

# LANDSHYPOTEK AB

## INTERIM REPORT JANUARY – JUNE

### 2011 # 2

- **OPERATING PROFIT EXCLUDING "NET RESULT OF FINANCIAL TRANSACTIONS" FOR THE FIRST SIX MONTHS OF 2011 AMOUNTED TO MSEK 375.4 (199.1)**

The improvement in profit was attributable to higher net interest income MSEK 239.8 (212.7) and a capital gain of just over MSEK 230 from the sale of one operating property.

- **THE VOLUME OF LOANS OUTSTANDING AMOUNTED TO MSEK 53,479 (49,281)**

Loans outstanding increased MSEK 1,706 or 3.3 percent in 2011 to MSEK 53,479. Demand for credit from Sweden's farmers and foresters are lower than 2010 in parallel with Landshypotek experiencing stiffer market competition.

- **LOAN LOSS RATE 0.00 PERCENT (0.01)**

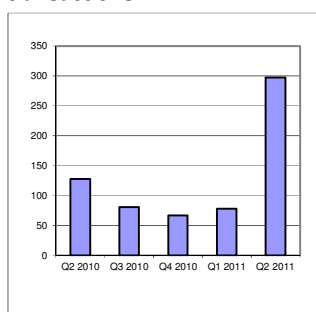
Loan losses for the first six months amounted to MSEK 0.8, corresponding to 0.00 percent of loans outstanding.

- **CAPITAL ADEQUACY WAS 39.7 PERCENT; TIER 1 CAPITAL ADEQUACY WAS 34.9 PERCENT ACCORDING TO BASEL II RULES**

# Landshypotek AB

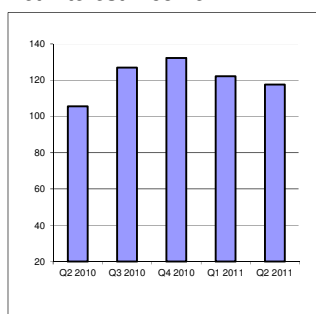
*Landshypotek AB (corporate registration number 556500-2762) hereby submits its interim report for the period 1 January – 30 June 2011.*

## Operating profit excluding “Net result of financial transactions”



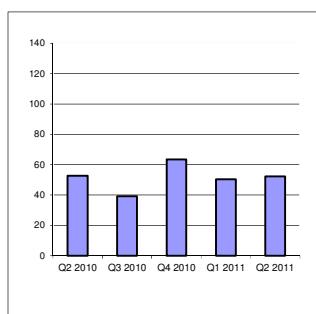
Operating profit for the second quarter excluding “Net result of financial transactions” amounted to MSEK 297.4, for the first six months of 2011 the operating profit was MSEK 375.4.

## Net interest income



Net interest income for the second quarter totalled MSEK 117.6, for the first six months, net interest income was MSEK 239.8.

## Costs



In the second quarter, costs totalled MSEK 52.1, in the first half of 2011, costs were MSEK 102.5. An increase of MSEK 4.2 compared with the preceding year.

Landshypotek offers Sweden’s farm and forest owners financing in the form of first mortgage loans. With loans outstanding of just over SEK 53 billion, Landshypotek is the market leader, accounting for approximately 30 percent of the market. Since Landshypotek’s lending is characterised by adequate 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 terms to Sweden’s farm and forest owners. Landshypotek has just over 110 employees at some 20 locations in Sweden.

## Operating profit 2011

### Summary of income statement

Milion SEK	2011	2010
	Jan - Jun	Jan - Jun
Net interest income	239.8	212.7
Interest rate margin	0.91%	0.90%
Other operating income	211.8	93.4
of which “Net result of financial transactions”	-27	8.7
Expenses	-102.5	-98.3
Expense level, %	0.42	0.43
Loan losses, net	-0.8	0.1
Loan loss level, %	0.00%	0.00%
Operating profit	348.4	207.8
Operating profit not including “Net result of financial transactions”	375.4	199.1

Consolidated operating profit for the first six months of 2011 amounted to MSEK 348.4, a year-on-year increase of MSEK 140.6 compared with 2010 (MSEK 207.8). Excluding “Net result of financial transactions,” operating profit totalled MSEK 375.4 (199.1). The improvement in profit was primarily attributable to a capital gain of just over MSEK 230 from the sale of an operating property and higher net interest income. The tax for the period was affected by a positive reversal of tax liability by about MSEK 40 due to the sale of the operating property.

