

# LANDSHYPOTEK AB

## YEAR-END REPORT 2011

- **THE VOLUME OF LOANS OUTSTANDING AMOUNTED TO MSEK 55,580 (51,773)**

Loans outstanding have increased MSEK 3,807 or 7.4 percent in 2011 to MSEK 55,580. Demand for credit from Sweden's farmers and foresters declined slightly from high levels.

- **OPERATING PROFIT EXCLUDING "NET RESULT OF FINANCIAL TRANSACTIONS" FOR FULL-YEAR 2011 AMOUNTED TO MSEK 517.2 (346.4)**

The improvement in profit was attributable to higher net interest income of MSEK 33 up 7% to MSEK 505 compared with the year-earlier period. A capital gain from the sale of one operating property impacted profit in an amount of approximately MSEK 230, the corresponding amount in 2010 was MSEK 68.

- **LOAN LOSS RATE 0.02 PERCENT (0.01)**

Loan losses for the year amounted to MSEK 9, corresponding to 0.02 percent of loans outstanding.

- **CAPITAL ADEQUACY WAS 36.2 PERCENT ACCORDING TO BASEL II RULES**

Tier I capital adequacy was 32.0 percent according to Basel II rules. According to the transitional rules, capital adequacy is 9.3 percent and Tier I capital adequacy 8.2 percent.

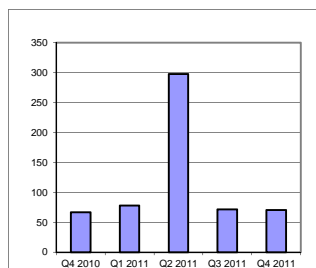
- **RAISED CREDIT RATING**

During the year, Landshypotek's credit rating was raised by Standard & Poor's rating agency from A- to A. The credit rating for Landshypotek's covered bonds remained unchanged at AAA.

# Landshypotek AB

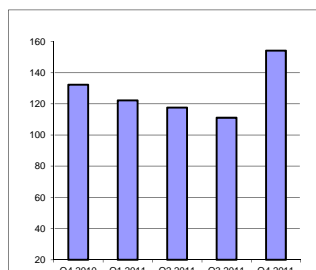
*Landshypotek AB  
(Corporate Registration  
Number 556500-2762) Year-  
end Report for the period 1  
January – 31 December 2011.*

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



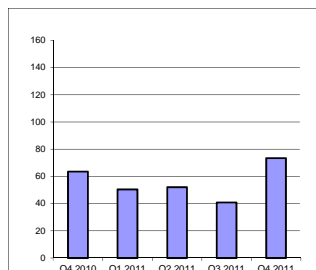
Operating profit for 2011 excluding “Net result of financial transactions” amounted to MSEK 517.2.

## Net interest income



Net interest income for 2011 amounted to MSEK 505.0. The scope of the Company’s net interest income is determined by the volume of loans outstanding, the margin between the interest rates on deposits and lending and the return obtained on the equity invested in lending operations.

## Costs



Costs in 2011 amounted to MSEK 216.7. Up MSEK 15.7 or approximately 8% year-on-year. The increase in costs was attributable to the ongoing implementation of a new business system.

Landshypotek offers Sweden’s farm and forest owners financing in the form of first mortgage loans. With loans outstanding of just over SEK 55.5 billion, Landshypotek is the market leader, accounting for 29 percent of total lending for agricultural and forestry properties in Sweden. Lending is characterised by adequate property security resulting in extremely low loan losses.

Landshypotek is owned by its members and tasked as such with providing competitive financing for Sweden’s farm and forest owners. Landshypotek has 110 employees at 19 offices around Sweden.

## Operating profit 2011

### Summary of income statement

MSEK	2011	2010
	Jan - Dec	Jan - Dec
Net interest income	505.0	471.8
Other operating income	234.5	86.5
<i>of which "Net result of financial transactions"</i>	-3.4	4.2
<i>Of which "Capital gain from sale of operating property"</i>	230.0	68.0
Expenses	216.7	-201.0
<i>Cost income ratio adjust for property sales and financial transactions</i>	0.43	0.41
Loan losses	-8.9	-6.7
<i>Loan loss level %</i>	0.02%	0.01%
Operating profit	513.9	350.6
<i>Operating profit not including "Net result of financial transactions"</i>	517.2	346.4

Consolidated operating profit for 2011 amounted to MSEK 513.9, up MSEK 163.3 compared with 2010 (MSEK 350.6). Excluding “Net result of financial transactions,” operating profit totalled MSEK 517.2 (346.4). The improvement in profit was attributable to an increase in net interest income of MSEK 33.1 or 7% to MSEK 505.0 year-on-year. A capital gain from the sale of an operating property impacted profit in an amount of approximately MSEK 230, the corresponding figure in 2010 was MSEK 68.0.

