

Landshypotek Bank AB

Interim report 2015 #1

January – March 2015 (compared with year-earlier period)

Liza Nyberg, CEO of Landshypotek Bank, comments on Q1:

Net interest income remained healthy and, accordingly, confirms our strong underlying earnings for the first quarter of 2015. We are also growing in the market in terms of both deposits and lending, while our costs remain in line with how we ended 2014. Realised loan losses have decreased. We pursue an active dialogue with our customers and provisions for credit losses reflect the focus we keep on customers with weak liquidity.

January – March 2015

compared with January – March 2014

- Operating profit declined MSEK 18.1 and totalled MSEK 56.7 (74.8).
- Underlying earnings, operating profit excluding financial transactions, improved and amounted to MSEK 69.0 (57.6).
- Net interest income rose MSEK 27.9 and totalled MSEK 184.2 (156.3).
- Costs increased in line with planned development activities and were MSEK 96.6 (89.0).
- Provisions for probable loan losses increased and amounted to MSEK 12.7 (loss: 12.5).
- Net loan losses were MSEK 9.4 (loss: 5.7).
- Lending amounted to SEK 62.2 billion (60.9), up 0.7 percent (0.1).
- Deposits amounted to MSEK 6,829 (2,876), up MSEK 3,953.
- The total capital ratio amounted to 23.0 percent without taking into account the transitional rules linked to Basel I.

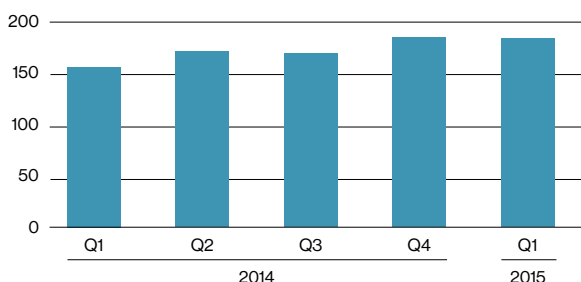
January – March 2015

compared with October – December 2014

- Operating profit declined and totalled MSEK 56.7 (84.1).
- Underlying earnings, excluding the net result of financial transactions, was unchanged at MSEK 69.0 (68.5).
- Net interest income was in line with the preceding quarter at MSEK 184.2 (185.3).
- Costs decreased and totalled MSEK 96.6 (101.8).
- Net loan losses declined and amounted to MSEK 9.4 (loss: 13.1).
- Lending rose and was SEK 62.2 billion (61.7).
- Deposits increased to MSEK 6,829 (5,829).

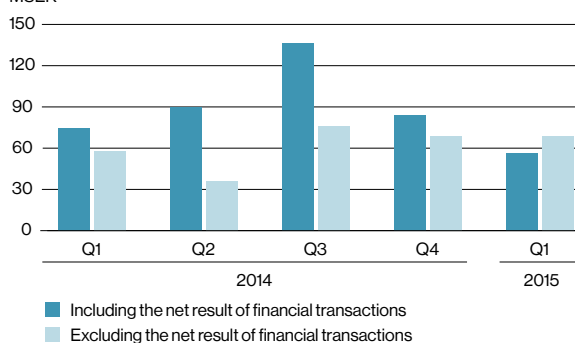
Net interest income

MSEK



Operating profit

MSEK



For a richer life in the country

Landshypotek Bank's assignment is to provide competitive financing and offer financial services to Sweden's farmers and foresters. In addition, Landshypotek Bank has introduced savings accounts that offer competitive interest rates for the general public in Sweden. The bank is owned by Landshypotek Ekonomisk Förening. All of the bank's loan customers are also members of the cooperative society.

- Landshypotek Bank finances investments and entrepreneurship for a richer life in the country. We specialise in the agricultural and forestry industries and develop financial solutions for farmers and foresters. The core assignment has remained unchanged since 1836.
- With some SEK 62 billion in loans outstanding, Landshypotek Bank is Sweden's tenth largest bank. We are a profiled niche bank that puts downward pressure on prices for financing agriculture and forestry.
- Landshypotek Bank is owned by its loan customers, who own Landshypotek Ekonomisk Förening. Our surpluses are reinvested in operations and distributed to loan customers. In May, MSEK 164 of net profit for 2014 will be distributed to loan customers.
- Landshypotek Bank is the farmers and foresters' own bank. For us, the development of agriculture and forestry is crucial for Sweden's future.
- Landshypotek Bank has strong local networks maintained by elected representatives who value agricultural properties and act as ambassadors for our operations.
- Landshypotek Bank systematically recruits account managers who understand financing and have backgrounds in agronomy, forestry or agrology. We understand the people behind the multitude of family businesses in the countryside.
- Landshypotek Bank has opened a digital savings bank that offers competitive interest rates for the general public in Sweden. Accordingly, we are the bank for anyone who wants favourable terms for savings and who holds the countryside dear to their heart. Together with our loan customers, we have been developing the countryside since 1836. Saving with Landshypotek Bank contributes to the continued development of the Swedish countryside.

Landshypotek Bank is close to its customers

Landshypotek Bank has organised its customer operations into eight districts and has 19 sales offices throughout Sweden to promote active and close dialogue with customers. A central organisation is in place that includes, among other things, customer service for dialogue with customers. The sales organisation has access to a network of elected representatives who carry out property valuations. The company's local presence and expertise in agriculture and forestry are prerequisites and success factors for operations. Functions for risk, compliance, legal affairs, accounting, finance, loan and savings administration, HR, marketing and development, IT, communication and credit are located at the head office. Landshypotek Bank has about 150 employees.

Landshypotek Bank is owned by its members

All borrowers from Landshypotek Bank become members of Landshypotek Ekonomisk Förening. Accordingly, Landshypotek Bank is owned by some 43,000 members. All business operations are conducted in Landshypotek Bank AB and its subsidiary Landshypotek Jordbrukskredit. The cooperative society is responsible for member relations and overriding control of the bank through the owner directive. Landshypotek Ekonomisk Förening consists of ten regions. The Board of each region comprises up to eight elected representatives who represent the members, act as ambassadors for Landshypotek Bank and carry out valuations on its behalf. Any surpluses in Landshypotek Bank are reinvested in operations and distributed to loan customers.



Managing Director's Statement

Committed start to 2015

In March, I travelled the country, meeting over 1,000 of our loan customers. The meetings in our owner association underlined the strength of Landshypotek Bank and showcased the potential moving forward.

Our proximity to customers and our assignment for the sectors are crucial to our market strength. Competence, proximity and trust come hand in hand with our clear niche and specialization.

Customer commitment is also strong. Commitment exceeds that met by other banks from their customers when the bank belongs to you. We share an important future. During the meetings, questions ranged from our position in terms of capital to the interest situation.

We are secure in our core business and our assignment as the farmers' and foresters' own bank. We have invested for tomorrow at a controlled cost and created stability through healthy earnings. This year's members meetings in the owner association, Landshypotek Ekonomisk Förening, and the dialogue at these meetings have strengthened us.

But we want more people than just our existing loan customers to use our bank. We want to grow and are working strategically for growth. The first few months of the year started well. We posted healthy net interest income and strong underlying earnings.

We are continuing to grow our savings and, thereby, diversify our funding. We have competitive savings rates. Our solution for opening an account and starting to save online is customer friendly, simple and fast. However, we have also noted that many people are attracted by the fact that we represent savings that benefit the countryside. In the banking market, this comprises a unique values-based saving. We have grown by more than one billion and our savings accounts now amount to about SEK 7 billion. This is a long-term investment.

We are also growing our lending. The year opened stronger than last year. For an extended time, we have worked with our district organisation to strengthen customer dialogue and market presence. Additional recruitments have been made and more employees meet customers today. The central organisation has also been enhanced with customer dialogues in mind. The Customer Service Centre is set up and functions well. We have, thereby, increased our capacity to meet customers and we are continuing to develop to strengthen our place in the market.