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 half of 2011 amounted to MSEK 239.8, an increase of MSEK 27.1 compared with 2010 (212.7). The improvement in profit was primarily attributable to an increase in the margin between deposit and borrowing interest rates compared with the corresponding period in 2010. Since the middle of 2009, margins have gradually increased as a consequence of the competition situation and the introduction of new regulations, though margins were relatively unchanged in the period January – June 2011.

## Other operating income

Operating income excluding net interest income amounted to MSEK 211.8 for the period January – June, an increase of MSEK 118.4 compared with the year earlier period.

The increase was primarily attributable to the recognition by Landshypotek of a capital gain of just over MSEK 230 from the sale of an operating property. In the corresponding period in 2010, two operating properties were sold with a combined capital gain of MSEK 68. Further explanation for the change in other income was the reduction in “Net result of financial transactions” of MSEK 35.7 compared with the year-earlier period. In 2011, “Net result of financial transactions” amounted to a negative MSEK 27.0 compared with a positive MSEK 8.7 in 2010. These MSEK -27.0 includes unrealized result of MSEK -15.9 and realized result of MSEK -11.1. 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. The revaluation of financial instruments in equity after reported tax amounted to net MSEK 38.1 during the period January – June 2011.

Furthermore, during the first half of 2011, fees to the Swedish National Debt Office’s stabilisation fund were charged to profit in an amount of MSEK 10.8, no corresponding item was reported in the first half of 2010.

### Costs

Costs for the second quarter of 2011 amounted to MSEK 102.5 (98.3). The cost increase of MSEK 4.2 was attributable to higher general administration costs, primarily, higher costs for services purchased subsequent to the ongoing implementation of a new bank system.

### Loan losses and doubtful credits

Loan losses for the first half of 2011 amounted to MSEK 0.8 (recovery: 0.1). Write-offs of confirmed losses amounted to MSEK 3.5 (1.9). Provisions for probable loan losses during the period amounted to MSEK 6.3 (2.3). Recoveries of previously confirmed losses, or previously doubtful credits, amounted to MSEK 8.9 (4.2).

At 30 June 2011, doubtful credits amounted to MSEK 26.1, corresponding to 0.05 percent of loans outstanding. At 30 June 2010, doubtful credits amounted to MSEK 24.3, corresponding to 0.05 percent of loans outstanding.

### Comparison with the first quarter of 2011

Compared with the first quarter, operating profit for the second quarter improved by MSEK 245.3. The earnings improvement was primarily attributable to a capital gain from the sale of an operating property, just over MSEK 230, and an increase in “Net result of financial transactions” from MSEK -26.5 to MSEK -0.6.

### Market overview

#### Market trend

Profitability in forest and agriculture has been stable in 2011. The price trends in milk, beef and grain production were positive in 2010 after two years of declining profitability and have remained stable in 2011. Pork production has not seen the same recovery and the profitability of pork production remains weak. Profitability in forestry has remained stable in 2011. Demand for timber and pulpwood continued to be strong and prices remained relatively unchanged in the first half of the year after the price rises in 2010.

The price of agricultural and forestry properties has remained unchanged in 2011. Prices for prime arable land continue to rise while a slight decline can be noted for land in less favourable locations and for smaller farms located far from urban areas.

#### Landshypotek's development

Landshypotek increased its net lending by SEK 1.7 billion during the year, corresponding to lending growth of 3.3 percent, compared with 6.1 percent in the year-earlier period. During the year, demand for credit from Sweden's forestry and agriculture sector weakened somewhat, from earlier high levels, primarily attributable to relatively low new investment in production facilities.

