

# LANDSHYPOTEK AB

## INTERIM REPORT JANUARY – SEPTEMBER

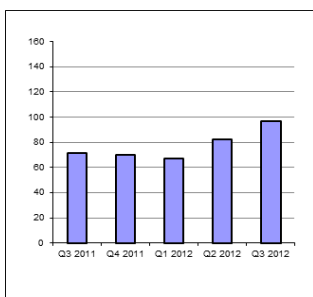
### 2012 # 3

- **LENDING to agriculture and forestry amounted to MSEK 58,326**  
Loans outstanding increased MSEK 2,746 (4.9 percent) to MSEK 58,326 in the first nine months of 2012. Demand for credit from Sweden's farmers and foresters declined year-on-year, but remained high. Demand is primarily driven by additional land acquisition.
- **OPERATING PROFIT excluding Net result of financial transactions and the sale of an operating property amounted to MSEK 246.3 (214.9)**  
The MSEK 31.4 increase in profit compared with the first nine months of 2011 was attributable to the rise in net interest income. Investments in a new business system and some increase in loan losses led to an increase in costs compared with the preceding year.
- **LOAN LOSS RATE 0.03 PERCENT (0.00 PERCENT)**  
Loan losses for the first nine months of 2012 amounted to MSEK 12.5, corresponding to 0.03 percent of loans outstanding. The reported loan losses primarily comprise a change in the net provision for doubtful credits of MSEK 10.2. The net of confirmed loan losses and recoveries of previously confirmed losses amounted to MSEK 2.3.
- **THE CAPITAL ADEQUACY RATIO amounted to 35.7 percent without taking in to account the transitional rules linked to Basel I.**  
The capital adequacy ratio, including the transitional rules, amounted to 9.3 percent.

# Landshypotek AB

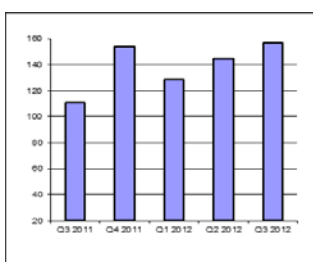
*Landshypotek AB  
(Corporate Registration  
Number 556500-2762) Interim  
report for the period 1  
January – 30 September 2012.*

## Operating profit excluding Net result of financial transactions



Operating profit for the first three quarters of 2012, excluding Net result of financial transactions amounted to MSEK 246.3.

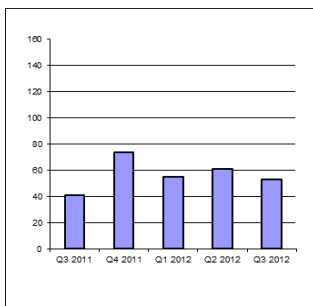
## Net interest income



Net interest income for the first three quarters of 2012 amounted to MSEK 430.4.

The amount of the Company's net interest income is determined by the volume of loans outstanding, the margin between the interest rates on borrowing and lending and the return obtained on the equity invested in lending operations.

## Costs



Costs for the first three quarters of 2012 amounted to MSEK 168.9, an increase of MSEK 25.6 or approximately 18 percent year-on-year.

Landshypotek is a member-owned company tasked with providing competitive financing to Sweden's farm and forest owners. With loans outstanding of SEK 58.3 billion, Landshypotek accounts for 29.2 percent of total lending for agricultural and forestry properties in Sweden and is thus the market leader. Lending is characterised by adequate property collateral which, historically, has resulted in extremely low loan losses. Landshypotek has 110 employees at 18 offices throughout Sweden.

## Operating profit 2012

### Summary of income statement

MSEK	2012	2011
	Jan - Sep	Jan - Sep
Net interest income	430.4	350.9
Other operating income	-29.2	208.9
<i>of which Net result of financial transactions</i>	-26.6	-31.1
<i>of which Capital gain from the sale of operating property</i>	0.0	232.0
Expenses	-168.9	-143.3
<i>Cost income ratio adjust for property sales and financial transactions</i>	0.39	0.40
Loan losses	-12.5	-0.6
<i>Loan loss level, %</i>	0.03%	0.00%
Operating profit	219.7	415.8
<i>Operating profit not including Net result of financial transactions and sale of operating property</i>	246.3	214.9

Consolidated operating profit for the first three quarters of 2012 amounted to MSEK 219.7, down MSEK 196.1 compared with the year-earlier period (MSEK 415.8). However, the profit comparison is significantly affected by the one-off capital gain from the operating property that was sold in the preceding year.

Excluding Net result of financial transactions and the sale of the operating property, operating profit totalled MSEK 246.3 (214.9). The improvement in underlying operating profit was due to the MSEK 79.5 increase in net interest income. Elevated costs of MSEK 25.6 attributable to the implementation of a new business system and a larger net provision of MSEK 11.9 for doubtful credits had an adverse impact on profit compared with the year-earlier period.