In the first months of this year we have become involved in the government's initiative for dairy farmers. In general, profitability needs to be strengthened in agriculture, but for us as a lender, this is about individual entrepreneurs. We see a wide variance in results between different companies in the same industry. Our realised loan losses have declined year-on-year. We pursue active dialogues with our customers and provisions for credit losses reflect the focus we keep on customers with weak liquidity.

A key element of being a different sort of bank is that our surplus goes to our loan customers. In January, we resolved to pay a Group contribution of SEK 177 million to the owner association. At the beginning of May, Landshypotek Ekonomisk Förening is distributing SEK 164 million to the members, loan customers at Landshypotek Bank.



Liza Nyberg

Managing Director Landshypotek Bank

Our operating environment

Landshypotek Bank and our customers are impacted by the financial market's trends, and conditions in the agriculture and forestry sectors. At present we are experiencing exceptionally low interest rates. During the quarter, Landshypotek Bank continued to lower interest rates.

Financial market trends

The first quarter has been characterized by continued stimuli from central banks to avoid a deflationary trend. Interest rates have continued downward and supported continued stock market rises.

The US was also hit this year by bad weather and, generally, economic statistics have been weak. One area that was surprisingly positive is the labour market where job creation continues to be strong despite a weak economic trend. However, salary increases remain moderate, economic data weak and the dollar is becoming increasingly stronger. The market is starting to defer expectations of future interest rate increases by the US central bank, the Federal Reserve. Previous expectations of a first increase this summer are now being postponed to the autumn.

During the quarter, the European Central Bank (ECB) delivered the large stimulus package the market had been expecting. The key interest rate was left unchanged at 0.05% and, instead, the ECB focused on quantitative reliefs through the purchase of bonds to achieve inflation of 2.0 percent.

The effect of this measure has been a decline in interest rates and a weaker euro. It has also helped to lift forward-looking indicators and strengthen hopes of an economic

recovery. However, Greece remains a problem for the eurozone's development.

The Riksbank, Sweden's central bank, has also continued to fight deflation. The market has been surprised a number of times. The repo interest rate has been lowered to -0.25 percent. The Riksbank has joined the group of central banks that feel adjusting the interest rate is insufficient on its own and that, in addition, substantial bond purchases are required to keep inflation in line with the target. The Riksbank wants to avoid a strengthening of the Swedish krona. By tracking the decline in the euro, the Riksbank wants to import inflation. The economic trend remains fragmented. Households are doing well and are increasing consumption due to low interest rates, higher asset prices and a favourable trend in real wages. The service sector trend is satisfactory but the trend for manufacturing remains gloomy. Production levels and order intakes are continuing to decline. This goes completely against expectations of a recovery.

Following the Riksbank's interest-rate cut the credit market has adopted a cautious approach and the credit-risk premium has remained, essentially, unchanged during the quarter. Extremely low interest-rate levels and expectations of rates remaining low for an extended period, continue to make higher credit risks attractive to investors to achieve higher returns. Landshypotek Bank's

Summary Landshypotek Bank

	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Net interest income, MSEK	184.2	156.3	185.3	184.2	682.0
Operating profit, MSEK	56.7	74.8	84.1	56.7	384.9
Profit after tax, MSEK	44.3	58.3	66.8	44.3	301.4
Loans to the public, balances, MSEK	62,194	60,940	61,743	62,194	61,743
Increase in lending, %	0.7%	0.1%	-0.1%	0.7%	1.5%
Interest margin, %	1.2%	1.0%	1.2%	1.2%	1.1%
Deposits from the public, balances, MSEK	6,829	2,876	5,829	6,829	5,829
Increase in deposits, %	17.2%	33.9%	20.8%	17.2%	171.5%
C/I ratio	0.55	0.54	0.48	0.55	0.47
Loan loss level, %	0.06%	0.04%	0.08%	0.06%	0.13%
Total capital ratio, %	23.0%	27.6%	24.5%	23.0%	24.5%
Rating, long-term					
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A-	A	A-	A-	A-
Fitch	A+	A+	A+	A+	A+
Average number of employees	152	138	150	152	144

lending interest rates, both fixed and floating, have been lowered in several stages during the quarter in pace with declining borrowing costs. Landshypotek Bank's deposit interest rates were also lowered during the quarter.

The Riksbank is expected to continue to act expansively moving forward and, accordingly, low-interest rates for the bank's customers could continue for an extended period.

Trend in agriculture and forestry

Landshypotek Bank's customers operate in a global market for agricultural and forest products. However, many borrowers derive their primary income from jobs and are impacted by the economic trend in Sweden. A general expectation exists that the economy will strengthen in 2015, but there is considerable uncertainty and in repeated surveys, such as the Lantbruksbarometern, increasing numbers of farmers are experiencing poor profitability.

Generally, low interest rates are driving capital towards assets, such as shares and properties, but this only marginally impacts agricultural and forest properties. Property prices are stable and expected to remain stable. Proximity to urban areas and services is highly significant to residential farm properties.

As a result of the continuing trade dispute with Russia and the increased uncertainty surrounding the market potential of China, the international trade in food products is characterised by relatively low price levels in several key product areas.

The profitability of Swedish agriculture shows different tendencies. In general, low interest rates and energy prices improve profitability, primarily in arable farming and pork production. In the current season, cereal exports were larger than normal. Low cereal quality in the rest of Europe together with a low Swedish krona increased competitiveness.

Low energy prices, decreasing feed costs and low interest rates provide slightly improved profitability in livestock production.

The situation remains difficult in milk production with low prices for producers. Even if some analysts believe in a stabilization and, possibly, a tentative increase in prices in the second half of 2015, the risk of a difficult year exists

for many dairy farmers. Landshypotek Bank pursues active dialogues with dairy farmers. Interest groups and the government are striving to get measures in place. Landshypotek Bank is involved in these efforts.

Beef producers have met healthy demand for meat and prices are expected to trend positively over the year as is profitability. With strong domestic demand, pork production in Sweden is performing better than the general market.

At the beginning of March, the competitiveness assessment submitted its final report with a global perspective on viable agricultural and horticultural production moving forward. The investigation proposed a strategy with four focus areas – production efficiency, enhanced market orientation, cooperation throughout the value chain, and research, innovation and skills supply to the industry.

Among other areas, Landshypotek Bank works to strengthen competence in areas concerning entrepreneurship and management. As part of these efforts, Landshypotek Bank and Landshypotek Ekonomisk Förening participate in the newly started Kompetenscentrum Företagsledning (competence centre for business management) at the Swedish University of Agricultural Sciences (SLU) in Alnarp.

The Swedish krona has weakened. Imports have become more expensive and exports more competitive. In particular, this positively impacts the forestry industry, which has a high proportion of exports in the form of timber and pulp, but also extensive cereal exports. In areas where we are net importers, the competitiveness of domestic production increases. Accordingly, the effect of the weaker SEK exchange rate is marginally positive for the bank's customers.

All in all, it can be seen that companies face significant challenges. Entrepreneurs manage challenges differently. The general low level of profitability can, to a certain extent, be compensated by low interest levels and the weak Swedish krona. In the end, it is the entrepreneur's competence and ability to manage the existing situation that prove decisive. This becomes extremely clear when analysing individual companies. Within the same area of production, results can be extremely large between companies and range between high and low profitability.

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Financial calendar 2015

Interim report, Q2 31 July
Interim report, Q3 23 October

All reports are published in Swedish and English and are available for download from www.landshypotek.se under Financial info.

Landshypotek Bank AB

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Interim report for the 1 January – 31 March 2015 period.

Landshypotek Bank AB (Landshypotek) is owned by Landshypotek Ekonomisk Förening, in which all of the Bank's loan customers are members. The Bank's assignment is to provide competitive financing to Sweden's farmers and foresters. With loans outstanding of SEK 62.2 billion, Landshypotek accounts for 26.7 percent of total lending to farmers and foresters 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 152 employees at 19 offices throughout Sweden.

Operating profit 2015

Consolidated operating profit for the first quarter of 2015 amounted to MSEK 56.7, down MSEK 18.1 compared with the year-earlier period (MSEK 74.8). Net interest income was MSEK 27.9 higher than the year-earlier period. The decline in operating profit was attributable to a MSEK 29.5 decrease in the net result of financial transactions, an increase in costs of MSEK 7.6 and a rise in loan losses of MSEK 3.7. Excluding the net result of financial transactions, operating profit amounted to MSEK 69.0 (57.6), up MSEK 11.4 year-on-year.