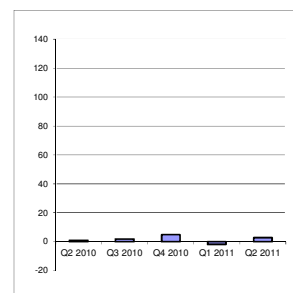
### Financing

#### 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.

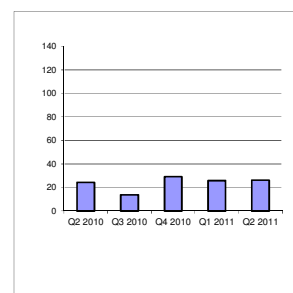
During the year, Landshypotek's primary source of financing comprised covered bonds and senior bonds. Covered bonds were issued in an amount of approximately SEK 9.2 billion and senior bonds were issued in an amount of SEK 5.0 billion. The market has been turbulent during the year, Landshypotek is however well funded at the end of the period.

### Loan losses



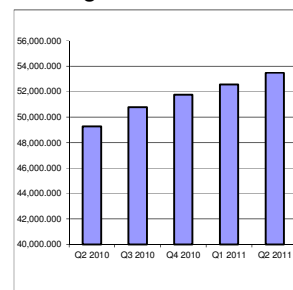
Loan losses for the second quarter of 2011 amounted to MSEK 2.7 and for the first six months totalled MSEK 0.8.

### Doubtful credits



Doubtful credits declined during the second quarter and amounted to MSEK 26.1 at 30 June.

### Lending volume



Landshypotek's lending rose 1.7% to SEK 53.5 billion in the second quarter of 2011.

Programme	Issued 30-06-2011	Maximum amount	Issued 31-12-2010
Swedish commercial paper	3,645	10,000	2,350
MTN programme	34,007	50,000	38,508
EMTN programme	20,669	35,000	15,126
RCB	3,551		2,996
Other bonds	0		15
Subordinated loans	550		550

### Liquidity

Landshypotek has accumulated a relatively substantial portfolio of interest-bearing securities, valued at SEK 13.1 billion at 30 June 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 30 June 2011, the portfolio was 1.9 times larger than market financing maturing in the next six months, which represents a decrease compared with 30 June 2010 (2.2).

### 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. In June, Landshypotek received confirmation of the rating A- and A3 with stable prospects from S & P and Moody's.

	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 * 30-06-2011	
	Basel II	Transitional rules
Tier 1 capital	3,690,603	3,690,603
Tier 2 capital	505,296	505,296
<b>Capital base (after deductions)</b>	<b>4,195,899</b>	<b>4,195,899</b>
Deduction for deferred tax assets	-26,354	0
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	-89,384	0
Capital requirement for credit risks in accordance with the standard method	427,784	427,784
Capital requirement for credit risks in accordance with IRB	358,133	358,133
Capital requirement for operative risks - Base method	60,210	60,210
Additional capital requirement in accordance with the transitional rules	-	2,695,383
<b>Capital requirement</b>	<b>846,127</b>	<b>3,541,510</b>
<b>Capital adequacy ratio</b>	4.96	1.18
<b>Capital adequacy</b>	39.7%	9.5%
<b>Tier 1 capital adequacy</b>	34.9%	8.3%

At 30 June 2011, the capital base amounted to MSEK 4,196.

At 30 June 2011, the capital requirement according to Basel II amounted to MSEK 846. 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 4.96. 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 Financial Corporate Group includes Landshypotek, ekonomisk förening (incorporated association) and Landshypotek AB Group.

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 1.18.

## Risk and capital management

Landshypotek lends slightly more than SEK 53 billion to approximately 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 3,733 and a capital base of MSEK 4,196. The capital adequacy ratio is 4.96, corresponding to capital adequacy of 39.7 percent, and the Tier 1 capital ratio is 34.9 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

There are no events of material significance that occurred after the end of the reporting period.

Stockholm, 29 August, 2011

Kjell Hedman, Managing Director

This Interim Report has been reviewed by Company's auditors.

This Interim Report covers the Group comprising Landshypotek AB, subsidiaries Lanbrukskredit AB, Landshypotek Jordbrukskredit AB. The General Mortgage Bank of Sweden has been liquidated. 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. Changes have been made to IAS 34 and those entered into force January 1, 2011. The changes provide guidance on how the principles of disclosure should be applied under IAS 34 and adds additional disclosure requirements such as conditions of financial instruments, transfers of financial instruments between different levels of the fair value hierarchy, and changes in the classification of financial assets. The amendment to IAS 34 has not affected the interim report January - June 2011 of Landshypotek. 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. However, tax-free capital gain on sale of property have been excluded from the base for tax calculation.