### Net interest income

Net interest income for the first three quarters of 2012 amounted to MSEK 430.4, up 22 percent compared with the year-earlier period (MSEK 350.9). Net interest income developed based on the volume of loans outstanding, the margin between interest rates on borrowing and lending and returns received on equity invested in the lending operation.

Net interest income rose due to the combination of higher lending and increased margins between interest rates on borrowing and lending.

### Other operating income

Other operating income amounted to negative MSEK 29.2 for the period. Operating income was down MSEK 238.1 compared with the year-earlier period. The main reason for the decline is that profit for 2011 included a capital gain of approximately MSEK 232 from the sale of an operating property. Other operating income was charged with the fee of MSEK 15.3 payable to the stabilization fund and the loss of MSEK 26.6 from Net result of financial transactions. In addition, the item includes MSEK 11.0 from Net commission income and MSEK 1.5 from Income from property including capital gains from the sale of property.

Net result of financial transactions amounted to a loss of MSEK 26.6 for 2012, compared with a loss of MSEK 31.1 in 2011. The loss of MSEK 26.6 comprised an unrealised loss of MSEK 24.0 and a realised loss of MSEK 2.6.

The Net result of financial transactions includes realised results from the purchase and sale of financial instruments, as well as the result from the repurchase of own bonds. In addition, this item includes the result from the revaluation of financial instruments. To gain an understanding of the total effect of market valuations, the revaluations carried directly against equity must also be taken into account. Net, after taxes recognized, revaluation of financial instruments in equity amounted to a loss of MSEK 66.1 (gain 93.8) in 2012.

**Costs**

Costs for the first three quarters of 2012 amounted to MSEK 168.9 (143.3). The increase in costs of MSEK 25.6 or 18 percent was primarily attributable to costs linked to the ongoing implementation of a new business system.

**Loan losses and doubtful credits**

Loan losses for the first three quarters of the year amounted to MSEK 12.5 (0.6). Confirmed loan losses totalled MSEK 4.1 (5.6). Provisions for suspected loan losses amounted to MSEK 15.2 (5.6). Recoveries of previously confirmed losses, or previously doubtful credits, amounted to MSEK 6.8 (10.6).

At 30 September 2012, doubtful credits amounted to MSEK 76.5, corresponding to 0.13 percent of total loans outstanding. At 30 September 2011, doubtful credits amounted to MSEK 14.3, corresponding to 0.03 percent of total loans outstanding.

Loan losses and the percentage of doubtful credits are at a very low level. However, the trend since the late autumn of 2011 has been negative with a rising proportion of doubtful credits. The increase is explained by a decline in the ability to pay, primarily of dairy farmers, due to poorer profitability.

**Comparison with the second quarter of 2012**

Compared with the second quarter of 2012, operating profit for the third quarter of 2012 declined MSEK 63.7.

Excluding the Net result of financial transactions, operating profit for the first three quarters of 2012 amounted to MSEK 96.8, up MSEK 14.2 compared with the second quarter (MSEK 82.6). The improvement in earnings in the third quarter was due to higher net interest income, which was partly offset by higher loan losses.

**Market overview**

**Market trend**

The profitability of Swedish agriculture and forestry is under pressure. For certain branches, pressure on liquidity has been particularly significant in 2012. For dairy farmers the year has been about lowered settlement prices and raised compound feed prices. The difficult financial situation is not exclusive to Swedish dairy companies. A similar troublesome situation applies to dairy companies in the rest of Europe and North America, as well as in countries where a major proportion of feed is bought in. Settlement prices have climbed somewhat of late, but the high feed prices mean the situation remains stretched for dairy companies.

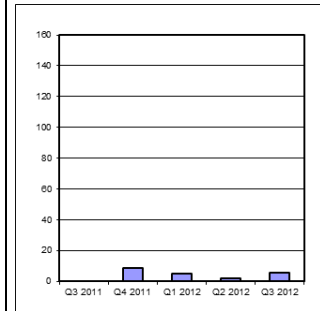
Following a period of financial difficulty, pork producers have had an improved 2012. Settlement prices have risen. However, the prices of grain, feed and other input goods have also risen. Thus, profitability has not improved in pace with the rising settlement prices.

2012 has been a favourable year for arable farming. Arable farmers reported healthy harvests and some even reported a record year. However, some areas of Sweden were hit by considerable precipitation and flooding, which affected harvests. In general, beef and arable farmers have reported healthy profitability.

In forestry, timber prices have declined and are expected to continue to decline for the remainder of the year. In addition, price levels for pulpwood have continued to sink and are approximately 30 percent lower year-on-year.