Net interest income

Net interest income for the first quarter of 2015 amounted to MSEK 184.2. This was a year-on-year increase of MSEK 27.9 or 17.8 percent (MSEK 156.3). The amount of 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 equity.

The increase in net interest income was due to higher lending and lower borrowing costs. From 2015, terminated hedging relationships have been reclassified so

that income and costs for these terminated hedging relationships offset each other in net interest income. Refer to Note 1.

Other operating income

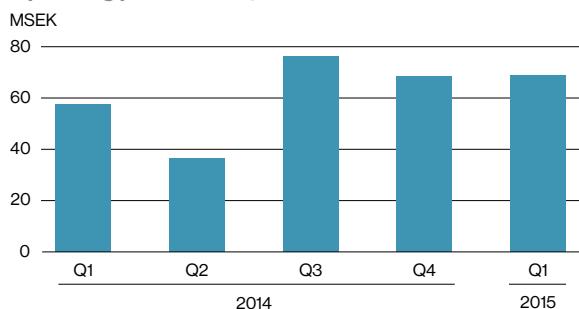
Other operating income was a negative amount of MSEK 21.5 for the period. Other operating income includes the fee of MSEK 11.5 for the stabilisation fund and deposit insurance, the loss of MSEK 12.3 from the net result of financial transactions, net commission income (excluding the stabilisation fund and deposit insurance) of MSEK 1.9 and income from property of MSEK 0.4.

Other operating income was down MSEK 34.7 compared with the first quarter of 2014 (MSEK 13.2). The decrease was primarily due to a decline of MSEK 29.5 in the net result of financial transactions to negative MSEK 12.3 (pos: 17.2). The loss of MSEK 12.3 comprised an unrealised loss of MSEK 7.5 and a realised loss of MSEK 4.8. The net result of financial transactions included realised results from the purchase and sale of financial instruments, as well as the result from the buyback of 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 remeasurements recognised directly in equity via other comprehensive income must also be taken into account. Remeasurements in equity amounted to a gain of MSEK 4.2 (gain: 0.4) in the first quarter of 2015.

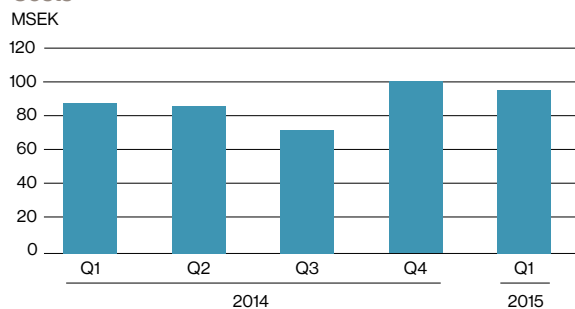
Costs

Costs for the first quarter amounted to MSEK 96.6 (89.0). The increase in costs of MSEK 7.6 was as planned and was primarily linked to developments to strengthen the bank's competitiveness.

Operating profit *excluding the net result of financial transactions*



Costs



Operating profit

	Jan-Mar 2015	Jan-Mar 2014
Net interest income, MSEK	184.2	156.3
Other operating income, MSEK	-21.5	13.2
Of which net result of financial transactions	-12.3	17.2
Costs, MSEK	-96.6	-89.0
C/I ratio adjusted for net result of financial transactions	0.55	0.58
Net recognised loan losses, MSEK	-9.4	-5.7
Loan loss level, %	0.06%	0.04%
Operating profit, MSEK	56.7	74.8
Operating profit excluding the net result of financial transactions	69.0	57.6

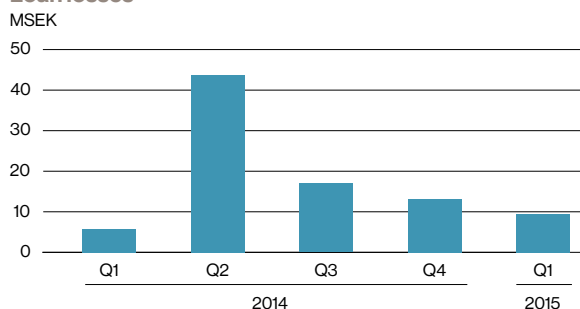
Loan losses and doubtful credits

Net loan losses for the first quarter of the year amounted to MSEK 9.4 (loss: 5.7). Realised losses totalled MSEK 0.0 (loss: 5.0). Provisions for probable loan losses amounted to MSEK 12.7 (12.5). Reversals of previous provisions for realised losses in the annual accounts totalled MSEK 0.0 (4.4). Recoveries of previously realised losses and reversals of previous provisions for probable loan losses that are no longer required, amounted to MSEK 3.9 (7.4).

At 31 March 2015, net doubtful credits after provisions amounted to MSEK 295.6, corresponding to 0.47 percent of loans outstanding. The percentage of doubtful credits has increased slightly compared with the last quarter and year-on-year. At 31 March 2014, doubtful credits amounted to MSEK 163.2, corresponding to 0.27 percent of loans outstanding.

Realised loan losses were lower year-on-year, but the provision for probable loan losses increased. Landshypotek Bank is continuing internal development efforts to identify and follow companies with poor and low liquidity in the credit portfolio, thereby, enabling the bank to take suitable measures at an earlier stage. The provision for probable loan losses is attributable to a limited number of individual commitments.

Loan losses



Comparison with the fourth quarter of 2014

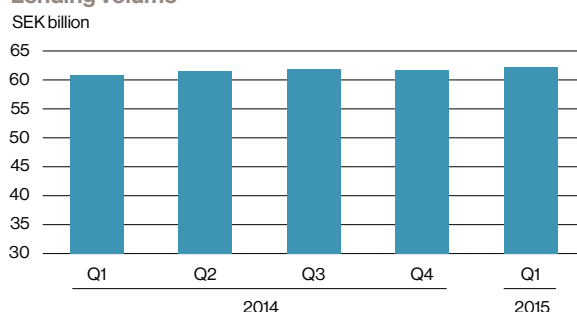
Compared with the fourth quarter of 2014, operating profit for the first quarter of 2015 declined MSEK 27.3. Excluding the net result of financial transactions, operating profit for the first quarter amounted to MSEK 69.0, in line with the fourth quarter of 2014. Net interest income has trended stably and costs and loan losses were lower compared with the fourth quarter of 2014. The decrease in profit in the first quarter was primarily attributable to a lower net result of financial transactions and higher commission costs.

Landshypotek's development

In the first quarter of 2015, lending increased SEK 0.5 billion. The increase corresponded to lending growth of 0.7 percent, compared with 0.1 percent in the first quarter of 2014.

Demand for credit from Sweden's farmers and foresters eased off noticeably from record levels. The annualised market growth for 2015 is estimated at about 4.6 percent, considerably lower than the record levels until 2010. Amortisation requirements also increased and the rate of amortisation rose. The primary driver for demand

Lending volume



in the market is property transactions occurring in the agriculture and forestry sectors.

With an expanded market presence and broader product offering, Landshypotek aims to grow in pace with the market.

Funding

Borrowing

Landshypotek Bank'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 Bank 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 structures.

Investor relations are of major importance as part of ensuring that investors' levels of awareness and interest are maintained in Landshypotek Bank. During the year, the Bank issued covered bonds to a value of approximately SEK 7.4 billion. No senior bonds were issued. During the same period, bonds have matured and been repurchased to a value of approximately SEK 7.5 billion, of which SEK 6.9 billion pertained to covered bonds.

In general, the financial market for Nordic banks has functioned smoothly thus far into 2015. In the first quarter, Landshypotek Bank issued five-year covered bonds to a value of SEK 3.2 billion with a coupon rate of 0.635 percent. The issue showed that demand continues to be extremely strong for Landshypotek Bank's bonds.

Deposits

Deposits amounted to MSEK 6,829 (2,876) at the end of the first quarter of 2015.