Landshypotek AB is the Parent Company of a sub-group. More than 90 percent of activities in the sub-group are accounted for by the Parent Company Landshypotek AB. Other companies in the sub-group are Landshypotek Jordbrukskredit AB and Lantbrukskredit AB, which are both wholly owned by Landshypotek AB.

## Net interest income

Net interest income for full-year 2011 amounted to MSEK 505.0, up 7 percent compared with 2010 (MSEK 471.8). The increase was attributable to increased lending. In 2011, margins between interest rates on deposits and lending remained unchanged compared with the preceding year.

## Other operating income

Other operating income excluding net interest income amounted to MSEK 234.5 for the period, up MSEK 148.0 compared with the corresponding period in 2010. The increase was primarily attributable to a capital gain recognized by Landshypotek in 2011 from the sale of an operating property in an amount of approximately MSEK 230. In 2010, two operating properties were sold with a combined capital gain of MSEK 68. Further explanation for the change in other income was the reduction in “Net result of financial transactions” of MSEK 11.3 compared with the year-earlier period. Furthermore, fees to the Swedish National Debt Office’s stabilisation fund were charged to commission expenses in an amount of MSEK 21.7. The corresponding item in 2010 was MSEK 20.0.

In 2011, “Net result of financial transactions” amounted to a negative MSEK 3.4 compared with MSEK 4.2 in 2010. The loss of MSEK 3.4 comprised an unrealised result of negative MSEK 10.4 and a realised result of MSEK 7.0. The “Net result of financial transactions” included 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 also includes the result from the revaluation of financial instruments. To gain an understanding of the total effect of market revaluations, the revaluations carried directly to equity must also be taken into account. Net, after taxes recognized, revaluation of financial instruments in equity amounted to MSEK 130.4 in 2011.

### Costs

Costs in 2011 amounted to MSEK 216.7 (201.0). The increase in costs of MSEK 15.7 was attributable to the ongoing implementation of a new business system.

### Loan losses and doubtful credits

Loan losses in 2011 amounted to MSEK 8.9 (6.7). Confirmed loan losses totalled MSEK 5.9 (6.7). Provisions for probable loan losses during the period amounted to MSEK 19.3 (11.9). Recoveries of previously confirmed losses, or previously doubtful credits, totalled MSEK 14.4 (11.5). Recovery of previous realised losses amounted to MSEK 1.9 (0.4)

At 31 December 2011, doubtful credits amounted to MSEK 52.1, corresponding to 0.09 percent of loans outstanding. At 31 December 2010, doubtful credits amounted to MSEK 29.2, corresponding to 0.06 percent of total loans outstanding.

### Taxes

Tax for the year amounted to MSEK 23.8 (76.9). The tax was impacted positively in an amount of approximately MSEK 40 attributable to deferred tax liabilities arising from the sale of the operating property.

### Comparison with the third quarter of 2011

Compared with the third quarter of 2011, operating profit for the fourth quarter declined MSEK 1.2. The reduction in earnings was attributable to an increase in costs from the ongoing implementation of a new business system. However, this was offset by higher net interest income.

### Market overview

#### Market trend

Profitability in forest and agriculture remained stable in 2011.

The price trends in beef and grain production were positive in 2010 after two years of declining profitability and have remained stable in 2011.

Structural changes in the dairy market negatively impacted milk settlement prices and thus the profitability of dairy farmers in the summer and autumn of 2011. The situation improved in the late autumn of 2011 and milk settlement prices stabilised at a relatively healthy level. Substantial variance in profitability exists between dairy companies in Sweden.

For a relatively long period, the profitability of pork production has been under pressure from low prices. However, trends were positive in autumn 2011 and prices rose albeit from low levels.