## Review report

We have reviewed this interim report for the period 1 January to 30 June 2011 for Landshypotek AB. The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

We conducted our review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies regarding the Group, and with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, regarding the Parent Company.

Stockholm, 29 August 2011

Anna Hesselman  
Authorized Public Accountant

Ulf Westerberg  
Authorized Public Accountant

# Income statement

## GROUP

SEK thousand	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
Interest income	615,066	408,364	547,592	1,162,658	811,247	1,719,141
Interest expense	-497,447	-302,744	-425,399	-922,846	-598,585	-1,247,307
<b>Net interest income</b>	<b>117,619</b>	<b>105,620</b>	<b>122,193</b>	<b>239,812</b>	<b>212,662</b>	<b>471,834</b>
Dividend income	0	0	0	0	0	0
Commission income	3,298	2,868	3,335	6,633	5,558	11,529
Commission expense	-5,894	-56	-5,127	-11,021	-228	-20,620
Net result of financial transactions	-569	24,393	-26,458	-27,027	8,684	4,219
Other operating income	237,079	72,753	6,189	243,268	79,348	91,374
<b>Total operating income</b>	<b>351,533</b>	<b>205,578</b>	<b>100,132</b>	<b>451,665</b>	<b>306,024</b>	<b>558,336</b>
General administrative expense	-44,205	-44,055	-42,181	-86,386	-82,998	-169,754
Depreciation, amortisation and impairment of intangible non-current assets	-1,874	-2,373	-2,595	-4,469	-4,715	-10,658
Other operating expenses	-5,945	-6,307	-5,674	-11,619	-10,603	-20,613
<b>Total expenses before loan losses</b>	<b>-52,025</b>	<b>-52,735</b>	<b>-50,449</b>	<b>-102,474</b>	<b>-98,316</b>	<b>-201,025</b>
<b>Profit before loan losses</b>	<b>299,508</b>	<b>152,843</b>	<b>49,683</b>	<b>349,191</b>	<b>207,708</b>	<b>357,311</b>
Loan losses, net	-2,707	-903	1,866	-841	59	-6,662
Impairment of financial assets						
<b>Operating profit</b>	<b>296,802</b>	<b>151,940</b>	<b>51,548</b>	<b>348,350</b>	<b>207,767</b>	<b>350,649</b>
Income tax	27,315	-41,282	-13,274	14,041	-55,194	-76,908
<b>Net profit for the period</b>	<b>324,117</b>	<b>110,658</b>	<b>38,274</b>	<b>362,391</b>	<b>152,573</b>	<b>273,741</b>

# Statement of comprehensive income

## GROUP

SEK thousand	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
<b>Net profit for the period</b>	<b>324,117</b>	<b>110,658</b>	<b>38,274</b>	<b>362,391</b>	<b>152,573</b>	<b>273,741</b>
<b>Other comprehensive profit and loss</b>						
Change in instruments for cash flow hedges	-15,059	31,531	16,585	1,526	34,539	68,098
Change in available-for-sale financial instruments	75,015	-32,095	-23,340	51,675	-60,163	-291,379
Taxes related to other comprehensive income loss	-15,768	164	1,777	-13,991	6,755	58,723
<b>Total other comprehensive profit and loss</b>	<b>44,188</b>	<b>-400</b>	<b>-4,978</b>	<b>39,210</b>	<b>-18,869</b>	<b>-164,558</b>
<b>Total comprehensive profit for the period</b>	<b>368,305</b>	<b>110,258</b>	<b>33,296</b>	<b>401,601</b>	<b>133,704</b>	<b>109,183</b>