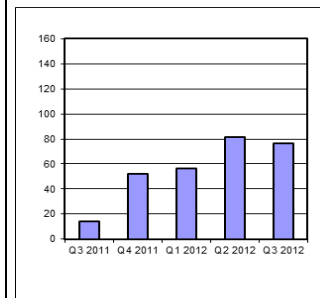
Price levels for agricultural and forestry properties have remained stable in 2012. The price of prime land continues to increase while a certain decrease can be noted for land in less favourable locations and for smaller isolated farms. Price levels for agricultural land continue to rise while prices have stabilised for forestry. It now takes longer to sell a farm than earlier.

**Loan losses**



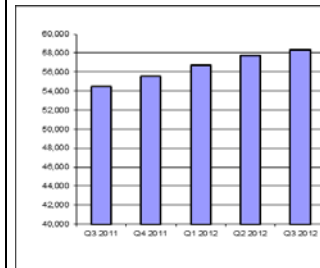
Loan losses for the first three quarters of 2012 amounted to MSEK 12.5.

**Doubtful credits**



Doubtful credits amounted to MSEK 76.5 on 30 September 2012.

**Lending volume**



Landshypotek's lending for the year increased 4.9 percent to SEK 58.3 billion.

### Landshypotek's performance

Landshypotek increased its net lending by SEK 2.7 billion during the year, corresponding to lending growth of 4.9 percent, compared with 5.2 percent in the first three quarters of 2011. Demand for credit from Sweden's forestry and agriculture sector declined in 2012 compared with 2011. However, demand for credit remained healthy and the annual credit growth for agriculture and forestry amounted to about 8 percent. Credit demand was primarily driven by land acquisition.

### Financing

#### Borrowing

Landshypotek's ambition is to borrow funds on the best possible terms given a low risk profile. The following also applies:

- borrowing is well diversified as regards programmes, currencies and investors
- borrowing has a tenor that corresponds well to the tenor of assets
- substantial concentrations of borrowings maturing during a short duration are avoided.

Landshypotek operates with considerable flexibility and actively raises funds via national and international bond markets, as well as striving to always respond to investors' concerns regarding tenors and interest-rate structure.

Landshypotek works continuously with investor relations to ensure levels of awareness and interest are maintained in the company.

During the year, Landshypotek issued covered bonds to a value of approximately SEK 17.9 billion. In addition, senior bonds at a value of approx SEK 1.8 billion and a subordinated loan at a value of SEK 0.5 billion were issued.

The finance market for Nordic banks functioned smoothly in 2012. Landshypotek has been very successful in its financing activities and demand for Landshypotek's bonds has been favourable.

Programme (MSEK)	Utilised 30-09-2012	Maximum amount	Utilised 31-12-2011
Swedish commercial paper	4,200	10,000	3,650
MTN programme	40,083	50,000	35,710
EMTN programme	17,213	29,545*	20,729
RCB**	3,144		3,322
Other bonds	0		0
Subordinated loans	700		550

\* MEUR 3 500

\*\* Registered Covered Bonds

#### Liquidity

Landshypotek has a substantial liquidity portfolio of interest-bearing securities, valued at SEK 13.8 billion at 30 September 2012. The portfolio primarily comprises Swedish covered bonds with the highest credit rating and to a minor extent, bonds issued by Swedish municipalities. Securities can be sold or borrowed against, as required, to manage the financing of maturing debt. At 30 September 2012, the liquidity portfolio was 1.4 (1.5) times larger than market financing maturing in the next six months.

#### Rating

Landshypotek has credit ratings from two different rating agencies Standard & Poor's and Fitch.

Standard & Poors confirmed the AAA rating for covered bonds and A, A-1 for the company during the year. Fitch confirmed the company's credit rating of A+, F1.

	Long	Short
S&P Covered bonds	AAA	
S&P	A	A-1, K1
Fitch	A+	F1

## Risk and capital management

Landshypotek's loans outstanding amounted to SEK 58 billion to about 50,000 customers against collateral in the form of liens on agricultural and forestry properties.

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

Credit risk is defined as the risk that Landshypotek does not receive payment as agreed in combination with the risk that the value of the collateral is not adequate and thus will not cover the outstanding claim. The risk encompasses all Landshypotek's retail receivables including concentration risk, environmental risk and political risk. 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). In addition, Landshypotek is exposed to credit risk that arises from the handling of liquidity and market risk. Collateral requirements in combination with Landshypotek's methods for limiting credit risk have resulted in highly limited credit risk in the portfolio, as reflected in the company's low loan losses over time.

Naturally, Landshypotek's activities are exposed to liquidity risk, but Landshypotek maintains a substantial liquidity reserve and has set low tolerance levels for this risk.

Market risk, which comprises interest-rate risks and exchange-rate risks, is low.

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.

Through its policy documents, the Board of Directors establishes how risks are to be measured, reported and limited.

## Capital adequacy

The capital adequacy ratio amounted to 35.7 percent without taking in to account the transitional rules linked to Basel I. The capital base was MSEK 4,510 and the capital requirement was MSEK 1,011.