Profitability in forestry was stable in 2011. Demand for timber and pulpwood remained strong. Prices were relatively unchanged for timber after the price rises in 2010. However, prices for pulpwood declined in autumn 2011.

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

### Landshypotek's development

Landshypotek increased its net lending by SEK 3.8 billion during the year, corresponding to lending growth of 7.4 percent, compared with 11.4 percent in 2010. During the year, demand for credit from Sweden's forestry and agriculture sector weakened somewhat, from earlier high levels, primarily attributable to relatively low new investment in production facilities.

### Financing

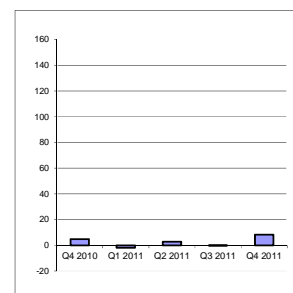
#### Borrowing

Landshypotek's ambition is to borrow funds on the best possible terms given a low risk profile:

- 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.

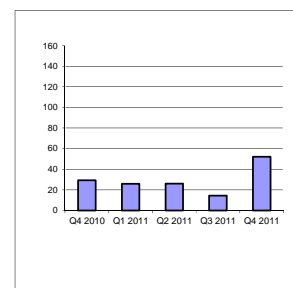
Landshypotek operates with considerable flexibility and actively raises funds via national and international bond markets, as well as strives to always respond to investors' concerns regarding tenors and interest-rate structure. Landshypotek works continuously with investor relations to maintain investors' awareness and interest in Landshypotek.

### Loan losses



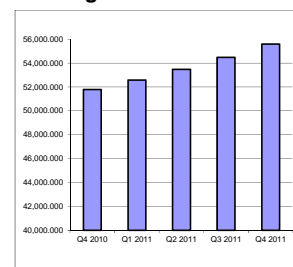
Loan losses for 2011 amounted to MSEK 8.9.

### Doubtful credits



Doubtful credits amounted to MSEK 52.1 on 31 December 2011.

### Lending volume



Landshypotek's lending increased 7.4 percent to SEK 55.6 billion in 2011.

During the year, Landshypotek issued covered bonds to a value of approximately SEK 18.9 billion and senior bonds to a value of SEK 5.0 billion.

Despite market turbulence during the year, Landshypotek had great success with its financing activities and demand was healthy for Landshypotek's bonds.

Programme (MSEK)	Issued 31-12-2011	Maximum amount	Issued 31-12-2010
Swedish commercial paper	3,650	10,000	2,350
MTN programme	35,710	50,000	38,508
EMTN programme	20,729	31,211*	15,126
RCB	3,322		2,996
Other bonds	0		15
Subordinated loans	550		550

\* MEUR 3,500

### Liquidity

Landshypotek has a substantial portfolio of interest-bearing securities, valued at SEK 13.2 billion at 31 December 2011. 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 31 December 2011, the portfolio was 1.4 (1.5) times larger than market financing maturing in the next six months.

### Rating

During the year, Landshypotek's credit rating was raised by Standard & Poor's rating agency from A- to A. This was primarily attributed to Landshypotek's extremely healthy capital position and strong profitability. Furthermore, Standard & Poor's analysis called attention to the fact that Landshypotek's lending has an extremely low risk level.

Other credit ratings remained unchanged during the year.

	Long	Short
S&P Covered bonds	AAA	
S&P	A	A1, K1
Fitch	A+	F1
Moody's	A3	P2

### Capital adequacy

The capital base on 31 December 2011 amounted to MSEK 4,276, corresponding to a capital adequacy of 36.19%. On 31 December 2010, the capital requirement according to Basel II amounted to MSEK 945.

The capital adequacy regulations pursuant to Basel II should have been applied in full from January 1 2010. However, the transition to Basel II has been deferred to a later date and the transitional rules are still being applied. Capital adequacy pursuant to the transitional rules amounted to 9.29 percent at 31 December 2011.