Programme

MSEK	Issued 31-03-2015	Limit	Issued 31-12-2014
Swedish commercial paper	3,174	10,000	3,274
MTN programme	46,720	60,000	44,950
EMTN programme	13,731	32,414*	14,947
RCB**	3,241		3,302
Subordinated loans	700		700

*MEUR 3,500. **Registered Covered Bonds.

Liquidity

Landshypotek Bank has a substantial liquidity portfolio of interest-bearing securities. The portfolio primarily comprises Swedish covered bonds with the highest credit rating and, to some extent, bonds issued by Swedish municipalities. Securities can be sold or borrowed against, as required, to manage the financing of maturing debt. At 31 March, the liquidity portfolio was 2.0 (1.6) times larger than refinancing requirements for the next six months.

Rating

Landshypotek Bank has credit ratings from two different rating agencies, Standard & Poor's and Fitch. In 2014, Standard & Poor's changed Landshypotek Bank's rating to A-. The motivation was that the quality of Landshypotek Bank's loan portfolio was approaching the quality of those of other banks and, accordingly, Standard & Poor's lowered its previously extremely strong credit-quality rating.

Standard & Poor's confirmed the AAA rating for covered bonds in 2014. In 2014, Fitch confirmed the company's credit rating of A+, F1 with a stable outlook for the company.

Rating

	Long	Short
S&P covered bonds	AAA	
S&P	A-	A-2, K1
Fitch	A+	F1

Risk management

The risks on which Landshypotek Bank actively focuses its efforts are classified in the risk categories of credit risk, liquidity risk, market risk and operational risk. On an overall level, the Board of Directors establishes how Landshypotek Bank's risks are to be measured, reported and limited.

Credit risk is defined as the risk that Landshypotek Bank 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 Bank's retail receivables and can also arise as a consequence of the management of liquidity, interest and currency risk. Landshypotek Bank's methods for credit approval and credit monitoring as well as requirements for granting credit, including collateral requirements, limit credit risk in the portfolio.

Landshypotek Bank's operations are naturally exposed to liquidity risk. As part of managing this exposure, among other measures, Landshypotek Bank maintains a liquidity reserve and strives to achieve diversified funding.

Landshypotek Bank is exposed to market risk in the form of interest-rate, currency, basis-spread and credit-spread risk. Limits have been set for all of these risks. Interest-rate and currency risk are mainly managed through swap agreements and are therefore low. Basis-spread risk arises from entering into interest-rate and currency swap agreements and is moderated through limiting funding in foreign currency. Credit-spread risk arises in Landshypotek Bank's liquidity portfolio and is limited through requirements for high credit ratings for securities in the liquidity portfolio. Landshypotek Bank monitors the limited market and liquidity risks on a daily basis.

Operational risk is defined as the risk of losses as a result of inappropriate or failed internal processes, human error, faulty systems and external events including legal risks. Landshypotek Bank's risk organisation reports incidents that occur to the Bank Management and the Board of Directors, and follows up the implementation of relevant measures. This is one of several measures to reduce operational risk.

Capital adequacy

The total capital ratio amounted to 22.9 percent without taking into account the transitional rules linked to Basel I. Own funds amounted to MSEK 4,934 and the own funds requirement was MSEK 1,720. The total capital ratio¹ including the transitional rules was 9.9 percent.

On 1 January 2014, the EU's Capital Requirements Directive (new European capital adequacy rules), based on parts of the Basel III rules, entered into force in Sweden. In relation to the earlier Swedish implementation of the Basel II rules, the new regulations entailed a raised capital requirement for Landshypotek Bank. On 2 August 2014, the EU's Capital Requirements Directive

(CRD IV) was implemented in Sweden through new laws and provisions. The latter contains rules pertaining to capital buffers and, with regard to Landshypotek Bank an additional requirement for a capital conservation buffer of 2.5 percentage points of the total risk-weighted exposure amount, over and above previous Basel III capital requirements. The capital conservation buffer must be covered by Common Equity Tier 1 capital. The Bank's remaining Common Equity Tier 1 capital to cover the buffer requirements, corresponds to 13.7 percent of the total risk-weighted exposure amount at 31 March 2015. As of 13 September 2015, an additional requirement will be introduced of a countercyclical capital buffer of 1.0 percent of the total risk-weighted exposure amount. If an institute has insufficient capital to cover the buffer requirements, it must submit a plan to the Swedish Financial Supervisory Authority disclosing how it will meet the buffer requirements within a reasonable period of time. In addition, the institute will be subject to restrictions in the form of bans proscribing actions, such as, the payment of dividends and certain types of variable remuneration². However, the buffer requirements differ from other regulatory capital requirements, since not meeting them is allowed on a temporary basis. Accordingly, the buffer requirements are not included under the capital requirement recognised under the Basel III rules (tables on pages 10-11).

However, the actual capital requirement for the bank has not changed because of the new Basel III rules. Due to the high risk weighting under the Basel I rules for loans with collateral in agricultural and forest properties, the transitional rule under Basel I continues to set the highest capital requirement for Landshypotek Bank.

Group structure

All borrowers of Landshypotek Bank are also members of Landshypotek Ekonomisk Förening. Landshypotek Ekonomisk Förening owns 100 percent of the shares in Landshypotek Bank.

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

¹ Corresponds to the term capital adequacy ratio, which has been used in previous financial statements.

² Provided that the institute does not meet the requirement for the maximum distributable amount.

Own funds requirement by approach and exposure class

SEK	Consolidated situation ¹ 31 March 2015			
	Exposure value ²	Own funds requirements ⁴	Risk weighted exposure amounts ³	Average risk weight ⁵
Credit risk - Internal Ratings Based approach	60,065,420	919,135	11,489,184	
Retail - Secured by real estate	59,986,599	912,829	11,410,363	19%
Other non credit-obligation assets	78,822	6,306	78,822	100%
Credit risk - Standardised approach	25,393,451	492,368	6,154,596	24%
Central governments or central banks	6,996	-	-	0%
Regional governments or local authorities	5,090,967	-	-	0%
Institutions	5,294,906	143,576	1,794,697	34%
Corporates	267,101	20,904	261,300	98%
Retail	165,310	8,045	100,564	61%
Secured by mortgages on immovable property	3,100,651	225,664	2,820,797	91%
Exposures in default	26,488	2,651	33,135	125%
Covered bonds	11,441,033	91,528	1,144,103	10%
Other items	-	-	-	-
Operational risk - Basic Indicator approach⁶		96,994	1,212,430	
Credit valuation adjustment risk - Standardised approach	3,186,990	211,573	2,644,664	83%
Total	88,645,862	1,720,070	21,500,874	-

¹ Consolidated situation includes Landshypotek ekonomisk forening and the Landshypotek Bank AB Group.

² After application of relevant credit conversion factors in order to also include unutilized limits to a certain extent. For the Internal Rating Based approach the conversion factor is based on internal historical data while regarding standardised approach the conversion factors are prescribed by the capital requirements regulation.

³ After application of relevant risk weights. Risk weights for the Internal Rating Based approach are based on internal risk classification and internal historical data, while risk weights are prescribed by the capital requirements regulation for the standardised approach.

⁴ Calculated by multiplying risk weighted exposure amounts by 8%. Does not include any buffert requirements.

⁵ Calculated by dividing risk weighted exposure amounts by exposure value for the risk/exposure class.

⁶ No exposure value exists for operational risk, hence no disclosure of neither exposure value or average risk weight.