The capital adequacy ratio amounted to 9.3 percent according to the transitional rules (regulatory requirement).

The new capital adequacy regulations have yet to be determined by the EU and it is uncertain whether they will be applied as planned in January 2013. In the latest proposal from the European Commission, the transitional rules linked to Basel I are to be extended, again with the possibility of applying for an exemption. Even if Landshypotek must continue to comply with the existing transitional rules, Landshypotek's capital requirements in relation to risk are not expected to be materially altered over the next few years. However, this is subject to the prerequisite that Sweden does not apply stricter rules than the fundamental rules contained in the EU's proposal.

<b>Financial Corporate Group * 30-09-2012</b>		
<b>SEK thousand</b>	<b>Basel II</b>	<b>Transitional rules</b>
Tier 1 capital	3,870,370	3,870,370
Tier 2 capital	640,034	640,034
<b>Capital base (after deductions)</b>	<b>4,510,404</b>	<b>4,510,404</b>
Deduction for deferred tax assets	-21,821	
Deduction Intangible assets	-25,867	
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	-119,792	
Credit risk in accordance with the standard method	501,309	501,309
Credit risks in accordance with IRB	427,419	427,419
Operative risks - Base method	82,017	82,017
Additional capital in accordance with the transitional rules	-	2,869,297
<b>Capital requirement</b>	<b>1,010,745</b>	<b>3,880,042</b>
<b>Capital adequacy ratio</b>	4.5	1.2
<b>Capital adequacy</b>	35.7%	9.3%
<b>Tier 1 capital adequacy</b>	30.6%	8.0%

\* The Financial Corporate Group includes Landshypotek ekonomisk förening (incorporated association) and Landshypotek AB Group.

\*\* Regulatory requirements excluding transitional rules linked to Basel I.

This Interim Report encompasses the Group comprising Landshypotek AB and the subsidiary Landshypotek Jordbrukskredit AB. Landshypotek AB is also 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. Accounting policies, calculation methods and risk management are unchanged compared to those applied in the most recent Annual Report.

## **Group structure**

All borrowers at Landshypotek AB are members of Landshypotek ekonomisk förening. Landshypotek ekonomisk förening owns 100 percent of the shares in Landshypotek AB and is the parent association of the group of financial companies.

Landshypotek AB is the Parent Company of the sub-group. More than 90 percent of operations in the sub-group are conducted by the Parent Company Landshypotek AB. Other companies in the sub-group are Landshypotek Jordbrukskredit AB which is 100-percent owned by Landshypotek AB.

During the second quarter of 2012, the subsidiary Lantbrukskredit AB was merged with its Parent Company Landshypotek AB. Lantbrukskredit AB has not conducted any operations since 31 December 2011.

## **Events after the end of the period under review**

No significant events took place after the end of the period under review.

Stockholm, 29 October 2012

Kjell Hedman, Managing Director

## Income statement

### GROUP

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan-Sep	2011 Jan -Sep	2011 Full year
Interest income	650,413	653,276	659,665	1,991,858	1,815,934	2,491,985
Interest expense	-493,352	-542,231	-514,862	-1,561,484	-1,465,077	-1,987,026
<b>Net interest income</b> <i>Note 1</i>	<b>157,061</b>	<b>111,045</b>	<b>144,803</b>	<b>430,374</b>	<b>350,857</b>	<b>504,959</b>
Commission income	3,353	4,709	4,554	11,484	11,342	13,666
Commission expense	-5,234	-5,522	-4,986	-15,782	-16,543	-22,238
Net result of financial transactions	-61,945	-4,073	15,948	-26,613	-31,100	-3,381
Other operating income	483	1,931	594	1,662	245,199	246,496
<b>Total operating income</b>	<b>93,718</b>	<b>108,090</b>	<b>160,913</b>	<b>401,125</b>	<b>559,755</b>	<b>739,502</b>
General administrative expense	-50,189	-37,103	-55,183	-158,276	-123,489	-194,056
Depreciation, amortisation and impairment of intangible non-current assets	-275	-435	-305	-853	-4,904	-5,368
Other operating expenses	-2,737	-3,301	-5,183	-9,804	-14,920	-17,316
<b>Total expenses before loan losses</b>	<b>-53,201</b>	<b>-40,838</b>	<b>-60,671</b>	<b>-168,933</b>	<b>-143,312</b>	<b>-216,741</b>
<b>Profit before loan losses</b>	<b>40,517</b>	<b>67,252</b>	<b>100,242</b>	<b>232,192</b>	<b>416,443</b>	<b>522,761</b>
Loan losses, net <i>Note 2</i>	-5,660	228	-1,694	-12,512	-613	-8,910
<b>Operating profit</b>	<b>34,857</b>	<b>67,480</b>	<b>98,548</b>	<b>219,680</b>	<b>415,830</b>	<b>513,851</b>
Income tax for the period	-6,665	-17,666	-25,536	-55,243	-3,625	-23,810
<b>Net profit for the period</b>	<b>28,192</b>	<b>49,814</b>	<b>73,012</b>	<b>164,437</b>	<b>412,205</b>	<b>490,041</b>

