

# LANDSHYPOTEK AB

## INTERIM REPORT JANUARY – MARCH

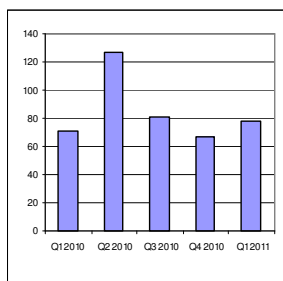
# 2011 # 1

- **OPERATING PROFIT EXCLUDING "NET RESULT OF FINANCIAL TRANSACTIONS" AMOUNTED TO MSEK 78.0 (71.5)**  
The improved profit derived from higher net interest income and more extensive recoveries.
- **THE VOLUME OF LOANS OUTSTANDING AMOUNTED TO MSEK 52,572 (47,877)**  
Loans outstanding increased by MSEK 799 or 1.5 percent to MSEK 52,572. Borrowing demand from Sweden's farmers and foresters continued to diminish in parallel with stiffening competition in the market.
- **LOAN LOSS RATE: MINUS 0.01 PERCENT (LOSS: 0.01 PERCENT)**  
Recoveries exceeded loan losses in the first quarter and amounted to MSEK 1.9, corresponding to 0.01 percent of loans outstanding.
- **CAPITAL ADEQUACY WAS 39.1 PERCENT; TIER 1 CAPITAL ADEQUACY WAS 33.9 PERCENT ACCORDING TO BASEL II RULES**

# Landshypotek AB

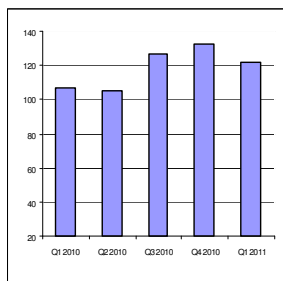
*Landshypotek AB (corporate registration number 556500-2762) hereby submits its interim report for the period 1 January – 31 March 2011.*

## Operating profit excluding "Net result of financial transactions"



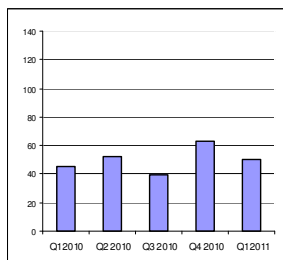
Operating profit for the first quarter of 2011 excluding "Net result of financial transactions" amounted to MSEK 78.0.

## Net interest income



Net interest income for the first quarter 2011 amounted to MSEK 122.2. The magnitude of net interest income is determined by the loan volume, the margin between the interest rates on deposits and lending and the return obtained on the equity invested in lending operations.

## Costs



Costs during the first quarter of 2011 amounted to MSEK 50.4 MSEK. An increase of MSEK 4.8 compared with the preceding year.

Landshypotek offers Sweden's farm and forest owners financing in the form of first mortgage loans at the market's most attractive rates. With loans outstanding of slightly less than SEK 53 billion, Landshypotek is the market leader, accounting for more than 37 percent of the market. Since Landshypotek's lending is characterised by adequate real property security, loan losses have been very low.

Landshypotek AB customers are members of Landshypotek, ekonomisk förening (incorporated association). Landshypotek aims to provide advantageous financing for Sweden's farmers and forest farmers. Landshypotek has just over 110 employees at some 20 locations in Sweden.

## Operating profit 2011

### Summary of income statement

| Million SEK   | 2011      | 2010      |
|---|-----------|-----------|
|   | Jan - Mar | Jan - Mar |
| Net interest income   | 122.2     | 107       |
| Interest rate margin  | 0.94%     | 0.91%     |
| Other operating income  | -22.1     | -6.6      |
| of which "Net result of financial transactions"                       | -26.5     | -15.7     |
| Expenses  | -50.4     | -45.6     |
| Cost/income ratio   | 0.40      | 0.39      |
| Loan losses, net  | 1.9       | 1         |
| Loan loss level, %  | -0.01%    | -0.01%    |
| Operating profit  | 51.5      | 55.8      |
| Operating profit not including "Net result of financial transactions" | 78.0      | 71.5      |

Consolidated operating profit for the first quarter of 2011 amounted to MSEK 51.5, a decline of MSEK 4.3 compared with the year-earlier period (MSEK 55.8). Excluding "Net result of financial transactions," operating profit was MSEK 78.0 (71.5). The improvement was attributable to higher net interest income, reduced costs and more extensive recoveries of credit exposure provisions.

Since Parent Company profit accounted for slightly more than 90 percent of consolidated profit, the comments below also apply to the Parent Company.

## Net interest income

Net interest income for the first quarter of 2011 amounted to MSEK 122.2, up MSEK 15.2 compared with the year-earlier period (MSEK 107.0). The increase was mainly attributable to a higher margin between the interest rates on deposits compared with the year-earlier period. From mid-2009, the margins increased successively due to the competitive situation and new regulations, however, margins in the first quarter have remained relatively stable since the start of the year.

## Other operating income

Operating income excluding net interest income amounted to a loss of MSEK 22.1 for the period, down MSEK 15.5 year-on-year.

The decline was primarily attributable to a decrease in "Net result of financial transactions" by MSEK 10.7 during the period. "Net result of financial transactions" amounted to a loss of MSEK 26.5 for the period compared with a loss of MSEK 15.7 in the year-earlier period. The net result of financial transactions includes the realised result of purchases and sales of financial instruments and the result of repurchases of own bonds. This item also includes the result of revaluations of financial instruments. To gain an understanding of the total effect of market valuations, those revaluations that are recognised directly in equity capital must also be taken into consideration.