Financial Corporate Group * 31-12-2011		
SEK thousand	Basel II	Transitional rules
Tier 1 capital	3,775,734	3,775,734
Tier 2 capital	500,274	500,274
<b>Capital base (after deductions)</b>	<b>4,276,008</b>	<b>4,276,008</b>
Deduction for deferred tax assets	-18,278	0
Deduction in accordance with Chapter 3, Section 8 of the Swedish Capital Adequacy and Large Exposures Act	-99,350	0
Capital requirement for credit risks in accordance with the standard method	444,037	444,037
Capital requirement for credit risks in accordance with IRB	419,272	419,272
Capital requirement for operative risks - Base method	82,017	82,017
Additional capital requirement in accordance with the transitional rules	-	2,738,451
<b>Capital requirement</b>	<b>945,326</b>	<b>3,683,777</b>
<b>Capital adequacy ratio</b>	4.52	1.16
<b>Capital adequacy</b>	36.2%	9.3%
<b>Tier 1 capital adequacy</b>	32.0%	8.2%

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

## Risk and capital management

Landshypotek lends approximately SEK 55 billion to slightly more than 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 risk categories of credit 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 therefore 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). The collateral in combination with Landshypotek's methods for assessing and limiting counterparty risk have resulted in highly limited credit risk in the portfolio, as reflected in the Company's very low loan losses over time.

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

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

## Group structure

Landshypotek, ekonomisk förening is a democratic organisation in which all members have one vote at the annual regional meeting. Landshypotek, ekonomisk förening owns all of the shares in Landshypotek AB and is the Parent Company of the Group of financial companies. All borrowers from Landshypotek AB are members of Landshypotek, ekonomisk förening.

Landshypotek AB is the Parent Company of a sub-group. More than 90 percent of activities in the sub-group are accounted for by the Parent Company Landshypotek AB. Other companies in the sub-group are Landshypotek Jordbrukskredit AB and Lantbrukskredit AB, which are both wholly owned by Landshypotek AB.

## Events after the end of the period under review

A merger plan regarding the merger of Lantbrukskredit AB and Landshypotek AB have been decided by the Board of Directors of both companies.

Work commenced on the merger in the fourth quarter of 2011 and is scheduled to be complete during 2012. One step in this process was the sale of the loan stock in Lantbrukskredit AB to Landshypotek Jordbrukskredit AB.

Stockholm, 9 February 2012

Kjell Hedman, Managing Director

This Interim Report covers the Group comprising Landshypotek AB, subsidiaries Lantbrukskredit AB and Landshypotek Jordbrukskredit AB. The General Mortgage Bank of Sweden has been wound up. Landshypotek AB is reported separately. Amounts in parentheses refer to the corresponding period in the preceding year. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Amendments have been introduced in IAS 34 and these entered force on 1 January 2011. The changes provide guidance on the application of disclosure policies under IAS 34 and provide additional disclosure requirements including: The circumstances likely to affect fair values of financial instruments and their classification, Transfers of financial instruments between different levels of the fair value hierarchy and Changes in classification of financial assets. The amendments in IAS 34 have had no impact on Landshypotek's year-end report January – December 2011. The accounting policies applied in this Year-end Report are unchanged compared to those applied in the most recent Annual Report.

## Income statement

### GROUP

SEK thousand	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
Interest income	676,051	474,489	653,276	2,491,985	1,719,141
Interest expense	-521,949	-342,167	-542,231	-1,987,026	-1,247,307
<b>Net interest income</b>	<b>154,102</b>	<b>132,322</b>	<b>111,045</b>	<b>504,959</b>	<b>471,834</b>
Dividend income	0	0	0	0	0
Commission income	2,324	3,298	4,709	13,666	11,529
Commission expense	-5,695	-2,594	-5,522	-22,238	-20,620
Net result of financial transactions	27,719	-20,067	-4,073	-3,381	4,219
Other operating income	1,297	2,047	1,931	246,496	91,374
<b>Total operating income</b>	<b>179,747</b>	<b>115,006</b>	<b>108,090</b>	<b>739,502</b>	<b>558,336</b>
General administrative expense	-70,567	-54,603	-37,103	-194,056	-169,754
Depreciation, amortisation and impairment of intangible non-current assets	-464	-3,561	-435	-5,368	-10,658
Other operating expenses	-2,396	-5,305	-3,301	-17,316	-20,613
<b>Total expenses before loan losses</b>	<b>-73,427</b>	<b>-63,470</b>	<b>-40,839</b>	<b>-216,741</b>	<b>-201,025</b>
<b>Profit before loan losses</b>	<b>106,320</b>	<b>51,536</b>	<b>67,251</b>	<b>522,761</b>	<b>357,311</b>
Loan losses, net	-8,297	-4,895	228	-8,910	-6,662
Impairment of financial assets					
<b>Operating profit</b>	<b>98,023</b>	<b>46,641</b>	<b>67,479</b>	<b>513,851</b>	<b>350,649</b>
Income tax	-20,185	5,815	-17,666	-23,810	-76,908
<b>Net profit for the period</b>	<b>77,838</b>	<b>37,651</b>	<b>49,813</b>	<b>490,041</b>	<b>279,556</b>