## Statement of comprehensive income

### GROUP

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan-Sep	2011 Jan -Sep	2011 Full year
<b>Net profit for the period</b>	<b>28,192</b>	<b>49,814</b>	<b>73,012</b>	<b>164,437</b>	<b>412,205</b>	<b>490,041</b>
<b>Other comprehensive profit and loss</b>						
Change in cash flow hedges	-62,545	-55,588	-17,130	-33,231	-54,062	-34,237
Change in available-for-sale financial assets	24,989	129,660	-40,298	-50,039	181,335	211,172
Taxes related to other comprehensive income loss	5,105	-19,482	15,103	17,128	-33,473	-46,534
<b>Total other comprehensive profit and loss</b>	<b>-32,451</b>	<b>54,590</b>	<b>-42,325</b>	<b>-66,142</b>	<b>93,800</b>	<b>130,401</b>
<b>Total comprehensive profit for the period</b>	<b>-4,259</b>	<b>104,404</b>	<b>30,687</b>	<b>98,295</b>	<b>506,005</b>	<b>620,442</b>

## Income statement

### LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan-Sep	2011 Jan -Sep	2011 Full year
Interest income	645,112	649,126	655,119	1,977,942	1,804,433	2,476,472
Interest expense	-493,722	-544,314	-514,419	-1,563,922	-1,470,396	-1,994,416
<b>Net interest income</b> <i>Note 1</i>	<b>151,390</b>	<b>104,812</b>	<b>140,700</b>	<b>414,021</b>	<b>334,037</b>	<b>482,056</b>
Commission income	3,268	4,650	3,661	10,438	10,813	13,081
Commission expense	-5,235	-5,523	-4,986	-15,783	-16,543	-22,238
Net result of financial transactions	-61,945	-4,073	15,948	-26,613	-31,100	-3,381
Other operating income	481	1,311	593	1,643	244,577	245,874
<b>Total operating income</b>	<b>87,959</b>	<b>101,178</b>	<b>155,916</b>	<b>383,706</b>	<b>541,785</b>	<b>715,393</b>
General administrative expense	-52,734	-39,417	-57,474	-165,625	-129,687	-204,290
Depreciation, amortisation and impairment of intangible non-current assets	-275	-435	-305	-853	-4,904	-5,368
Other operating expenses	-2,752	-3,293	-5,148	-9,778	-14,906	-17,300
<b>Total expenses before loan losses</b>	<b>-55,761</b>	<b>-43,145</b>	<b>-62,927</b>	<b>-176,256</b>	<b>-149,497</b>	<b>-226,958</b>
<b>Profit before loan losses</b>	<b>32,198</b>	<b>58,034</b>	<b>92,989</b>	<b>207,450</b>	<b>392,289</b>	<b>488,434</b>
Loan losses, net <i>Note 2</i>	-4,610	1,164	465	-6,721	1,199	-3,132
<b>Operating profit</b>	<b>27,588</b>	<b>59,198</b>	<b>93,454</b>	<b>200,729</b>	<b>393,488</b>	<b>485,302</b>
Income tax for the period	-8,378	-15,488	-24,594	-53,883	2,252	-16,284
<b>Net profit for the period</b>	<b>19,210</b>	<b>43,710</b>	<b>68,860</b>	<b>146,846</b>	<b>395,740</b>	<b>469,018</b>

## Statement of comprehensive income

### LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan-Sep	2011 Jan -Sep	2011 Full year
<b>Net profit for the period</b>	<b>19,210</b>	<b>43,710</b>	<b>68,860</b>	<b>146,846</b>	<b>395,740</b>	<b>469,018</b>
<b>Other comprehensive profit and loss</b>						
Change in cash flow hedges	-62,545	-55,588	-17,130	-33,231	-54,062	-34,237
Change in available-for-sale financial assets	24,989	129,660	-40,298	-50,039	181,335	211,172
Taxes related to other comprehensive profit and loss	5,105	-19,482	15,103	17,128	-33,473	-46,534
<b>Total other comprehensive profit and loss</b>	<b>-32,451</b>	<b>54,590</b>	<b>-42,325</b>	<b>-66,142</b>	<b>93,800</b>	<b>130,401</b>
<b>Total comprehensive profit for the period</b>	<b>-13,241</b>	<b>98,300</b>	<b>26,535</b>	<b>80,704</b>	<b>489,540</b>	<b>599,419</b>



