance in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual report.

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

Stockholm 9 March 2010

Anna Hesselman
Authorised Public Accountant

Magnus Aaby-Ericsson

Teri Lee Eriksson



Senior Management



Kjell Stillman
Managing Director



Göran Abrahamsson
Chief Member Officer

Board of Directors and Auditors



Lars Bäckström
Chairman



Lars-Åke Folkmer
Director



Inga-Lill Gilbertsson
Director



Gunnar Granqvist
Director



Anders Johansson
Director



Eivor Nilsson
Director



Hans Pettersson
Director



Pär Sahlin
Director

Directors

Lars Bäckström, b. 1946, Tösse, accounting consultant, Chairman of Landshypotek, ekonomisk förening and lternate Director of Sveriges Allmänna Hypoteksbank.

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

Inga-Lill Gilbertsson, b. 1960, Askersund, economist/farmer, Director of Landshypotek, ekonomisk förening.

Gunnar Granqvist, b. 1955, Lit, University Diploma in Agricultural and Rural Management, Director of Landshypotek Ekonomisk Förening. President of Jämtlandsgården Livsmedel AB.

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

Eivor Nilsson, b. 1961, Kalmar, Clerk, Landshypotek, employee representative Finansförbundet, Director of Landshypotek, ekonomisk förening.

Hans Pettersson, b. 1966, Havdhem, Director of Landshypotek, ekonomisk förening.

Pär Sahlin, b. 1963, Kilafors, farmer, Director of Landshypotek, ekonomisk förening.



Kjell Stillman
Director



Peder Thott
Director



Henrik Toll
Director



Eva Wedberg
Director



Lars Öhman
Director

Kjell Stillman, b. 1948, Västerås, Managing Director and Director of Landshypotek, ekonomisk förening and Landshypotek AB. Director of Landshypotek Jordbrukskredit AB. Chairman of Landshypotek AB.

Peder Thott, b. 1942, Svedala, Bachelor of Science (Econ.), Director of Landshypotek, ekonomisk förening. Alternate Director of Sveriges Allmänna Hypoteksbank. Managing Director and Director of Skabersjö Gods, Chairman of Sannarp AB. Director of Näsby holm Fideikommiss AB and Söderslätts Spannmålsgrupp Ekonomisk Förening. Alternate Director of Skånska Biobränslebolaget AB.

Henrik Toll, b. 1954, Sorunda, University Diploma in Agricultural and Rural Management, Director of Landshypotek, ekonomisk förening, Landshypotek AB and Landshypotek Jordbrukskredit AB. Alternate Director of Sveriges Allmänna Hypoteksbank. Chairman of Jacobsbergs Gårdsförvaltning AB, Jacobsbergs Invest AB, Tham Invest AB, Östra Borgaren AB and Västra Borgaren AB. Director of Stora Sundby Lantbruks och Fritids AB, Vidbynäs Förvaltnings AB, Harry Cullbergs Fond and Djursnäs Säteri AB.

Eva Wedberg, b. 1970, Lund, Clerk, Landshypotek, employee representative, SACO, Director of Landshypotek Ekonomisk Förening.

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

Auditors

Anna Hesselman, Stockholm, Authorised Public Accountant.

Teri Lee Eriksson, Svartsjö, horticulturalist.

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

Deputy auditors

Bengt Fröander, Stockholm, Authorised Public Accountant.

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



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 32

Landshypotek Jordbrukskredit AB

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

SALES ORGANISATION

Chief Operating Officer

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

Eskilstuna

Munktelstorget 2
SE-633 43 Eskilstuna

Regional Manager

Carl-Gustav Bondesson
+46-16-10 58 70

Härnösand

Nybrogatan 10
Box 64
SE-871 22 Härnösand

Acting Regional Manager

Vanja Höglund
+46-611-53 36 60

Kristianstad

Krinova Science Park
Stridsvagnsvägen 14
SE-291 39 Kristianstad

Regional Manager

Stefan Svennefelt
+46-46-32 75 40

Skellefteå

Trädgårdsgatan 8
Box 12
SE-931 21 Skellefteå

Regional Manager

Roland Peterson
+46-910-73 31 60

Växjö

Kronobergsgatan 9
Box 1205
SE-351 12 Växjö

Regional Manager

Anders Karlsson
+46-470-72 64 50

Falkenberg

Torsholmsvägen 3
Box 289
SE-311 23 Falkenberg

Regional Manager

Mårten Lidfeldt
+46-346-71 82 90

Jönköping

Kronobergsgatan 9
Box 1205
SE-351 12 Växjö

Regional Manager

Ulf Pettersson

Linköping

Vasavägen 5
Box 114
SE-581 02 Linköping

Regional Manager

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

Stockholm

Strandvägen 1
Box 14092
SE-104 41 Stockholm

Regional Manager

Mats Du Rietz
+46-8-412 57 00

Örebro

Stortorget 4
Box 415
SE-701 48 Örebro

Regional Manager

Robert Liljeholm
+46-19-16 16 30

Gävle

Södra Centralgatan 5
Box 1267
SE-801 37 Gävle

Regional Manager

Per Ericsson
+46-26-13 46 90

Kalmar

Husängsvägen 2
Box 833
SE-391 28 Kalmar

Regional Manager

Eivor Nilsson
+46-480-42 65 80

Lund

St Lars väg 42 B, 4 tr
Box 1017
SE-221 04 Lund

Regional Manager

Per Hansson
+46-46-32 75 40

Uppsala

Kungsgatan 47 A, 3 tr
SE-753 21 Uppsala

Regional Manager

Jonas Charander
+46-8-412 57 00

Östersund

Rådhusgatan 46
Box 505
SE-831 26 Östersund

Regional Manager

Håkan Antonsson
+46-63-14 12 70

Göteborg

Lyckans väg 4
Box 5047
SE-402 21 Göteborg

Regional Manager

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

Karlstad

Älvgatan 1
Box 421
SE-651 10 Karlstad

Regional Manager

Jörgen Larsson
+46-54-17 74 90

Skara

Klostergatan 15
Box 66
SE-532 21 Skara

Regional Manager

Lars Nilsson
+46-511-34 58 80

Visby

Österväg 3B
Box 1102
SE-621 22 Visby

Regional Manager

Erik Olsson
+46-498-20 75 70

Loans

0771-44 00 20
(only in Sweden)

Rate information

0771-44 00 30
(only in Sweden)

Internet

www.landshypotek.se



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