During the period, fees to the Swedish National Debt Office's stabilisation fund were charged to profit in an amount of MSEK 5.0, no corresponding item was reported in the first quarter 2010.

### Costs

Costs in the first quarter of 2011 amounted to MSEK 50.4 (45.6). The cost increase of MSEK 4.9 was attributable to higher general administration costs, primarily, higher costs for services purchased.

### Loan losses and doubtful credits

Loan losses for the first quarter of 2011 amounted to recoveries of MSEK 1.9 (1.0). Write-offs of confirmed losses amounted to MSEK 3.1 (0.3). Provisions for probable loan losses during the period amounted to MSEK 3.1 (0.8). Recoveries of previously confirmed losses, or previously doubtful credits, amounted to MSEK 8.0 (2.0).

At 31 March 2011, doubtful credits amounted to MSEK 25.7, corresponding to 0.05 percent of loans outstanding. At 31 March 2010, doubtful credits amounted to MSEK 29.1, corresponding to 0.06 percent of loans outstanding.

### Comparison with the fourth quarter 2010

Compared with the fourth quarter of 2010, operating profit for the first quarter 2011 increased by MSEK 4.9. The earnings improvement was primarily attributable to a decrease in costs of MSEK 13.2 and a reduction in loan losses of MSEK 6.7. Net interest income declined MSEK 10.1.

### Market overview

#### Market trend

Profitability in forest and agriculture improved in 2010 compared with the preceding year. The price trends in milk, beef and grain production were positive after two years of declining profitability. Pork production saw declining profitability in the second half of 2010 and profitability was healthy in forestry for 2010. Demand for timber and pulpwood was strong with rising prices, though during the late autumn, a slight slowing down in the market for timber was noted due to a decline in demand from sawmills.

The beginning of 2011 has been characterised by international concerns. Market developments in North Africa and Japan have contributed to heightening uncertainty in commodity markets which has affected the international prices for grain and sawn timber. Additionally, the strength of the SEK has had its own affect on export markets.

In the first quarter of 2011, producer prices in Sweden for livestock and grain production remained relatively unchanged. Opportunities for securing prices for the 2011 and 2012 grain harvests have been favourable. Pork production's issues with the high cost of feed and low product prices remain. A seasonal increase in pork prices is expected to be gradually implemented in the summer and autumn.

Price trends for timber and pulpwood were stable in the first quarter of 2011.

### Landshypotek's development

Landshypotek increased its net lending by SEK 0.8 billion during the year, corresponding to lending growth of 1.5 percent, compared with 3.1 percent year-earlier period. Demand for credit from Sweden's forestry and agriculture sector weakened somewhat, from earlier high levels, attributable, in part to fewer farms than usual being sold during the winter and in part to relatively low new investment.

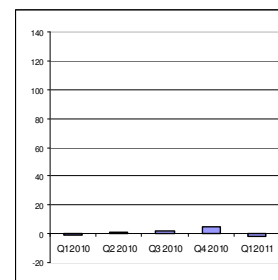
### Financing

#### Borrowing

Landshypotek aims to borrow funds on the best possible terms, given a low risk profile. By operating with considerable flexibility in terms of markets and instruments, financing is obtained in an efficient manner and on the best possible terms. Landshypotek utilises several borrowing programmes in both the domestic and international markets, which allows the Company to meet most investors' needs for investments in interest-bearing instruments.

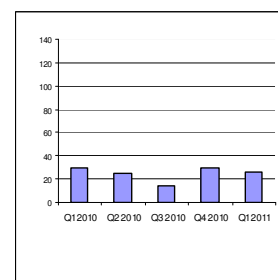
During the year, Landshypotek's primary source of financing comprised covered bonds and senior bonds. Covered bonds were issued in an amount of approximately SEK 5.8 billion and senior bonds were issued in an amount of SEK 4.5 billion.

### Loan losses



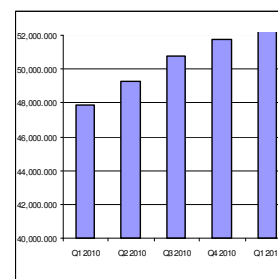
Loan losses for the first quarter of 2011 amounted to MSEK 1.9.

### Doubtful credits



Doubtful credits declined in the first quarter 2011 and amounted to MSEK 25.7 at 31 March.

### Lending volume



Landshypotek's lending rose 1.5% to SEK 52.6 billion in the first quarter of 2011.

| Programme                | Issued 31-03-2011 | Maximum amount | Issued 31-12-2010 |
|--------------------------|-------------------|----------------|-------------------|
| Swedish commercial paper | 3,066             | 10,000         | 2,350             |
| MTN programme            | 33,487            | 50,000         | 38,508            |
| EMTN programme           | 20,252            | 25,000         | 15,126            |
| RCB                      | 3,444             |                | 2,996             |
| Other bonds              | 15                |                | 15                |
| Subordinated loans       | 550               |                | 550               |

### Liquidity

Landshypotek has accumulated a relatively substantial portfolio of interest-bearing securities, valued at SEK 12.0 billion at 31 March 2011. The portfolio primarily comprises Swedish covered bonds with the highest credit rating and to a certain extent bonds issued by Swedish municipalities. The objective is for the holdings of interest-bearing securities to constitute a liquidity portfolio. Securities can be sold or borrowed against, as required, to manage the financing of maturing debt.