## Balance sheet

SEK Thousand	GROUP				PARENT COMPANY			
	2012 30-sep	2012 30-jun	2011 31-dec	2011 30-sep	2012 30-sep	2012 30-jun	2011 31-dec	2011 30-sep
<b>ASSETS</b>								
Cash and balances with central banks	25,544	21,127	6,374	6,707	25,544	21,127	6,374	6,707
Due from financial institutions	39,788	42,949	164,561	47,031	57,679	69,172	145,106	50,163
Loans to customers	Note 3 58,325,785	57,735,955	55,579,600	54,464,195	57,962,678	57,402,784	55,303,336	54,162,247
Bonds and other interest-bearing securities	13,755,547	13,096,603	13,237,313	13,185,543	13,755,547	13,096,603	13,237,313	13,185,543
Derivative financial instruments	509,615	469,785	495,554	425,610	509,615	469,785	495,554	425,610
Shares	1	1	1	1	1	0	0	0
Shares in Group companies					345,753	345,753	514,827	514,827
Intangible non-current assets	25,867	25,867	14,058	-	25,867	25,867	14,058	-
Tangible assets								
Equipment	6,714	7,757	1,788	1,764	6,714	7,757	1,788	1,764
Buildings and land	15,271	15,426	15,735	26,139	15,271	15,426	15,735	26,139
Other assets	828,009	606,896	376,236	291,249	818,421	598,717	360,166	274,802
Prepaid expenses and accrued income	867,568	697,683	912,456	893,738	867,427	696,551	910,985	892,074
<b>TOTAL ASSETS</b>	<b>74,399,710</b>	<b>72,720,050</b>	<b>70,803,676</b>	<b>69,341,978</b>	<b>74,390,517</b>	<b>72,749,544</b>	<b>71,005,241</b>	<b>69,539,877</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>								
Due to financial institutions	600,168	62,369	162,157	312,743	655,168	158,369	487,157	630,743
Borrowing from the public	1,338,423	954,061	312,453	113,329	1,338,423	954,061	312,453	113,329
Debt securities in issue, etc.	65,887,592	65,769,812	64,305,540	63,077,098	65,887,592	65,769,812	64,305,540	63,077,098
Derivative financial instruments	686,221	247,205	273,551	197,589	686,221	247,205	273,551	197,589
Other liabilities	43,037	49,612	200,170	142,185	49,513	46,713	193,980	138,348
Accrued expenses and prepaid income	1,164,536	941,835	1,080,270	1,064,504	1,164,728	942,188	1,081,705	1,065,955
Provisions	13,607	27,315	51,685	23,950	3,755	15,382	35,590	4,263
Subordinated liabilities	699,930	697,387	549,949	549,956	699,930	697,387	549,949	549,956
<b>TOTAL LIABILITIES</b>	<b>70,433,514</b>	<b>68,749,596</b>	<b>66,935,775</b>	<b>65,481,354</b>	<b>70,485,330</b>	<b>68,831,117</b>	<b>67,239,926</b>	<b>65,777,281</b>
<b>Equity</b>	<b>3,966,196</b>	<b>3,970,453</b>	<b>3,867,901</b>	<b>3,860,623</b>	<b>3,905,187</b>	<b>3,918,427</b>	<b>3,765,315</b>	<b>3,762,596</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>74,399,710</b>	<b>72,720,050</b>	<b>70,803,676</b>	<b>69,341,978</b>	<b>74,390,517</b>	<b>72,749,544</b>	<b>71,005,241</b>	<b>69,539,877</b>

## Cash-flow statement

SEK thousand	GROUP			PARENT COMPANY		
	2012 Jan - Sep	2011 Jan - Sep	2011 Full Year	2012 Jan - Sep	2011 Jan - Sep	2011 Full Year
<b>Cash and cash equivalents beginning of period</b>	<b>170,935</b>	<b>221,537</b>	<b>221,537</b>	<b>151,479</b>	<b>206,808</b>	<b>206,808</b>
Cash flow from operating activities	-238,460	-486,529	-496,403	-200,813	-468,656	-501,118
Cash flow from investing activities	-17,124	318,723	445,801	-17,424	318,711	445,789
Cash flow from financing activities	149,981	7	0	149,981	7	0
<b>Cash flow for the period</b>	<b>-105,603</b>	<b>-167,799</b>	<b>-50,602</b>	<b>-68,256</b>	<b>-149,938</b>	<b>-55,329</b>
<b>Cash and cash equivalents at end of period</b>	<b>65,332</b>	<b>53,738</b>	<b>170,935</b>	<b>83,223</b>	<b>56,870</b>	<b>151,479</b>

# Statement of changes in equity

## GROUP

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2011	1,927,000	1,026,254	-25,398	87,878	852,167	3,867,901
Total comprehensive profit for the period			-24,491	-41,650	164,437	98,295
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-24,491</b>	<b>-41,650</b>	<b>164,437</b>	<b>98,295</b>
Other					0	0
Equity 30 September 2012	1,927,000	1,026,254	-49,889	46,228	1,016,604	3,966,196