# Income statement

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
Interest income	611,322	405,686	543,985	1,155,307	806,052	1,707,860
Interest expense	-499,329	-303,103	-426,753	-926,082	-599,281	-1,249,517
<b>Net interest income</b>	<b>111,993</b>	<b>102,583</b>	<b>117,232</b>	<b>229,225</b>	<b>206,771</b>	<b>458,343</b>
Dividend income	0	0	0	0	0	0
Commission income	2,937	2,675	3,226	6,163	5,392	11,106
Commission expense	-5,893	-56	-5,127	-11,020	-223	-20,615
Net result of financial transactions	-569	24,393	-26,458	-27,027	8,684	4,219
Other operating income	237,078	75,652	6,188	243,266	81,386	93,413
<b>Total operating income</b>	<b>345,547</b>	<b>205,247</b>	<b>95,060</b>	<b>440,607</b>	<b>302,010</b>	<b>546,466</b>
General administrative expense	-46,176	-45,051	-44,094	-90,270	-85,023	-179,002
Depreciation, amortisation and impairment of intangible non-current assets	-1,874	-2,373	-2,595	-4,469	-4,715	-10,658
Other operating expenses	-5,942	-6,983	-5,671	-11,613	-10,592	-20,384
<b>Total expenses before loan losses</b>	<b>-53,992</b>	<b>-54,406</b>	<b>-52,360</b>	<b>-106,352</b>	<b>-100,330</b>	<b>-210,044</b>
<b>Profit before loan losses</b>	<b>291,555</b>	<b>150,841</b>	<b>42,700</b>	<b>334,255</b>	<b>201,680</b>	<b>336,422</b>
Loan losses, net	-1,824	-905	1,859	35	54	-5,638
Impairment of financial assets						
<b>Operating profit</b>	<b>289,731</b>	<b>149,936</b>	<b>44,559</b>	<b>334,290</b>	<b>201,734</b>	<b>330,784</b>
Income tax	29,176	-39,432	-11,436	17,740	-53,055	-69,621
<b>Net profit for the period</b>	<b>318,907</b>	<b>110,504</b>	<b>33,124</b>	<b>352,030</b>	<b>148,679</b>	<b>261,163</b>

# Statement of comprehensive income

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
<b>Net profit for the period</b>	<b>318,907</b>	<b>110,504</b>	<b>33,124</b>	<b>352,030</b>	<b>148,679</b>	<b>261,163</b>
<b>Other comprehensive profit and loss</b>						
Change in instruments for cash flow hedges	-15,059	31,531	16,585	1,526	34,539	68,098
Change in available-for-sale financial instruments	75,015	-32,095	-23,340	51,675	-60,163	-291,379
Taxes related to other comprehensive profit and loss	-15,768	164	1,777	-13,991	6,755	58,723
<b>Total other comprehensive profit and loss</b>	<b>44,188</b>	<b>-400</b>	<b>-4,978</b>	<b>39,210</b>	<b>-18,869</b>	<b>-164,558</b>
<b>Total comprehensive profit for the period</b>	<b>363,095</b>	<b>110,104</b>	<b>28,146</b>	<b>391,240</b>	<b>129,810</b>	<b>96,605</b>