At 31 March, the portfolio was 1.9 times larger than market financing maturing in the next six months, which is an increase compared with 31 December (1.5).

### Rating

Landshypotek's rating remained unchanged in 2011. In February, Landshypotek received confirmation of the rating A+, FI from Fitch with stable prospects. In February, Landshypotek also received confirmation from S & P of the AAA credit rating with stable prospects for its covered bonds.

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

### Capital adequacy

| SEK thousand  | Financial Corporate Group |                    |
|---|---------------------------|--------------------|
|   | Basel II                  | Transitional rules |
| Tier 1 capital  | 3,359,905                 | 3,359,905          |
| Tier 2 capital  | 510,924                   | 510,924            |
| <b>Capital base (after deductions)</b>  | <b>3,870,829</b>          | <b>3,870,829</b>   |
| Deduction for deferred tax assets   | -7,465                    |                    |
| Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and large Exposures Act | -78,087                   |                    |
| Capital requirement for credit risks in accordance with the standard method                               | 396,563                   | 396,563            |
| Capital requirement for credit risks in accordance with IRB   | 335,159                   | 335,159            |
| Capital requirement for operative risks – Base method   | 60,210                    | 60,210             |
| Additional capital  | -                         | 2,689,648          |
| <b>Capital requirement</b>  | <b>791,932</b>            | <b>3,481,580</b>   |
| <b>Capital adequacy ratio</b>   | 4.89                      | 1.11               |
| <b>Capital adequacy</b>   | 39.1%                     | 8.9%               |
| <b>Tier 1 capital adequacy</b>  | 33.9%                     | 7.7%               |

On 31 March 2011, the capital base amounted to MSEK 3,871.

On 31 March 2011, the capital base according to Basel II amounted to MSEK 792. The capital requirement is calculated as a minimum capital requirement based on credit, market and operating risks (Pillar I).

The capital adequacy ratio in accordance with Basel II amounted to 4.89.

In addition to the minimum capital requirement, each institution must also conduct an internal capital assessment. This assessment must take all risks into account as well as the capital requirement. The supervisory authorities expect institutions to maintain a higher capital base than required by the formal minimum capital requirement.

The intention was for the Basel II capital adequacy rules to be fully implemented by 1 January 2010. This transition to Basel II was preceded by transitional rules that have applied for three years. Application of the transitional rules has now been extended. According to the transitional rules, Landshypotek has a capital adequacy ratio of 1.11.

## Risk and capital management

Landshypotek lends approximately SEK 52 billion to slightly more than 50,000 customers against collateral in the form of liens on farm properties. Lending is secured by collateral in forest and agricultural properties, which may amount to a maximum of 75 percent of a conservatively adjusted market value (loan value) at the time of lending. Together with Landshypotek's methods for assessing and limiting counterparty risk, this has resulted in a highly limited risk in the portfolio, as reflected in the Company's very low loan losses over time.

Landshypotek AB is owned by the Parent Company of the financial corporate group, Landshypotek, ekonomisk förening (incorporated association), which is a member-owned organisation. The financial corporate group has shareholders' equity amounting to MSEK 3,388 and a capital base of MSEK 3,871. The capital adequacy ratio is 4.89, corresponding to capital adequacy of 39.1 percent, and the Tier 1 capital ratio is 33.9 percent according to the Basel II rules.

The risks on which Landshypotek actively focuses its efforts are classified in the risk categories of credit risk, market risk, operating risks and other risks.

The capital requirement for credit risk is primarily quantified through the risk weight formulas stipulated in Pillar I (IRB approach for the retail portfolio). For its credit risk, Landshypotek established a capital requirement that exceeds the capital adequacy requirement calculated in Pillar I. The numerous private individuals living in rural areas provide Landshypotek with favourable sector diversification. Landshypotek is also well diversified from a regional perspective.

Market risk comprises interest-rate risks, exchange-rate risks, liquidity risks and counterparty risks. Through its financial risk policy, the Board of Directors establishes how risks are to be measured, reported and limited. Landshypotek is exposed to a generally low market risk.

Operating risk is defined as "the risk of losses as a result of inappropriate or failed internal processes, human error, faulty systems or external events that affect business operations." Incidents that occur are reported and followed up by Landshypotek's risk organisation and reported to the Board of Directors in the case of serious events.

## Events after the end of the period under review

On April 7 an agreement was signed regarding the sale of Landshypotek real-estate with the address Strandvägen 1-3 in Stockholm.

The sale will be executed on June 30 2011, and will result in a capital gain of approximately SEK 250 million.

Stockholm, 5 May 2011

Kjell Hedman, Managing Director

This Interim Report covers the Group comprising Landshypotek AB, subsidiaries Lanbrukskredit AB, Landshypotek Jordbrukskredit AB and the General Mortgage Bank of Sweden. Landshypotek AB is reported separately. Amounts in parentheses refer to the corresponding period in the preceding year. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies applied in this Interim Report are unchanged compared to those applied in the most recent Annual Report aside from the calculation of taxes. The interim report utilizes the standardized method for the calculation of corporation tax.