Capital adequacy analysis

SEK	SEK thousand Consolidated situation ¹ 31 March 2015
Own funds, Basel 3	4,934,221
Tier 1 capital	4,234,270
Common equity tier 1 (CET1) capital	4,234,270
Capital instruments eligible as CET1 Capital	1,375,605
Retained earnings	3,093,634
Accumulated other comprehensive income	-25,287
Adjustments to CET1 due to prudential filters	32,541
(-) Other intangible assets	-32,551
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-19,460
(-) IRB shortfall of credit risk adjustments to expected losses	-190,212
(-) Defined benefit pension fund assets	0
Tier 2 capital	699,952
Capital instruments and subordinated loans eligible as T2 Capital	699,952
Own funds requirements, Basel 3	1,720,070
Risk weighted exposure amounts, Basel 3	21,500,874
CET1 capital ratio (%)	19.69
Tier 1 capital ratio (%)	19.69
Total capital ratio (%)	22.95
Institution specific CET1-requirement including buffer requirements (%)	7.00
of which: capital conservation buffer requirement (%)	2.50
CET1 capital available to meet buffers (as a share of risk exposure amounts, %) ²	13.69
Capital quotient	2.87
Capital adequacy according to transitional rules Basel 1	
Own funds	5,124,433
Own funds requirement	4,130,610
Total capital ratio (%) ³	9.92
Capital quotient	1.24

¹ Consolidated situation includes Landshypotek ekonomisk förening and the Landshypotek Bank AB Group.

² Calculated as "CET1 capital as reported, less CET1 used to cover the CET1 requirement and less any other CET1 items used to meet the Tier 1 capital requirement and the total own funds requirement" divided by risk weighted exposure amounts, Basel 3.

³ Corresponds to the term capital adequacy ratio, which has been used in previous financial statements.

Events after the end of the period

No significant events occurred after the end of the reporting period.

Stockholm, 29 April 2015

Liza Nyberg,
Managing Director

This interim report has not been subject to review by the company's auditors.

Accounting policies

This Report encompasses the Group comprising Landshypotek Bank AB and the subsidiary Landshypotek Jordbrukskredit AB. In addition, Landshypotek Bank 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. From 2015, terminated hedging relationships have been reclassified so that income and costs for these terminated hedging relationships offset each other in net interest income. Comparative figures for 2014 have been restated. Accounting policies, calculation methods and risk management are unchanged compared to those applied in the most recent Annual Report (see www.landshypotek.se, Financial info).

Income statement

Landshypotek Bank AB Group, SEK Thousand	Note	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Interest income		426,244	531,347	471,724	426,244	2,027,831
Interest expense		-242,062	-375,031	-286,376	-242,062	-1,345,798
Net interest income	1	184,182	156,316	185,348	184,182	682,033
Commission income		2,269	3,125	4,667	2,269	14,082
Commission expense		-11,873	-7,563	-6,586	-11,873	-28,037
Net result of financial transactions		-12,284	17,176	15,470	-12,284	146,151
Other operating income		378	455	90	378	1,474
Total operating income		162,672	169,509	198,989	162,672	815,703
General administrative expenses		-85,917	-78,587	-91,414	-85,917	-310,799
Depreciation, amortisation and impairment of tangible and intangible non-current assets		-4,892	-3,677	-4,440	-4,892	-16,491
Other operating expenses		-5,775	-6,714	-5,976	-5,775	-23,854
Total expenses before loan losses		-96,584	-88,978	-101,830	-96,584	-351,144
Profit before loan losses		66,088	80,532	97,159	66,088	464,559
Loan losses, net	2	-9,358	-5,700	-13,096	-9,358	-79,612
Operating profit		56,730	74,832	84,063	56,730	384,947
Income tax for the period		-12,469	-16,497	-17,258	-12,469	-83,535
Net profit for the period		44,261	58,335	66,805	44,261	301,412

Statement of comprehensive income

Landshypotek Bank AB Group, SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Net profit for the period	44,261	58,335	66,805	44,261	301,412
Other comprehensive income					
<i>Items to be reclassified to profit or loss</i>					
Cash-flow hedges	6,758	-8,087	7,396	6,758	-9,167
Available-for-sale financial assets	-2,530	8,442	-12,356	-2,530	6,346
Tax on items to be reclassified	-930	-78	1,091	-930	621
<i>Total, items to be reclassified</i>	<i>3,297</i>	<i>277</i>	<i>-3,868</i>	<i>3,297</i>	<i>-2,200</i>
<i>Items that are not reclassified</i>					
Actuarial differences for defined-benefit pensions ¹	-27,906	-7,396	5,520	-27,906	-10,124
Tax on items that are not reclassified	6,139	1,627	-1,214	6,139	2,227
<i>Total, items that are not reclassified</i>	<i>-21,767</i>	<i>-5,769</i>	<i>4,306</i>	<i>-21,767</i>	<i>-7,897</i>
Total other comprehensive income	-18,469	-5,492	438	-18,469	-10,097
Comprehensive income for the period	25,792	52,844	67,243	25,792	291,315

¹ The change in the first quarter of 2015 was attributable to changed assumptions for the discount rate and indexation, and led to an increase in the present value of the commitment.

Income statement

Landshypotek Bank AB Parent Company, SEK Thousand	Note	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Interest income		422,391	527,402	467,093	422,391	2,009,104
Interest expense		-242,014	-374,964	-286,313	-242,014	-1,345,529
Net interest income	1	180,377	152,438	180,780	180,377	663,575
Commission income		2,231	2,554	4,617	2,231	13,223
Commission expense		-11,873	-7,563	-6,586	-11,873	-28,037
Net result of financial transactions		-12,284	17,176	15,470	-12,284	146,151
Other operating income		378	447	90	378	1,466
Total operating income		158,829	165,052	194,371	158,829	796,378
General administrative expenses		-86,830	-79,665	-90,547	-86,830	-312,947
Depreciation, amortisation and impairment of tangible and intangible non-current assets		-4,892	-3,677	-4,440	-4,892	-16,491
Other operating expenses		-5,774	-6,711	-5,972	-5,774	-23,845
Total expenses before loan losses		-97,496	-90,053	-100,959	-97,496	-353,283
Profit before loan losses		61,333	74,999	93,412	61,333	443,095
Loan losses, net	2	-6,591	-4,604	-12,741	-6,591	-66,278
Operating profit		54,742	70,395	80,671	54,742	376,817
Income tax for the period		-12,031	-15,521	-16,515	-12,031	-81,750
Net profit for the period		42,711	54,874	64,156	42,711	295,067

Statement of comprehensive income

Landshypotek Bank AB Parent Company, SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Net profit for the period	42,711	54,874	64,156	42,711	295,067
Other comprehensive income					
<i>Items to be reclassified to profit or loss</i>					
Cash-flow hedges	6,758	-8,087	7,396	6,758	-9,167
Available-for-sale financial assets	-2,530	8,442	-12,356	-2,530	6,346
Income tax related to other comprehensive income	-930	-78	1,091	-930	621
<i>Total, items to be reclassified</i>	<i>3,297</i>	<i>277</i>	<i>-3,868</i>	<i>3,297</i>	<i>-2,200</i>
Total other comprehensive income	3,297	277	-3,868	3,297	-2,200
Comprehensive income for the period	46,008	55,151	60,288	46,008	292,866