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
Total comprehensive profit for the period			-39,844	133,644	412,205	506,005
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-39,844</b>	<b>133,644</b>	<b>412,205</b>	<b>506,005</b>
Other					0	0
Equity 30 September 2011	1,927,000	1,026,254	-40,010	65,887	881,492	3,860,623

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2011	1,927,000	1,016,694	-25,398	87,878	759,142	3,765,315
Merger of subsidiary		0			59,169	59,169
Total comprehensive profit for the period			-24,491	-41,649	146,846	80,704
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>0</b>	<b>-24,491</b>	<b>-41,649</b>	<b>206,015</b>	<b>139,873</b>
Other						0
Equity 30 September 2012	1,927,000	1,016,694	-49,889	46,229	965,157	3,905,187

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
Total comprehensive profit for the period			-39,844	133,644	395,740	489,540
<b>Total change before transactions with the owners</b>	<b>0</b>	<b>6,694</b>	<b>-39,844</b>	<b>133,644</b>	<b>398,862</b>	<b>499,356</b>
Other						0
Equity 30 September 2011	1,927,000	1,016,694	-40,010	65,887	793,025	3,762,596

# Notes

## NOTE 1 NET INTEREST INCOME

### GROUP

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan - Sep	2011 Jan - Sep	2011 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	177	324	-26	407	868	1,081
Interest income on loans to Group companies	0	0	0	0	0	0
Interest income on loans to customers	568,557	557,911	571,352	1,727,186	1,546,982	2,132,184
- less interest losses	-703	-626	-625	-1,505	-775	-1,640
Interest income on interest-bearing securities	82,167	95,660	88,963	265,536	268,839	360,313
- of which interest income on financial assets values at fair value through profit or loss	74,585	26,505	71,820	210,663	66,772	128,764
- of which interest income on available-for-sale financial assets	7,582	69,155	17,143	54,873	202,067	231,549
Other interest income	215	7	2	235	20	46
<b>Total</b>	<b>650,413</b>	<b>653,276</b>	<b>659,665</b>	<b>1,991,858</b>	<b>1,815,934</b>	<b>2,491,985</b>
All interest income is attributable to the Swedish market.						
<b>Interest expense</b>						
Interest expense for liabilities to Group companies	-1,417	-339	-936	-3,382	-1,246	-2,033
Interest expense for liabilities to credit institutions - other	-481	-1,903	-6,353	-10,280	-5,958	-9,107
Interest expense for borrowing from the public	-6,955	0	-6,362	-13,317	0	0
Interest expense for interest-bearing securities	-480,584	-526,573	-503,151	-1,531,121	-1,451,173	-1,967,626
- of which interest expense on financial assets valued at fair value through profit or loss	-124,354	-133,463	-125,325	-407,735	-409,778	-525,098
- of which interest expense for other financial liabilities	-356,230	-393,110	-377,826	-1,123,386	-1,041,395	-1,442,528
Interest expense on subordinated liabilities	-12,372	-4,761	-7,821	-25,175	-13,762	-18,630
Interest expense for derivative instruments	8,830	-5,115	8,208	23,873	11,129	13,736
- of which interest expense on derivatives valued at fair value through profit or loss	18,083	-1,233	7,279	26,031	17,925	19,980
- of which interest expense on derivatives indentified as hedging instruments	-9,253	-3,882	929	-2,158	-6,796	-6,244
Other interest expense	-374	-3,540	1,552	-2,083	-4,067	-3,365
<b>Total</b>	<b>-493,352</b>	<b>-542,231</b>	<b>-514,862</b>	<b>-1,561,484</b>	<b>-1,465,077</b>	<b>-1,987,026</b>
<b>Total net interest income</b>	<b>157,061</b>	<b>111,045</b>	<b>144,803</b>	<b>430,374</b>	<b>350,857</b>	<b>504,959</b>

### LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan - Sep	2011 Jan - Sep	2011 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	170	302	-25	366	776	931
Interest income on loans to Group companies	101	49	257	732	66	97
Interest income on loans to customers	563,163	553,719	566,545	1,712,579	1,535,479	2,116,706
- less interest losses	-703	-604	-625	-1,504	-727	-1,578
Interest income on interest-bearing securities	82,167	95,660	88,963	265,536	268,839	360,313
- of which interest income on financial assets values at fair value through profit or loss	74,585	26,505	71,820	210,663	66,772	128,764
- of which interest income on available-for-sale financial assets	7,582	69,155	17,143	54,873	202,067	231,549
Other interest income	215	0	5	234	0	2
<b>Total</b>	<b>645,112</b>	<b>649,126</b>	<b>655,119</b>	<b>1,977,942</b>	<b>1,804,433</b>	<b>2,476,472</b>
All interest income is attributable to the Swedish market.						
<b>Interest expense</b>						
Interest expense for liabilities to Group companies	-1,787	-2,422	-493	-5,820	-6,565	-9,423
Interest expense for liabilities to credit institutions - other	-481	-1,903	-6,352	-10,280	-5,958	-9,107
Interest expense for borrowing from the public	-6,955	0	-6,362	-13,317	0	0
Interest expense for interest-bearing securities	-480,584	-526,574	-503,151	-1,531,121	-1,451,174	-1,967,626
- of which interest expense on financial assets valued at fair value through profit or loss	-124,354	-133,463	-125,325	-407,735	-409,778	-525,098
- of which interest expense for other financial liabilities	-356,230	-393,110	-377,826	-1,123,386	-1,041,395	-1,442,528
Interest expense on subordinated liabilities	-12,372	-4,761	-7,821	-25,175	-13,762	-18,630
Interest expense for derivative instruments	8,830	-5,115	8,208	23,873	11,129	13,736
- of which interest expense on derivatives valued at fair value through profit or loss	18,083	-1,233	7,279	26,031	17,925	19,980
- of which interest expense on derivatives indentified as hedging instruments	-9,253	-3,882	929	-2,158	-6,796	-6,244
Other interest expense	-374	-3,540	1,552	-2,083	-4,067	-3,365
<b>Total</b>	<b>-493,722</b>	<b>-544,314</b>	<b>-514,419</b>	<b>-1,563,922</b>	<b>-1,470,396</b>	<b>-1,994,416</b>
<b>Total net interest income</b>	<b>151,390</b>	<b>104,812</b>	<b>140,700</b>	<b>414,021</b>	<b>334,037</b>	<b>482,056</b>

NOTE 2 LOAN LOSSES NET

GROUP

SEK thousand	2012 Q3	2011 Q3	2012 Q2	2012 Jan-Sep	2011 Jan-Sep	2011 Full year
The period's impairment charge for realised losses	-2,496	-2,089	-1,419	-4,133	-5,605	-5,922
Reversal of prior provisions for probable loan losses, reported as realised losses	528	2,089	1,082	1,828	5,105	5,422
Impairment charge for probable loan losses	-5,537	-4,434	-4,729	-16,985	-10,738	-19,307
Recovery of previous realised losses	341	1,786	875	1,796	1,895	1,963
Reversal of provisions no longer required for probable loan losses	1,505	2,875	2,496	4,982	8,730	8,934
<b>Total loan losses</b>	<b>-5,660</b>	<b>228</b>	<b>-1,694</b>	<b>-12,512</b>	<b>-613</b>	<b>-8,910</b>

All loan losses are attributable to loans to customers

LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2012 Q2	2011 Q2	2012 Q1	2012 Jan-Sep	2011 Jan-Sep	2011 Full year
The period's impairment charge for realised losses	-527	-1,203	-1,419	-2,164	-3,629	-3,945
Reversal of prior provisions for probable loan losses, reported as realised losses	528	1,203	1,082	1,828	3,129	3,445
Impairment charge for probable loan losses	-6,455	-3,495	-2,568	-13,160	-8,913	-13,514
Recovery of previous realised losses	340	1,784	874	1,793	1,882	1,948
Reversal of provisions no longer required for probable loan losses	1,505	2,875	2,496	4,982	8,730	8,934
<b>Total loan losses</b>	<b>-4,610</b>	<b>1,164</b>	<b>465</b>	<b>-6,721</b>	<b>1,199</b>	<b>-3,132</b>

All loan losses are attributable to loans to customers

NOTE 3 PAST DUE RECEIVABLES, ETC.

SEK Thousand	GROUP				PARENT COMPANY			
	2012 30-sep	2012 30-jun	2011 31-dec	2011 30-sep	2012 30-sep	2012 30-jun	2011 31-dec	2011 30-sep
<b>Disclosure on past due and non-performing loans</b>								
Past due loans where interest is recognised as income	564,092	572,451	427,454	479,758	549,290	566,555	414,022	463,277
Past due loans that are doubtful credits	87,448	87,492	50,842	9,116	76,748	77,843	45,936	8,178
<b>Total nonperforming loans</b>	<b>651,540</b>	<b>659,943</b>	<b>478,296</b>	<b>488,874</b>	<b>626,038</b>	<b>644,398</b>	<b>459,958</b>	<b>471,455</b>
Doubtful credits that are not past due	13,389	12,557	14,232	10,160	13,389	12,557	14,232	10,160
Less provisions set aside	-24,303	-18,962	-12,986	-4,927	-13,603	-9,313	-8,080	-3,989
Doubtful credits that are past due	87,448	87,492	50,842	9,116	76,748	77,843	45,936	8,179
<b>Total doubtful loans</b>	<b>76,534</b>	<b>81,087</b>	<b>52,088</b>	<b>14,349</b>	<b>76,534</b>	<b>81,087</b>	<b>52,088</b>	<b>14,349</b>
Shares taken over to protect claims	1	1	1	1				