## Income statement

### GROUP

| SEK thousand  | 2011<br>Q1     | 2010<br>Q1     | 2010<br>Q4     | 2011<br>Full year | 2010<br>Full year |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Interest income   | 547,592        | 402,883        | 474,489        | 547,592           | 1,719,141         |
| Interest expense  | -425,399       | -295,841       | -342,167       | -425,399          | -1,247,307        |
| <b>Net interest income</b>  | <b>122,193</b> | <b>107,042</b> | <b>132,322</b> | <b>122,193</b>    | <b>471,834</b>    |
| Dividend income   | 0              | 0              | 0              | 0                 | 0                 |
| Commission income   | 3,335          | 2,690          | 3,298          | 3,335             | 11,529            |
| Commission expense  | -5,127         | -172           | -2,594         | -5,127            | -20,620           |
| Net result of financial transactions  | -26,458        | -15,709        | -20,067        | -26,458           | 4,219             |
| Other operating income  | 6,189          | 6,595          | 2,047          | 6,189             | 91,374            |
| <b>Total operating income</b>   | <b>100,132</b> | <b>100,446</b> | <b>115,006</b> | <b>100,132</b>    | <b>558,336</b>    |
| General administrative expense  | -42,181        | -38,943        | -54,603        | -42,181           | -169,754          |
| Depreciation, amortisation and impairment<br>of intangible non-current assets | -2,595         | -2,342         | -3,561         | -2,595            | -10,658           |
| Other operating expenses  | -5,674         | -4,296         | -5,305         | -5,674            | -20,613           |
| <b>Total expenses before loan losses</b>                                      | <b>-50,449</b> | <b>-45,581</b> | <b>-63,469</b> | <b>-50,449</b>    | <b>-201,025</b>   |
| <b>Profit before loan losses</b>  | <b>49,683</b>  | <b>54,865</b>  | <b>51,537</b>  | <b>49,683</b>     | <b>357,311</b>    |
| Loan losses, net  | 1,866          | 962            | -4,895         | 1,866             | -6,662            |
| Impairment of financial assets  |                |                |                |                   |                   |
| <b>Operating profit</b>   | <b>51,548</b>  | <b>55,827</b>  | <b>46,642</b>  | <b>51,548</b>     | <b>350,649</b>    |
| Income tax  | -13,274        | -13,912        | -14,805        | -13,274           | -76,908           |
| <b>Net profit for the period</b>  | <b>38,274</b>  | <b>41,915</b>  | <b>31,837</b>  | <b>38,274</b>     | <b>273,741</b>    |

## Statement of comprehensive income

### GROUP

| SEK thousand                                       | 2011<br>Q1    | 2010<br>Q1     | 2010<br>Q4      | 2011<br>Full year | 2010<br>Full year |
|--|---------------|----------------|-----------------|-------------------|-------------------|
| <b>Net profit for the period</b>                   | <b>38,274</b> | <b>41,915</b>  | <b>31,837</b>   | <b>38,274</b>     | <b>273,741</b>    |
| <b>Other comprehensive profit and loss</b>         |               |                |                 |                   |                   |
| Change in instruments for cash flow hedges         | 16,585        | 3,008          | 25,436          | 16,585            | 68,098            |
| Change in available-for-sale financial instruments | -23,340       | -28,068        | -193,169        | -23,340           | -291,379          |
| Taxes related to other comprehensive income loss   | 1,777         | 6,591          | 44,113          | 1,777             | 58,723            |
| <b>Total other comprehensive profit and loss</b>   | <b>-4,978</b> | <b>-18,469</b> | <b>-123,620</b> | <b>-4,978</b>     | <b>-164,558</b>   |
| <b>Total comprehensive profit for the period</b>   | <b>33,296</b> | <b>23,446</b>  | <b>-91,783</b>  | <b>33,296</b>     | <b>109,183</b>    |

## Income statement

### LANDSHYPOTEK AB PARENT COMPANY

| SEK thousand  | 2011<br>Q1     | 2010<br>Q1     | 2010<br>Q4     | 2011<br>Full year | 2010<br>Full year |
|---|----------------|----------------|----------------|-------------------|-------------------|
| Interest income   | 543,985        | 400,366        | 471,193        | 543,985           | 1,707,860         |
| Interest expense  | -426,753       | -296,178       | -343,100       | -426,753          | -1,249,517        |
| <b>Net interest income</b>  | <b>117,232</b> | <b>104,188</b> | <b>128,093</b> | <b>117,232</b>    | <b>458,343</b>    |
| Dividend income   | 0              | 0              | 0              | 0                 | 0                 |
| Commission income   | 3,226          | 2,717          | 3,148          | 3,226             | 11,106            |
| Commission expense  | -5,127         | -167           | -2,594         | -5,127            | -20,615           |
| Net result of financial transactions  | -26,458        | -15,709        | -20,067        | -26,458           | 4,219             |
| Other operating income  | 6,188          | 5,734          | 2,048          | 6,188             | 93,413            |
| <b>Total operating income</b>   | <b>95,060</b>  | <b>96,763</b>  | <b>110,628</b> | <b>95,060</b>     | <b>546,466</b>    |
| General administrative expense  | -44,094        | -39,972        | -60,381        | -44,094           | -179,002          |
| Depreciation, amortisation and impairment<br>of intangible non-current assets | -2,595         | -2,342         | -3,561         | -2,595            | -10,658           |
| Other operating expenses  | -5,671         | -3,609         | -5,086         | -5,671            | -20,384           |
| <b>Total expenses before loan losses</b>                                      | <b>-52,360</b> | <b>-45,924</b> | <b>-69,028</b> | <b>-52,360</b>    | <b>-210,044</b>   |
| <b>Profit before loan losses</b>  | <b>42,700</b>  | <b>50,839</b>  | <b>41,600</b>  | <b>42,700</b>     | <b>336,422</b>    |
| Loan losses, net  | 1,859          | 959            | -3,863         | 1,859             | -5,638            |
| Impairment of financial assets  |                |                |                |                   |                   |
| <b>Operating profit</b>   | <b>44,559</b>  | <b>51,798</b>  | <b>37,737</b>  | <b>44,559</b>     | <b>330,784</b>    |
| Income tax  | -11,436        | -13,623        | -10,941        | -11,436           | -69,621           |
| <b>Net profit for the period</b>  | <b>33,124</b>  | <b>38,175</b>  | <b>26,796</b>  | <b>33,124</b>     | <b>261,163</b>    |