Balance Sheet

Landshypotek Bank AB SEK Thousand		Group		Parent Company			
		2015 31 Mar	2014 31 Dec	2014 31 Mar	2015 31 Mar	2014 31 Dec	2014 31 Mar
ASSETS							
Cash and balances with central banks			242,001	698,619		242,001	698,619
Loans to credit institutions		720,636	478,332	258,036	844,691	571,557	315,755
Loans to the public	3	62,193,889	61,742,595	60,940,160	61,871,760	61,432,397	60,617,174
Value changes of interest-rate-risk hedged items in macro hedges		132,592	115,422	37,629	132,592	115,422	37,629
Bonds and other interest-bearing securities		17,038,762	16,798,258	15,730,737	17,038,762	16,798,258	15,730,737
Derivatives		2,701,891	2,047,922	799,846	2,701,891	2,047,922	799,846
Shares in Group companies					280,753	280,753	280,753
Intangible non-current assets		32,551	36,517	44,491	32,551	36,517	44,491
Tangible assets							
Furniture, fixtures and equipment		10,943	10,596	5,931	10,943	10,596	5,931
Buildings and land		21,058	21,288	12,809	21,058	21,288	12,809
Other assets		13,042	19,169	19,119	12,814	18,942	18,982
Current tax assets		4,858	2,960	27,410	1,050		24,752
Deferred tax assets		18,385	13,911	13,769	9,703	11,177	10,903
Prepaid expenses and accrued income		706,097	576,901	751,588	702,189	572,334	748,155
TOTAL ASSETS	4, 5, 6	83,594,705	82,105,872	79,340,145	83,660,757	82,159,164	79,346,536
LIABILITIES, PROVISIONS AND EQUITY							
Liabilities to credit institutions		481,443	447,322	296,488	550,264	495,983	296,553
Borrowing from the public		6,828,716	5,828,821	2,875,535	6,828,716	5,828,821	2,875,535
Debt securities in issue, etc.		68,938,812	68,593,547	69,162,725	68,938,812	68,593,547	69,162,725
Derivatives		973,727	1,192,720	1,008,207	973,727	1,192,720	1,008,207
Other liabilities		317,961	306,383	184,084	317,103	305,564	183,744
Accrued expenses and deferred income		877,150	693,045	869,779	876,612	693,046	869,779
Provisions		41,133	14,094	14,004	2,020	2,020	2,389
Subordinated liabilities		699,952	699,921	699,952	699,952	699,921	699,952
Total liabilities		79,158,895	77,775,854	75,110,773	79,187,207	77,811,622	75,098,882
Equity		4,435,810	4,330,018	4,229,372	4,473,550	4,347,542	4,247,654
TOTAL LIABILITIES, PROVISIONS AND EQUITY	4, 5, 6	83,594,705	82,105,872	79,340,145	83,660,757	82,159,164	79,346,536

Cash-flow statement

Landshypotek Bank AB, SEK Thousand	Group			Parent Company		
	2015 Jan-Mar	2014 Jan-Mar	2014 Full year	2015 Jan-Mar	2014 Jan-Mar	2014 Full year
Opening cash and cash equivalents	720 333	693,766	693,766	813 558	732,853	732,853
Cash flow from operating activities	-78 654	210,135	147,546	-47 823	228,767	201,684
Cash flow from investing activities	-1 043	-3,246	-21,229	-1 043	-3,246	-21,229
Cash flow from financing activities	80 000	56,000	-99,750	80 000	56,000	-99,750
Cash flow for the period	303	262,889	26,567	31 134	281,521	80,705
Closing cash and cash equivalents	720 636	956,655	720,333	844 692	1,014,374	813,558

Statement of Changes in Equity

Landshypotek Bank AB Group SEK Thousand	Share capital	Other contributed capital	Hedging reserve	Fair value reserve	Actuarial differences	Retained earnings	Total
Equity 31 December 2013	2,117,000	1,026,254	-31,737	4,278	-10,161	1,014,894	4,120,529
Comprehensive income for the period			-6,308	6,585	-5,769	58,335	52,844
Total change before transactions with owners	-	-	-6,308	6,585	-5,769	58,335	52,844
New share issue in progress.	56,000						56,000
Equity 31 December 2014	2,173,000	1,026,254	-38,045	10,863	-15,930	1,073,229	4,229,372
Equity 31 December 2014	2,173,000	1,026,254	-38,888	9,228	-18,057	1,178,481	4,330,018
Comprehensive income for the period			5,271	-1,974	-21,767	44,261	25,792
Total change before transactions with owners	-	-	5,271	-1,974	-21,767	44,261	25,792
New share issue	80,000						80,000
Equity 31 March 2015	2,253,000	1,026,254	-33,617	7,254	-39,824	1,222,742	4,435,810

Landshypotek Bank AB Parent Company TSEK	Share capital	Other contributed capital	Hedging reserve	Fair value reserve	Actuarial differences	Retained earnings	Total
Equity 31 December 2013	2,117,000	1,016,694	-31,737	4,278		1,030,269	4,136,502
Comprehensive income for the period			-6,308	6,585		54,874	55,151
Total change before transactions with owners	-	-	-6,308	6,585		54,874	55,151
New share issue in progress	56,000						56,000
Equity 31 December 2014	2,173,000	1,016,694	-38,045	10,863		1,085,144	4,247,654
Equity 31 December 2014	2,173,000	1,016,694	-38,888	9,228		1,187,510	4,347,542
Comprehensive income for the period			5,271	-1,974		42,711	46,008
Total change before transactions with owners	-	-	5,271	-1,974		42,711	46,008
New share issue	80,000						80,000
Equity 31 March 2015	2,253,000	1,016,694	-33,617	7,254		1,230,221	4,473,550

Notes

Note 1 Net interest income

Landshypotek Bank AB – Group SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Interest income					
Interest income on loans to credit institutions	-11	2,376	93	-11	6,811
Interest income on loans to the public	378,695	462,178	415,613	378,695	1,770,615
Less interest losses	-165	-216	-129	-165	-951
Interest income on interest-bearing securities	47,721	67,008	55,916	47,721	251,120
of which interest income on financial assets at fair value through profit or loss	40,028	45,469	42,962	40,028	179,940
of which interest income on available-for-sale financial assets	7,693	21,538	12,954	7,693	71,180
Other interest income	4	2	231	4	236
Total	426,244	531,347	471,724	426,244	2,027,831
<i>All interest income is attributable to the Swedish market.</i>					
Interest expense					
Interest expense for liabilities to Group companies		-90	-1		-163
Interest expense for liabilities to credit institutions – other	308	-1,674	-151	308	-5,891
Interest expense for borrowing/deposits from the public	-20,949	-12,872	-20,826	-20,949	-71,253
Interest expense for debt securities in issue	-251,756	-362,400	-280,548	-251,756	-1,309,846
of which interest expense for other financial liabilities in fair value hedges adjusted for the fair value of hedged risk	-159,796	-129,635	-137,029	-159,796	-529,599
of which interest expense on interest-bearing securities at amortised cost	-120,908	-245,364	-172,265	-120,908	-863,077
of which periodization of the market value created from terminated hedging relationships *	28,949	12,598	28,747	28,949	82,830
Interest expense for subordinated liabilities	-7,675	-8,602	-8,007	-7,675	-33,505
Interest expense for derivative instruments	38,151	10,783	23,657	38,151	76,639
of which interest expense on derivatives at fair value through profit or loss	1,501	21,632	-112,211	1,501	-172,699
of which interest expense on derivatives identified as hedging instruments	64,772	1,749	164,614	64,772	332,169
of which reclassification of terminated hedging relationships **	-28,122	-12,598	-28,747	-28,122	-82,830
Other interest expense	-141	-176	-500	-141	-1,780
Total	-242,062	-375,031	-286,376	-242,062	-1,345,798
Total net interest income	184,182	156,316	185,348	184,182	682,033

* The item pertains to the periodization of market value created in the underlying hedged risk attributable to terminated fair-value hedging relationships in 2013 and 2014.

** Reclassification from the net result of financial transactions to net interest income, interest expense for derivatives, of corresponding items for derivatives in the above terminated hedging relationships.

Interest expense for 2014, recalculated in line with the reclassification applied from 1 January 2015.

Landshypotek Bank AB – Parent Company SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Interest income					
Interest income on loans to credit institutions	-11	2,370	94	-11	6,800
Interest income on loans to Group companies		91	49		325
Interest income on loans to the public	374,841	458,148	410,948	374,841	1,751,590
Less interest losses	-163	-216	-125	-163	-946
Interest income on interest-bearing securities	47,721	67,008	55,916	47,721	251,120
of which interest income on financial assets at fair value through profit or loss	40,028	45,469	42,962	40,028	179,940
of which interest income on available-for-sale financial assets	7,693	21,538	12,954	7,693	71,180
Other interest income	3	1	211	3	215
Total	422,391	527,402	467,093	422,391	2,009,104
<i>All interest income is attributable to the Swedish market.</i>					
Interest expense					
Interest expense for liabilities to Group companies	-9	-97	-11	-9	-188
Interest expense for liabilities to credit institutions – other	308	-1,674	-151	308	-5,891
Interest expense for borrowing/deposits from the public	-20,949	-12,872	-20,826	-20,949	-71,253
Interest expense for debt securities in issue	-251,756	-362,400	-280,548	-251,756	-1,309,846
of which interest expense for other financial liabilities in fair value hedges adjusted for the fair value of hedged risk	-159,796	-129,635	-137,029	-159,796	-529,599
of which interest expense on interest-bearing securities at amortised cost	-120,908	-245,364	-172,265	-120,908	-863,077
of which periodization of the market value created from terminated hedging relationships *	28,949	12,598	28,747	28,949	82,830
Interest expense for subordinated liabilities	-7,675	-8,602	-8,007	-7,675	-33,505
Interest expense for derivative instruments	38,151	10,783	23,657	38,151	76,639
of which interest expense on derivatives at fair value through profit or loss	1,501	21,632	-112,211	1,501	-172,699
of which interest expense on derivatives identified as hedging instruments	64,772	1,749	164,614	64,772	332,169
of which reclassification of terminated hedging relationships **	-28,122	-12,598	-28,747	-28,122	-82,830
Other interest expense	-84	-101	-427	-84	-1,486
Total	-242,014	-374,964	-286,313	-242,014	-1,345,529
Total net interest income	180,377	152,438	180,780	180,377	663,575

* The item pertains to the periodization of market value created in the underlying hedged risk attributable to terminated fair-value hedging relationships in 2013 and 2014.