## Balance sheet

SEK Thousand	GROUP				PARENT COMPANY			
	2011 30 Jun	2011 31 Mar	2010 31-Dec	2010 30 Jun	2011 30 Jun	2011 31 Mar	2010 31-Dec	2010 30 Jun
<b>ASSETS</b>								
Cash and balances with central banks	7,218	7,448	5,393	5,053	7,218	7,448	5,393	5,053
Due from financial institutions	662,477	52,526	216,144	260,938	661,716	44,246	201,416	251,341
Loans to customers <i>Note 3</i>	53,479,114	52,571,931	51,773,034	49,281,487	53,191,540	52,272,207	51,457,391	48,964,272
Bonds and other interest-bearing securities	13,091,422	12,019,463	10,975,059	14,745,956	13,091,422	12,019,463	10,975,059	14,745,956
Derivative financial instruments	56,344	72,763	80,321	409,328	56,344	72,763	80,321	409,328
Shares	1	1	1	1	0	0	0	0
Shares in Group companies	0	100	0	0	514,827	514,927	514,827	514,827
Intangible non-current assets	0	0	0	0	0	0	0	0
Tangible assets								
Equipment	2,036	2,307	2,601	2,821	2,036	2,307	2,601	2,821
Buildings and land	16,173	346,606	348,929	316,597	16,160	346,593	348,917	316,585
Other assets	472,154	243,454	96,875	105,794	452,563	223,362	76,274	81,354
Prepaid expenses and accrued income	678,956	841,974	662,497	417,863	677,727	840,828	661,732	417,306
<b>TOTAL ASSETS</b>	<b>68,465,893</b>	<b>66,158,574</b>	<b>64,160,854</b>	<b>65,545,838</b>	<b>68,671,552</b>	<b>66,344,143</b>	<b>64,323,930</b>	<b>65,708,843</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>								
Due to financial institutions	545,946	725,449	83,962	5,164,221	877,946	1,038,208	371,722	5,450,951
Borrowing from the public	149,256	102,000	105,000	146,000	149,256	102,000	105,000	146,000
Debt securities in issue, etc.	62,253,704	59,397,142	58,413,189	55,319,552	62,253,704	59,397,142	58,413,189	55,319,552
Derivative financial instruments	244,705	1,061,678	606,683	183,607	244,705	1,061,678	606,683	183,607
Other liabilities	140,542	137,800	150,218	41,562	126,293	129,532	141,480	31,616
Accrued expenses and prepaid income	799,683	724,644	823,004	569,110	801,068	725,672	823,723	569,368
Provisions	25,817	71,980	74,232	118,250	4,263	48,559	48,944	86,908
Subordinated liabilities	549,988	549,968	549,949	549,988	549,988	549,968	549,949	549,988
<b>TOTAL LIABILITIES</b>	<b>64,709,641</b>	<b>62,770,662</b>	<b>60,806,237</b>	<b>62,092,290</b>	<b>65,007,223</b>	<b>63,052,759</b>	<b>61,060,690</b>	<b>62,337,990</b>
Untaxed reserves	0							
<b>Equity</b>	<b>3,756,251</b>	<b>3,387,913</b>	<b>3,354,618</b>	<b>3,453,548</b>	<b>3,664,327</b>	<b>3,291,385</b>	<b>3,263,240</b>	<b>3,370,853</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>68,465,893</b>	<b>66,158,574</b>	<b>64,160,854</b>	<b>65,545,838</b>	<b>68,671,552</b>	<b>66,344,143</b>	<b>64,323,930</b>	<b>65,708,843</b>

## Cash-flow analysis

SEK thousand	GROUP			PARENT COMPANY		
	2011 Q2	2010 Q2	2010 Full Year	2011 Q2	2010 Q2	2010 Full Year
<b>Cash and cash equivalents beginning of period</b>	<b>5,393</b>	<b>8,946</b>	<b>8,946</b>	<b>5,393</b>	<b>8,946</b>	<b>8,946</b>
Cash flow from operating activities	-331,535	180,638	-180,903	-331,535	196,979	-164,562
Cash flow from investing activities	333,321	15,457	-22,599	333,321	-884	-38,940
Cash flow from financing activities	39	-199,988	199,949	39	-199,988	199,949
<b>Cash flow for the period</b>	<b>1,825</b>	<b>-3,893</b>	<b>-3,553</b>	<b>1,825</b>	<b>-3,893</b>	<b>-3,553</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,218</b>	<b>5,053</b>	<b>5,393</b>	<b>7,218</b>	<b>5,053</b>	<b>5,393</b>

# Changes in shareholders' equity

## GROUP

SEK thousand	Share contributed capital	Other 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			1,125	38,085	362,391	401,601
Total change before transactions with the owners	0	0	1,125	38,085	362,391	401,601

Other						32
Equity 30 June 2011	1,927,000	1,026,254	959	-29,672	831,678	3,756,251

SEK thousand	Share contributed capital	Other 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			25,471	-44,340	152,573	133,704
Total change before transactions with the owners	0	0	25,471	-44,340	152,573	133,704

Dividend/group contribution rendered						0
Taxes on group contribution rendered						0
Equity 30 June 2010	1,927,000	1,026,254	-24,884	102,650	422,528	3,453,548

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	Share contributed capital	Other 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
Capital gain due to liquidation of subsidiary		6,694			3,122	9,816
Net profit for the period			1,125	38,085	352,030	391,240
Total change before transactions with the owners	0	6,694	1,125	38,085	355,152	401,056

Other					32	32
Equity 30 June 2011	1,927,000	1,016,694	959	-29,672	749,347	3,664,327

SEK thousand	Share contributed capital	Other 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			25,471	-44,340	148,679	129,810
Total change before transactions with the owners	0	0	25,471	-44,340	148,679	129,810

Dividend/group contribution rendered						0
Taxes on group contribution rendered						0
Equity 30 June 2010	1,927,000	1,010,000	-24,884	102,650	356,087	3,370,853