## Statement of comprehensive income

### LANDSHYPOTEK AB PARENT COMPANY

| SEK thousand   | 2011<br>Q1    | 2010<br>Q1     | 2010<br>Q4      | 2011<br>Full year | 2010<br>Full year |
|--|---------------|----------------|-----------------|-------------------|-------------------|
| <b>Net profit for the period</b>                     | <b>33,124</b> | <b>38,175</b>  | <b>26,796</b>   | <b>33,124</b>     | <b>261,163</b>    |
| <b>Other comprehensive profit and loss</b>           |               |                |                 |                   |                   |
| Change in instruments for cash flow hedges           | 16,585        | 3,008          | 25,436          | 16,585            | 68,098            |
| Change in available-for-sale financial instruments   | -23,340       | -28,068        | -193,169        | -23,340           | -291,379          |
| Taxes related to other comprehensive profit and loss | 1,777         | 6,591          | 44,113          | 1,777             | 58,723            |
| <b>Total other comprehensive profit and loss</b>     | <b>-4,978</b> | <b>-18,469</b> | <b>-123,620</b> | <b>-4,978</b>     | <b>-164,558</b>   |
| <b>Total comprehensive profit for the period</b>     | <b>28,146</b> | <b>19,706</b>  | <b>-96,824</b>  | <b>28,146</b>     | <b>96,605</b>     |

## Balance sheet

| SEK Thousand                                    | GROUP             |                   |                   | PARENT COMPANY    |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2011<br>31 mar    | 2010<br>30 dec    | 2010<br>31 mar    | 2011<br>31 mar    | 2010<br>30 dec    | 2010<br>31 mar    |
| <b>ASSETS</b>                                   |                   |                   |                   |                   |                   |                   |
| Cash and balances with central banks            | 7,448             | 5,393             | 8,924             | 7,448             | 5,393             | 8,924             |
| Due from financial institutions                 | 52,526            | 216,144           | 53,694            | 44,246            | 201,416           | 63,612            |
| Loans to customers <i>Note 3</i>                | 52,571,931        | 51,773,034        | 47,876,812        | 52,272,207        | 51,457,391        | 47,551,751        |
| Bonds and other interest-bearing securities     | 12,019,463        | 10,975,059        | 13,931,397        | 12,019,463        | 10,975,059        | 13,931,397        |
| Derivative financial instruments                | 72,763            | 80,321            | 276,210           | 72,763            | 80,321            | 276,210           |
| Shares  | 1                 | 1                 | 1                 | 0                 | 0                 | 0                 |
| Shares in Group companies                       | 100               | 0                 | 0                 | 514,927           | 514,827           | 515,027           |
| Intangible non-current assets                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                 |
| Tangible assets                                 |                   |                   |                   |                   |                   |                   |
| Equipment                                       | 2,307             | 2,601             | 2,907             | 2,307             | 2,601             | 2,907             |
| Buildings and land                              | 346,606           | 348,929           | 334,934           | 346,593           | 348,917           | 318,581           |
| Other assets                                    | 243,454           | 96,875            | 158,249           | 223,362           | 76,274            | 139,115           |
| Prepaid expenses and accrued income             | 841,974           | 662,497           | 594,625           | 840,828           | 661,732           | 594,117           |
| <b>TOTAL ASSETS</b>                             | <b>66,158,574</b> | <b>64,160,854</b> | <b>63,237,753</b> | <b>66,344,143</b> | <b>64,323,930</b> | <b>63,401,641</b> |
| <b>LIABILITIES, PROVISIONS AND EQUITY</b>       |                   |                   |                   |                   |                   |                   |
| Due to financial institutions                   | 725,449           | 83,962            | 5,264,643         | 1,038,208         | 371,722           | 5,551,508         |
| Borrowing from the public                       | 102,000           | 105,000           | 53,000            | 102,000           | 105,000           | 53,000            |
| Debt securities in issue, etc.                  | 59,397,142        | 58,413,189        | 53,274,011        | 59,397,142        | 58,413,189        | 53,274,011        |
| Derivative financial instruments                | 1,061,678         | 606,683           | 225,579           | 1,061,678         | 606,683           | 225,579           |
| Other liabilities                               | 137,800           | 150,218           | 144,005           | 129,532           | 141,480           | 136,025           |
| Accrued expenses and prepaid income             | 724,644           | 823,004           | 455,666           | 725,672           | 823,723           | 455,346           |
| Provisions                                      | 71,980            | 74,232            | 127,485           | 48,559            | 48,944            | 95,349            |
| Subordinated liabilities                        | 549,968           | 549,949           | 350,000           | 549,968           | 549,949           | 350,000           |
| <b>TOTAL LIABILITIES</b>                        | <b>62,770,662</b> | <b>60,806,237</b> | <b>59,894,389</b> | <b>63,052,759</b> | <b>61,060,690</b> | <b>60,140,818</b> |
| Untaxed reserves                                | 0                 |                   |                   |                   |                   |                   |
| <b>Equity</b>                                   | <b>3,387,913</b>  | <b>3,354,618</b>  | <b>3,343,364</b>  | <b>3,291,385</b>  | <b>3,263,240</b>  | <b>3,260,823</b>  |
| <b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b> | <b>66,158,574</b> | <b>64,160,854</b> | <b>63,237,753</b> | <b>66,344,143</b> | <b>64,323,930</b> | <b>63,401,641</b> |