** Reclassification from the net result of financial transactions to net interest income, interest expense for derivatives, of corresponding items for derivatives in the above terminated hedging relationships.

Interest expense for 2014, recalculated in line with the reclassification applied from 1 January 2015.

Note 2 Loan losses net

Landshypotek Bank AB - Group SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Write-off for the period for realised losses	-2	-4,960	-31,306	-2	-56,266
Reversal of prior provisions for probable loan losses, recognised as realised losses during the year		4,352	34,192		56,487
Provision for probable loan losses	-12,689	-12,511	-22,595	-12,689	-104,547
Recovery of previously realised losses	899	380	389	899	1,004
Reversal of prior provisions no longer necessary for probable loan losses	2,972	7,040	6,224	2,972	23,710
Guarantees	-538			-538	
Total loan losses	-9,358	-5,700	-13,096	-9,358	-79,612

All loan losses are attributable to loans to the public.

Properties taken over in foreclosure to protect claims, MSEK 9 (0).

Landshypotek Bank AB - Parent Company SEK Thousand	2015 Q1	2014 Q1	2014 Q4	2015 Jan-Mar	2014 Full year
Write-off for the period for realised losses		-3,846	-29,512		-49,624
Reversal of prior provisions for probable loan losses, recognised as realised losses during the year		3,414	32,384		50,809
Provision for probable loan losses	-10,090	-10,211	-19,833	-10,090	-85,070
Recovery of previously realised losses	899	379	387	899	950
Reversal of prior provisions no longer necessary for probable loan losses	2,600	5,660	3,832	2,600	16,656
Total loan losses	-6,591	-4,604	-12,741	-6,591	-66,278

All loan losses are attributable to loans to the public.

Properties taken over in foreclosure to protect claims, MSEK 9 (0).

Note 3 Loans to the public

	Group			Parent Company		
Landshypotek Bank AB SEK thousand	2015 31 Mar	2014 31 Dec	2014 31 Mar	2015 31 Mar	2014 31 Dec	2014 31 Mar
Loan receivables	62,290,077	61,824,733	61,000,525	61,940,611	61,489,426	60,659,193
Less specific provisions for individually valued loan receivables	-96,188	-82,138	-60,365	-68,851	-57,029	-42,019
Net loan receivables	62,193,889	61,742,595	60,940,160	61,871,760	61,432,397	60,617,174
Disclosures on overdue unimpaired loan receivables¹						
Loan receivables overdue 5 - 90 days	338,880	34,748	280,393	335,347	34,748	280,393
Loan receivables overdue more than 90 days	491,355	754,985	423,170	489,606	748,039	442,312
Total overdue unimpaired loan receivables²	830,235	789,732	703,563	824,953	782,786	722,705
Disclosures on doubtful credits						
Doubtful credits that are not overdue	122,711	136,605	2,297	113,704	125,980	
Overdue doubtful credits	269,055	220,443	221,267	250,724	206,451	197,816
Total doubtful credits, gross	391,766	357,048	223,564	364,428	332,431	197,816
Less capital provisions made	-96,188	-82,138	-60,365	-68,851	-57,029	-42,019
Total doubtful credits, net	295,578	274,910	163,199	295,577	275,402	155,797

¹ The distribution between loan receivables overdue 5-90 days and loan receivables overdue more than 90 days can vary between quarters, since the first quarter is generally shorter than the other three quarters.

² The interim report dated 31 March 2014 showed overdue loan receivables including doubtful credits. In the 31 March 2015 interim report, the amounts are now shown excluding the overdue doubtful credits. At 31 March 2015, total overdue receivables including doubtful credits was SEK 1,099,290,000 (924,830,000) for the Group and SEK 1,075,677,000 (920,521,000) for the Parent Company.

Collateral exists in the form of real property for all lending.

Note 4 Fair-value hierarchy for financial instruments

Landshypotek Bank AB Group, SEK Thousand	31 Mar 2015				31 Mar 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and receivables								
Loans to credit institutions		720,636		720,636		258,036		258,036
Loans to the public			62,039,079	62,039,079			59,937,823	59,937,823
Financial assets at fair value through profit or loss.								
Bonds and other interest-bearing securities	10,434,889			10,434,889	8,832,243			8,832,243
Interest-rate swaps						9,965		9,965
Cross-currency interest-rate swaps		422,799		422,799		155,604		155,604
Derivatives identified as hedging instruments								
Interest-rate swaps		1,499,992		1,499,992		584,743		584,743
Cross-currency interest-rate swaps		779,099		779,099		49,534		49,534
Available-for-sale financial assets								
Bonds and other interest-bearing securities	6,603,872			6,603,872	6,898,494	-		6,898,494
Total assets measured at fair value	17,038,762	3,422,527	62,039,079	82,500,367	15,730,737	1,057,882	59,937,823	76,726,442
Financial liabilities at fair value through profit or loss								
Interest-rate swaps		653,640		653,640		347,107		347,107
Cross-currency interest-rate swaps		46,082		46,082		404,853		404,853
Derivatives identified as hedging instruments								
Interest-rate swaps		204,050		204,050		191,406		191,406
Cross-currency interest-rate swaps		69,955		69,955		64,840		64,840
Other financial liabilities								
Liabilities to credit institutions		481,443		481,443		296,488		296,488
Borrowing from the public		6,828,716		6,828,716		2,875,535		2,875,535
Debt securities in issue, etc.		70,374,610		70,374,610		69,470,492		69,470,492
Subordinated liabilities		746,881		746,881		770,075		770,075
Total liabilities measured at fair value	-	79,405,377	-	79,405,377	-	74,420,796	-	74,420,796

Fair value is recognised excluding accrued interest. Accrued interest is recognised under prepaid expenses and accrued income, and accrued expenses and deferred income.

No transfers were made between the levels. Level 1 only comprises quoted mortgage bonds and listed bonds issued by municipalities and county councils. Level 2 only comprises derivative instruments and financial liabilities for which there are well-established measuring models based on market data.

Level 1

The fair value of financial instruments traded on an active market is based on the bid price of quoted market prices.

Level 2

The fair values of financial instruments and derivative instruments not traded on an active market are calculated using the valuation technique of discounting future cash flows. Quoted market rates for the tenor in question are used for discounting. In all cases, listed swap curves were utilised as the basis for measurement. Listed credit spreads relative to the interest-rate swap curve were utilised for measuring the value of bond assets. The interest-rate swap curve and FX-basis swap curve were used for measurement of interest-rate and cross-currency interest-rate swaps respectively. Debt securities in issue are measured on the interest-rate swap curve with the addition of market-based credit spreads. Accrued interest is not included in the calculation of fair value.