# Notes

## NOTE 1 NET INTEREST INCOME

### GROUP

TSEK	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	280	28	264	544	101	563
Interest income on loans to Group companies	0	0	0	0	0	0
Interest income on loans to customers	523,004	311,348	466,067	989,071	619,512	1,363,083
- less interest losses	-56	-1,026	-93	-149	-1,052	-2,081
Interest income on interest-bearing securities	91,831	98,010	81,348	173,179	192,682	357,565
- of which interest income on financial assets values at fair value in the income statement	9,019	32,330	31,248	40,267	54,019	111,627
- of which interest income on available-for-sale financial assets	82,812	65,680	50,100	132,912	138,663	245,938
Other interest income	8	4	5	13	4	11
<b>Total</b>	<b>615,067</b>	<b>408,364</b>	<b>547,591</b>	<b>1,162,658</b>	<b>811,247</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	-492	-63	-415	-907	-109	-624
Interest expense for liabilities to credit institutions - other	-2,025	-4,698	-2,030	-4,055	-9,302	-20,766
interest expense for borrowing from the public	0	0	0	0	0	0
Interest expense for interest-bearing securities	-481,149	-340,860	-443,451	-924,600	-664,031	-1,381,627
- of which interest expense for other financial liabilities	-128,100	79,822	-148,215	-276,315	-164,117	-295,117
- of which interest expense on financial assets valued at fair value in the income statement	-353,049	-420,682	-295,236	-648,285	-499,914	-1,086,510
Interest expense on subordinated liabilities	-4,720	-1,307	-4,281	-9,001	-2,020	-8,981
Interest expense for derivative instruments	-8,657	47,708	24,901	16,244	80,524	169,102
- of which interest expense on derivatives valued at fair value in the income statement	-4,864	34,173	24,022	19,158	64,847	203,008
- of which interest expense on derivatives indentified as hedging instruments	-3,793	13,535	879	-2,914	15,677	-33,906
Other interest expense	-405	-3,524	-122	-527	-3,647	-4,411
<b>Total</b>	<b>-497,448</b>	<b>-302,744</b>	<b>-425,398</b>	<b>-922,846</b>	<b>-598,585</b>	<b>-1,247,307</b>
<b>Total net interest income</b>	<b>117,619</b>	<b>105,620</b>	<b>122,193</b>	<b>239,812</b>	<b>212,662</b>	<b>471,834</b>

### LANDSHYPOTEK AB PARENT COMPANY

TSEK	2011 Q2	2010 Q2	2011 Q1	2011 Full year	2010 Jan - Jun	2010 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	243	27	231	474	99	545
Interest income on loans to Group companies	8	10	9	17	30	53
Interest income on loans to customers	519,272	308,660	462,488	981,760	614,289	1,351,771
- less interest losses	-32	-1,025	-91	-123	-1,052	-2,081
Interest income on interest-bearing securities	91,831	98,010	81,348	173,179	192,682	357,565
- of which interest income on financial assets values at fair value in the income statement	9,019	32,330	31,248	40,267	54,019	111,627
- of which interest income on available-for-sale financial assets	82,812	65,680	50,100	132,912	138,663	245,938
Other interest income	0	4	0	0	4	7
<b>Total</b>	<b>611,322</b>	<b>405,686</b>	<b>543,985</b>	<b>1,155,307</b>	<b>806,052</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	-2,373	-430	-1,770	-4,143	-813	-2,841
Interest expense for liabilities to credit institutions - other	-2,025	-4,698	-2,030	-4,055	-9,302	-20,766
interest expense for borrowing from the public	0	0	0	0	0	0
Interest expense for interest-bearing securities	-481,149	-340,860	-443,451	-924,600	-664,031	-1,381,627
- of which interest expense for other financial liabilities	-128,100	79,822	-148,215	-276,315	-164,117	-295,117
- of which interest expense on financial assets valued at fair value in the income statement	-353,049	-420,682	-295,236	-648,285	-499,914	-1,086,510
Interest expense on subordinated liabilities	-4,720	-1,307	-4,281	-9,001	-2,020	-8,981
Interest expense for derivative instruments	-8,657	47,708	24,901	16,244	80,524	169,102
- of which interest expense on derivatives valued at fair value in the income statement	-4,864	34,173	24,022	19,158	64,847	203,008
- of which interest expense on derivatives indentified as hedging instruments	-3,793	13,535	879	-2,914	15,677	-33,906
Other interest expense	-405	-3,516	-122	-527	-3,639	-4,403
<b>Total</b>	<b>-499,329</b>	<b>-303,103</b>	<b>-426,753</b>	<b>-926,082</b>	<b>-599,281</b>	<b>-1,249,517</b>
<b>Total net interest income</b>	<b>111,993</b>	<b>102,583</b>	<b>117,232</b>	<b>229,225</b>	<b>206,771</b>	<b>458,343</b>