## Cash-flow statement

| SEK thousand                                  | GROUP        |            |                   | PARENT COMPANY |            |                   |
|---|--------------|------------|-------------------|----------------|------------|-------------------|
|   | 2011<br>Q1   | 2010<br>Q1 | 2010<br>Full Year | 2011<br>Q1     | 2010<br>Q1 | 2010<br>Full Year |
| Cash and cash equivalents beginning of period | 5,393        | 8,946      | 8,946             | 5,393          | 8,946      | 8,946             |
| Cash flow from operating activities           | 2,013        | 570        | -180,903          | 2,012          | 570        | -164,562          |
| Cash flow from investing activities           | 23           | -592       | -22,599           | 24             | -592       | -38,940           |
| Cash flow from financing activities           | 19           | 0          | 199,949           | 19             | 0          | 199,949           |
| <b>Cash flow for the period</b>               | <b>2,055</b> | <b>-22</b> | <b>-3,553</b>     | <b>2,055</b>   | <b>-22</b> | <b>-3,553</b>     |
| Cash and cash equivalents at end of period    | 7,448        | 8,924      | 5,393             | 7,448          | 8,924      | 5,393             |



# Change in shareholders' equity

## GROUP

| SEK thousand                                     | Share capital | Other contributed capital | Hedging reserve | Fair value reserve | Retained earnings | Total     |
|--|---------------|---------------------------|-----------------|--------------------|-------------------|-----------|
| Equity 31 December 2010                          | 1,927,000     | 1,026,254                 | -166            | -67,757            | 469,287           | 3,354,617 |
| Net profit for the period                        |               |                           | 12,224          | -17,201            | 38,274            | 33,297    |
| Total change before transactions with the owners | 0             | 0                         | 12,224          | -17,201            | 38,274            | 33,297    |
| Dividend/group contribution rendered             |               |                           |                 |                    |                   | 0         |
| Taxes on group contribution rendered             |               |                           |                 |                    |                   | 0         |
| Equity 31 March 2011                             | 1,927,000     | 1,026,254                 | 12,058          | -84,958            | 507,560           | 3,387,913 |

| SEK thousand                                     | Share capital | Other contributed capital | Hedging reserve | Fair value reserve | Retained earnings | Total     |
|--|---------------|---------------------------|-----------------|--------------------|-------------------|-----------|
| Equity 31 December 2009                          | 1,927,000     | 1,026,254                 | -50,355         | 146,990            | 269,955           | 3,319,844 |
| Net profit for the period                        |               |                           | 50,189          | -214,747           | 273,769           | 109,211   |
| Total change before transactions with the owners | 0             | 0                         | 50,189          | -214,747           | 273,769           | 109,211   |
| Dividend/group contribution rendered             |               |                           |                 |                    |                   | -101,000  |
| Taxes on group contribution rendered             |               |                           |                 |                    |                   | 26,563    |
| Equity 31 December 2010                          | 1,927,000     | 1,026,254                 | -166            | -67,757            | 543,724           | 3,354,618 |

## LANDSHYPOTEK AB PARENT COMPANY

| SEK thousand                                     | Share capital | Other contributed capital | Hedging reserve | Fair value reserve | Retained earnings | Total     |
|--|---------------|---------------------------|-----------------|--------------------|-------------------|-----------|
| Equity 31 December 2010                          | 1,927,000     | 1,010,000                 | -166            | -67,757            | 394,163           | 3,263,240 |
| Net profit for the period                        |               |                           | 12,224          | -17,201            | 33,124            | 28,147    |
| Total change before transactions with the owners | 0             | 0                         | 12,224          | -17,201            | 33,124            | 28,147    |
| Dividend/group contribution rendered             |               |                           |                 |                    |                   | 0         |
| Taxes on group contribution rendered             |               |                           |                 |                    |                   | 0         |
| Equity 31 March 2011                             | 1,927,000     | 1,010,000                 | 12,058          | -84,958            | 427,286           | 3,291,385 |

| SEK thousand                                     | Share capital | Other contributed capital | Hedging reserve | Fair value reserve | Retained earnings | Total     |
|--|---------------|---------------------------|-----------------|--------------------|-------------------|-----------|
| Equity 31 December 2009                          | 1,927,000     | 1,010,000                 | -50,355         | 146,990            | 207,409           | 3,241,044 |
| Net profit for the period                        |               |                           | 50,189          | -214,747           | 261,191           | 96,633    |
| Total change before transactions with the owners | 0             | 0                         | 50,189          | -214,747           | 261,191           | 96,633    |
| Dividend/group contribution rendered             |               |                           |                 |                    |                   | -101,000  |
| Taxes on group contribution rendered             |               |                           |                 |                    |                   | 26,563    |
| Equity 31 December 2010                          | 1,927,000     | 1,010,000                 | -166            | -67,757            | 468,600           | 3,263,240 |