Level 3

Input for assets/liabilities that are not based on observable market data.

continued Note 4 Fair-value hierarchy for financial instruments

Landshypotek Bank AB Parent Company, SEK Thousand	31 Mar 2015				31 Mar 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Loans and receivables								
Loans to credit institutions		844 691		844 691		315 755		315 755
Loans to the public			61 717 070	61 717 070			59 591 030	59 591 030
Financial assets at fair value through profit or loss								
Bonds and other interest-bearing securities	10 434 889			10 434 889	8 832 243			8 832 243
Interest-rate swaps						9 965		9 965
Cross-currency interest-rate swaps		422 799		422 799		155 604		155 604
Derivatives identified as hedging instruments								
Interest-rate swaps		1 499 992		1 499 992		584 743		584 743
Cross-currency interest-rate swaps		779 099		779 099		49 534		49 534
Available-for-sale financial assets								
Bonds and other interest-bearing securities	6 603 872			6 603 872	6 898 494			6 898 494
Total assets measured at fair value	17 038 762	3 546 582	61 717 070	82 302 414	15 730 737	1 115 601	59 591 030	76 437 368
Financial liabilities at fair value through profit or loss								
Interest-rate swaps		653 640		653 640		347 107		347 107
Cross-currency interest-rate swaps		46 082		46 082		404 853		404 853
Derivatives identified as hedging instruments								
Interest-rate swaps		204 050		204 050		191 406		191 406
Cross-currency interest-rate swaps		69 955		69 955		64 840		64 840
Other financial liabilities								
Liabilities to credit institutions		550 264		550 264		296 553		296 553
Borrowing from the public		6 828 716		6 828 716		2 875 535		2 875 535
Debt securities in issue, etc.		70 374 610		70 374 610		69 470 492		69 470 492
Subordinated liabilities		746 881		746 881		770 075		770 075
Total liabilities measured at fair value	-	79 474 198	-	79 474 198	-	74 420 861	-	74 420 861

Fair value is recognised excluding accrued interest. Accrued interest is recognised under prepaid expenses and accrued income, and accrued expenses and deferred income.

No transfers were made between the levels. Level 1 only comprises quoted mortgage bonds and listed bonds issued by municipalities and county councils. Level 2 only comprises derivative instruments and financial liabilities for which there are well-established measuring models based on market data.

Level 1

The fair value of financial instruments traded on an active market is based on the bid price of quoted market prices.

Level 2

The fair values of financial instruments and derivative instruments not traded on an active market are calculated using the valuation technique of discounting future cash flows. Quoted market rates for the tenor in question are used for discounting. In all cases, listed swap curves were utilised as the basis for measurement. Listed credit spreads relative to the interest-rate swap curve were utilised for measuring the value of bond assets. The interest-rate swap curve and FX-basis swap curve were used for measurement of interest-rate and cross-currency interest-rate swaps respectively. Debt securities in issue are measured on the interest-rate swap curve with the addition of market-based credit spreads. Accrued interest is not included in the calculation of fair value.

Level 3

Input for assets/liabilities that are not based on observable market data.

Note 5 Fair value disclosures

Landshypotek Bank AB - Group SEK Thousand	31 Mar 2015 Carrying amount	31 Mar 2015 Fair value	31 Mar 2014 Carrying amount	31 Mar 2014 Fair value
Assets				
Cash and balances with central banks			698,619	698,619
Loans to credit institutions	720,636	720,636	258,036	258,036
Loans to the public	62,193,889	62,039,079	60,940,160	59,937,823
Bonds and other interest-bearing securities	17,038,762	17,038,762	15,730,737	15,730,737
Derivatives	2,701,891	2,701,891	799,846	799,846
Total assets	82,655,178	82,500,368	78,427,398	77,425,061
Liabilities and provisions				
Liabilities to credit institutions	481,443	481,443	296,488	296,488
Borrowing from the public	6,828,716	6,828,716	2,875,535	2,875,535
Debt securities in issue, etc.	68,938,812	70,374,610	69,162,725	69,470,492
Derivatives	973,727	973,727	1,008,207	1,008,207
Subordinated liabilities	699,952	746,881	699,952	770,075
Total liabilities	77,922,650	79,405,377	74,042,907	74,420,797

Fair value is recognised excluding accrued interest. Accrued interest is recognised under prepaid expenses and accrued income, and accrued expenses and deferred income.

Landshypotek Bank AB - Parent Company SEK Thousand	31 Mar 2015 Carrying amount	31 Mar 2015 Fair value	31 Mar 2014 Carrying amount	31 Mar 2014 Fair value
Assets				
Cash and balances with central banks			698,619	698,619
Loans to credit institutions	844,691	844,691	315,755	315,755
Loans to the public	61,871,760	61,717,070	60,617,174	59,591,030
Bonds and other interest-bearing securities	17,038,762	17,038,762	15,730,737	15,730,737
Derivatives	2,701,891	2,701,891	799,846	799,846
Total assets	82,457,104	82,302,414	78,162,131	77,135,987
Liabilities and provisions				
Liabilities to credit institutions	550,264	550,264	296,553	296,553
Borrowing from the public	6,828,716	6,828,716	2,875,535	2,875,535
Debt securities in issue, etc.	68,938,812	70,374,610	69,162,725	69,470,492
Derivatives	973,727	973,727	1,008,207	1,008,207
Subordinated liabilities	699,952	746,881	699,952	770,075
Total liabilities	77,991,471	79,474,198	74,042,972	74,420,862

Fair value is recognised excluding accrued interest. Accrued interest is recognised under prepaid expenses and accrued income, and accrued expenses and deferred income.

Note 6 Disclosures about offsetting

Financial assets and liabilities included in a legal entitlement to offset, but not offset in the balance sheet.

Group and Parent Company 2014 SEK Thousand	Amount recognised in the balance sheet 31 Mar 2014	Related amounts not offset in the balance sheet			Net amount 31 Mar 2014
		Financial instruments	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash collateral	
Assets					
Derivatives, fair value	799,846	-616,692			
Derivatives, accrued interest	330,980	-233,256			
<i>Derivatives, total value including accrued interest</i>	<i>1,130,825</i>	<i>-849,949</i>		<i>-204,198</i>	<i>76,679</i>
Repurchase agreements, reverse repos	-				
Liabilities					
Derivatives, fair value	-1,008,207	616,692			
Derivatives, accrued interest	-361,786	233,256			
<i>Derivatives, total value including accrued interest</i>	<i>-1,369,992</i>	<i>849,949</i>			<i>-520,043</i>
Repurchase agreements, reverse repos	-				-

Group and Parent Company 2015 SEK Thousand	Amount recognised in the balance sheet 31 Mar 2015	Related amounts not offset in the balance sheet			Net amount 31 Mar 2015
		Financial instruments	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash collateral	
Assets					
Derivatives, fair value	2,701,891	-919,935			
Derivatives, accrued interest	348,829	-239,363			
<i>Derivatives, total value including accrued interest</i>	<i>3,050,719</i>	<i>-1,159,298</i>		<i>-450,244</i>	<i>1,441,178</i>
Repurchase agreements, reverse repos	-				
Liabilities					
Derivatives, fair value	-973,727	919,935			
Derivatives, accrued interest	-334,036	239,363			
<i>Derivatives, total value including accrued interest</i>	<i>-1,307,763</i>	<i>1,159,298</i>			<i>-148,465</i>
Repurchase agreements, reverse repos	-				-

Amounts recognised in the balance sheet

All assets and liabilities are recognised as gross amounts in the balance sheet, calculated on the basis of each individual instrument.

Financial instruments

Based on contracted master netting agreements, Landshypotek Bank can offset cash flows with the same counterparty and value date. The procedure lowers risk for open exposures.

Cash collateral received

Under contracted International Swaps and Derivatives Association (ISDA) agreements, Landshypotek has the right to receive cash collateral for positive market values from counterparties whose ratings fall below a minimum agreed level. Such collateral is paid in cash to Landshypotek Bank's bank account and is recognised as a liability to the respective counterparty in the balance sheet. Paid-in collateral eliminates risk in positive exposures to counterparties with low ratings. If the counterparty defaults, Landshypotek Bank will utilise the paid-in cash collateral.

Net amounts

Net amounts show the remaining market value of contracted swap agreements that can be neither offset nor covered by received collateral.



Landshypotek Bank