**NOTE 2 LOAN LOSSES NET**

**GROUP**

<b>SEK thousand</b>	<b>2011 Q2</b>	<b>2010 Q2</b>	<b>2011 Q1</b>	<b>2011 Full Year</b>	<b>2010 Jan - Jun</b>	<b>2010 Full year</b>
The period's impairment charge for realised losses	-375	-1,675	-3,141	-3,516	-1,927	-6,683
Reversal of prior provisions for probable loan losses, reported as realised losses	375	1,675	2,641	3,016	1,979	6,460
Impairment charge for probable loan losses	-3,205	-1,468	-3,099	-6,304	-2,297	-11,888
Recovery of previous realised losses	47	23	62	109	113	418
Reversal of provisions no longer required for probable loan losses	452	542	5,403	5,855	2,191	5,031
<b>Total loan losses</b>	<b>-2,706</b>	<b>-903</b>	<b>1,866</b>	<b>-840</b>	<b>59</b>	<b>-6,662</b>

All loan losses are attributable to loans to customers

**LANDSHYPOTEK AB PARENT COMPANY**

<b>SEK thousand</b>	<b>2011 Q2</b>	<b>2010 Q2</b>	<b>2011 Q1</b>	<b>2011 Full Year</b>	<b>2010 Jan - Jun</b>	<b>2010 Full year</b>
The period's impairment charge for realised losses	-321	-1,675	-2,105	-2,426	-1,927	-6,683
Reversal of prior provisions for probable loan losses, reported as realised losses	321	1,675	1,605	1,926	1,979	6,460
Impairment charge for probable loan losses	-2,319	-1,468	-3,099	-5,418	-2,297	-10,853
Recovery of previous realised losses	43	21	55	98	108	407
Reversal of provisions no longer required for probable loan losses	452	542	5,403	5,855	2,191	5,031
<b>Total loan losses</b>	<b>-1,824</b>	<b>-905</b>	<b>1,859</b>	<b>35</b>	<b>54</b>	<b>-5,638</b>

All loan losses are attributable to loans to customers

**NOTE 3 NONPERFORMING LOANS**

<b>SEK Thousand</b>	<b>GROUP</b>				<b>PARENT COMPANY</b>			
	<b>2011 Q2</b>	<b>2011 Q1</b>	<b>2010 Full Year</b>	<b>2010 Q2</b>	<b>2011 Q2</b>	<b>2011 Q1</b>	<b>2010 Full Year</b>	<b>2010 Q2</b>
Nonperforming loans where interest is recognised as income	365,252	198,846	198,441	182,920	347,433	190,169	190,547	175,954
Nonperforming loans that are doubtful credits	21,161	17,700	18,916	19,809	20,274	17,646	18,862	19,755
<b>Total nonperforming loans</b>	<b>386,413</b>	<b>216,546</b>	<b>217,357</b>	<b>202,729</b>	<b>367,707</b>	<b>207,815</b>	<b>209,409</b>	<b>195,709</b>
Doubtful credits that are not nonperforming	10,241	11,100	18,247	9,499	10,241	11,100	18,247	9,499
Less provisions set aside	-5,270	-3,052	-7,940	-4,980	-4,383	-2,998	-6,850	-4,926
Doubtful credits that are not performing	21,161	17,700	18,916	19,809	20,274	17,646	18,662	19,755
<b>Total doubtful loans</b>	<b>26,132</b>	<b>25,748</b>	<b>29,222</b>	<b>24,328</b>	<b>26,132</b>	<b>25,748</b>	<b>30,059</b>	<b>24,328</b>
Shares taken over to protect claims	1	1	1	1				