# Notes

## NOTE 1 NET INTEREST INCOME

### GROUP

| TSEK   | 2011<br>Q1      | 2010<br>Q1      | 2010<br>Q4      | 2011<br>Full year | 2010<br>Full year |
|--|-----------------|-----------------|-----------------|-------------------|-------------------|
| <b>Interest income</b>   |                 |                 |                 |                   |                   |
| Interest income on loans to credit institutions  | 264             | 73              | 325             | 264               | 563               |
| Interest income on loans to Group companies  | 0               | 0               | 0               | 0                 | 0                 |
| Interest income on loans to customers  | 466,067         | 308,164         | 398,807         | 466,067           | 1,363,083         |
| - less interest losses   | -93             | -26             | -724            | -93               | -2,081            |
| Interest income on interest-bearing securities   | 81,348          | 94,672          | 76,072          | 81,348            | 357,565           |
| - of which interest income on financial assets values at fair value in the income statement  | 31,248          | 21,689          | 26,494          | 31,248            | 111,627           |
| - of which interest income on available-for-sale financial assets                            | 50,100          | 72,983          | 49,578          | 50,100            | 245,938           |
| Other interest income  | 5               | 0               | 9               | 5                 | 11                |
| <b>Total</b>   | <b>547,591</b>  | <b>402,883</b>  | <b>474,489</b>  | <b>547,591</b>    | <b>1,719,141</b>  |
| All interest income is attributable to the Swedish market.                                   |                 |                 |                 |                   |                   |
| <b>Interest expense</b>  |                 |                 |                 |                   |                   |
| Interest expense for liabilities to Group companies  | -415            | -46             | -308            | -415              | -624              |
| Interest expense for liabilities to credit institutions - other                              | -2,030          | -4,604          | -6,213          | -2,030            | -20,766           |
| interest expense for borrowing from the public   | 0               | 0               | 0               | 0                 | 0                 |
| Interest expense for interest-bearing securities   | -443,451        | -323,171        | -378,046        | -443,451          | -1,381,627        |
| - of which interest expense for other financial liabilities                                  | -148,215        | -243,939        | 271,680         | -148,215          | -295,117          |
| - of which interest expense on financial assets valued at fair value in the income statement | -295,236        | -79,232         | -649,726        | -295,236          | -1,086,510        |
| Interest expense on subordinated liabilities   | -4,281          | -713            | -3,715          | -4,281            | -8,981            |
| Interest expense for derivative instruments  | 24,901          | 32,816          | 46,692          | 24,901            | 169,102           |
| - of which interest expense on derivatives valued at fair value in the income statement      | 24,022          | 30,674          | 110,895         | 24,022            | 203,008           |
| - of which interest expense on derivatives identified as hedging instruments                 | 879             | 2,142           | -64,203         | 879               | -33,906           |
| Other interest expense   | -122            | -123            | -577            | -122              | -4,411            |
| <b>Total</b>   | <b>-425,398</b> | <b>-295,841</b> | <b>-342,167</b> | <b>-425,398</b>   | <b>-1,247,307</b> |
| <b>Total net interest income</b>   | <b>122,193</b>  | <b>107,042</b>  | <b>132,322</b>  | <b>122,193</b>    | <b>471,834</b>    |

### LANDSHYPOTEK AB PARENT COMPANY

| TSEK   | 2011<br>Q1      | 2010<br>Q1      | 2010<br>Q4      | 2011<br>Full year | 2010<br>Full year |
|--|-----------------|-----------------|-----------------|-------------------|-------------------|
| <b>Interest income</b>   |                 |                 |                 |                   |                   |
| Interest income on loans to credit institutions  | 231             | 72              | 312             | 231               | 545               |
| Interest income on loans to Group companies  | 9               | 20              | 19              | 9                 | 53                |
| Interest income on loans to customers  | 462,488         | 305,629         | 395,510         | 462,488           | 1,351,771         |
| - less interest losses   | -91             | -27             | -724            | -91               | -2,081            |
| Interest income on interest-bearing securities   | 81,348          | 94,672          | 76,072          | 81,348            | 357,565           |
| - of which interest income on financial assets values at fair value in the income statement  | 31,248          | 21,689          | 26,494          | 31,248            | 111,627           |
| - of which interest income on available-for-sale financial assets                            | 50,100          | 72,983          | 49,578          | 50,100            | 245,938           |
| Other interest income  | 0               | 0               | 4               | 0                 | 7                 |
| <b>Total</b>   | <b>543,985</b>  | <b>400,366</b>  | <b>471,193</b>  | <b>543,985</b>    | <b>1,707,860</b>  |
| All interest income is attributable to the Swedish market.                                   |                 |                 |                 |                   |                   |
| <b>Interest expense</b>  |                 |                 |                 |                   |                   |
| Interest expense for liabilities to Group companies  | -1,770          | -383            | -1,241          | -1,770            | -2,841            |
| Interest expense for liabilities to credit institutions - other                              | -2,030          | -4,604          | -6,214          | -2,030            | -20,767           |
| interest expense for borrowing from the public   | 0               | 0               | 0               | 0                 | 0                 |
| Interest expense for interest-bearing securities   | -443,451        | -323,171        | -378,046        | -443,451          | -1,381,627        |
| - of which interest expense for other financial liabilities                                  | -148,215        | -243,939        | 271,680         | -148,215          | -295,117          |
| - of which interest expense on financial assets valued at fair value in the income statement | -295,236        | -79,232         | -649,726        | -295,236          | -1,086,510        |
| Interest expense on subordinated liabilities   | -4,281          | -713            | -3,715          | -4,281            | -8,981            |
| Interest expense for derivative instruments  | 24,901          | 32,816          | 46,692          | 24,901            | 169,102           |
| - of which interest expense on derivatives valued at fair value in the income statement      | 24,022          | 30,674          | 110,895         | 24,022            | 203,008           |
| - of which interest expense on derivatives identified as hedging instruments                 | 879             | 2,142           | -64,203         | 879               | -33,906           |
| Other interest expense   | -122            | -123            | -576            | -122              | -4,403            |
| <b>Total</b>   | <b>-426,753</b> | <b>-296,178</b> | <b>-343,100</b> | <b>-426,753</b>   | <b>-1,249,517</b> |
| <b>Total net interest income</b>   | <b>117,232</b>  | <b>104,188</b>  | <b>128,093</b>  | <b>117,232</b>    | <b>458,343</b>    |

**NOTE 2 LOAN LOSSES NET**

**GROUP**

| <b>SEK thousand</b>  | <b>2011<br/>Q1</b> | <b>2010<br/>Q1</b> | <b>2010<br/>Q4</b> | <b>2011<br/>Full Year</b> | <b>2010<br/>Full year</b> |
|--|--------------------|--------------------|--------------------|---------------------------|---------------------------|
| The period's impairment charge for realised losses                                 | -3,141             | -252               | -4,733             | -3,141                    | -6,683                    |
| Reversal of prior provisions for probable loan losses, reported as realised losses | 2,641              | 304                | 4,458              | 2,641                     | 6,460                     |
| Impairment charge for probable loan losses   | -3,099             | -829               | -7,098             | -3,099                    | -11,888                   |
| Recovery of previous realised losses   | 62                 | 90                 | 247                | 62                        | 418                       |
| Reversal of provisions no longer required for probable loan losses                 | 5,403              | 1,649              | 2,231              | 5,403                     | 5,031                     |
| <b>Total loan losses</b>   | <b>1,866</b>       | <b>962</b>         | <b>-4,895</b>      | <b>1,866</b>              | <b>-6,662</b>             |

All loan losses are attributable to loans to customers

**LANDSHYPOTEK AB PARENT COMPANY**

| <b>SEK thousand</b>  | <b>2011<br/>Q1</b> | <b>2010<br/>Q1</b> | <b>2010<br/>Q4</b> | <b>2011<br/>Full Year</b> | <b>2010<br/>Full year</b> |
|--|--------------------|--------------------|--------------------|---------------------------|---------------------------|
| The period's impairment charge for realised losses                                 | -2,105             | -252               | -4,733             | -2,105                    | -6,683                    |
| Reversal of prior provisions for probable loan losses, reported as realised losses | 1,605              | 304                | 4,458              | 1,605                     | 6,460                     |
| Impairment charge for probable loan losses   | -3,099             | -829               | -6,063             | -3,099                    | -10,853                   |
| Recovery of previous realised losses   | 55                 | 87                 | 244                | 55                        | 407                       |
| Reversal of provisions no longer required for probable loan losses                 | 5,403              | 1,649              | 2,231              | 5,403                     | 5,031                     |
| <b>Total loan losses</b>   | <b>1,859</b>       | <b>959</b>         | <b>-3,863</b>      | <b>1,859</b>              | <b>-5,638</b>             |

All loan losses are attributable to loans to customers

**NOTE 3 NONPERFORMING LOANS**

| <b>SEK Thousand</b>  | <b>2011<br/>Q1</b> | <b>2010<br/>Q4</b> | <b>2010<br/>Q1</b> | <b>2011<br/>Q1</b> | <b>2010<br/>Q4</b> | <b>2010<br/>Q1</b> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Nonperforming loans where interest is recognised as income | 198,846            | 198,310            | 148,194            | 190,169            | 190,416            | 140,971            |
| Nonperforming loans that are doubtful credits              | 17,700             | 19,047             | 23,459             | 17,646             | 18,993             | 23,405             |
| <b>Total nonperforming loans</b>                           | <b>216,546</b>     | <b>217,357</b>     | <b>171,653</b>     | <b>207,815</b>     | <b>209,409</b>     | <b>164,376</b>     |
| Doubtful credits that are not nonperforming                | 11,100             | 18,247             | 11,722             | 11,100             | 18,247             | 11,722             |
| Less provisions set aside                                  | -3,052             | -7,940             | -6,068             | -2,998             | -6,850             | -6,014             |
| Doubtful credits that are not performing                   | 17,700             | 18,916             | 23,459             | 17,646             | 18,862             | 23,405             |
| <b>Total doubtful loans</b>                                | <b>25,748</b>      | <b>29,223</b>      | <b>29,113</b>      | <b>25,748</b>      | <b>30,259</b>      | <b>29,113</b>      |
| Shares taken over to protect claims                        | 1                  | 1                  | 1                  |                    |                    |                    |