## Statement of comprehensive income

### GROUP

SEK thousand	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
<b>Net profit for the period</b>	<b>77,838</b>	<b>37,651</b>	<b>49,813</b>	<b>490,041</b>	<b>279,556</b>
<b>Other comprehensive profit and loss</b>					
Change in instruments for cash flow hedges	19,825	25,436	-55,588	-34,237	68,098
Change in available-for-sale financial instruments	29,837	-193,169	129,660	211,172	-291,379
Taxes related to other comprehensive income loss	-13,061	44,113	-19,482	-46,534	58,723
<b>Total other comprehensive profit and loss</b>	<b>36,601</b>	<b>-123,620</b>	<b>54,590</b>	<b>130,401</b>	<b>-164,558</b>
<b>Total comprehensive profit for the period</b>	<b>114,439</b>	<b>-85,969</b>	<b>104,403</b>	<b>620,442</b>	<b>114,998</b>

# Income statement

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
Interest income	672,039	471,193	649,126	2,476,472	1,707,860
Interest expense	-524,020	-343,100	-544,314	-1,994,416	-1,249,517
<b>Net interest income</b> <i>Note 1</i>	<b>148,019</b>	<b>128,093</b>	<b>104,812</b>	<b>482,056</b>	<b>458,343</b>
Dividend income	0	0	0	0	0
Commission income	2,268	3,148	4,650	13,081	11,106
Commission expense	-5,695	-2,594	-5,523	-22,238	-20,615
Net result of financial transactions	27,719	-20,067	-4,073	-3,381	4,219
Other operating income	1,297	2,048	1,311	245,874	93,413
<b>Total operating income</b>	<b>173,609</b>	<b>110,628</b>	<b>101,177</b>	<b>715,393</b>	<b>546,466</b>
General administrative expense	-74,603	-60,381	-39,417	-204,290	-179,002
Depreciation, amortisation and impairment of intangible non-current assets	-464	-3,561	-435	-5,368	-10,658
Other operating expenses	-2,394	-5,086	-3,293	-17,300	-20,384
<b>Total expenses before loan losses</b>	<b>-77,461</b>	<b>-69,028</b>	<b>-43,145</b>	<b>-226,958</b>	<b>-210,044</b>
<b>Profit before loan losses</b>	<b>96,147</b>	<b>41,600</b>	<b>58,032</b>	<b>488,434</b>	<b>336,422</b>
Loan losses, net <i>Note 2</i>	-4,331	-3,863	1,164	-3,132	-5,638
Impairment of financial assets					
<b>Operating profit</b>	<b>91,816</b>	<b>37,737</b>	<b>59,196</b>	<b>485,302</b>	<b>330,784</b>
Income tax	-18,536	-10,941	-15,488	-16,284	-69,621
<b>Net profit for the period</b>	<b>73,280</b>	<b>26,796</b>	<b>43,708</b>	<b>469,018</b>	<b>261,163</b>

# Statement of comprehensive income

## LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
<b>Net profit for the period</b>	<b>73,280</b>	<b>26,796</b>	<b>43,708</b>	<b>469,018</b>	<b>261,163</b>
<b>Other comprehensive profit and loss</b>					
Change in instruments for cash flow hedges	19,825	25,436	16,585	-34,237	68,098
Change in available-for-sale financial instruments	29,837	-193,169	-23,340	211,172	-291,379
Taxes related to other comprehensive profit and loss	-13,061	44,113	1,777	-46,534	58,723
<b>Total other comprehensive profit and loss</b>	<b>36,601</b>	<b>-123,620</b>	<b>-4,978</b>	<b>130,401</b>	<b>-164,558</b>
<b>Total comprehensive profit for the period</b>	<b>109,881</b>	<b>-96,824</b>	<b>38,730</b>	<b>599,419</b>	<b>96,605</b>

## Balance sheet

SEK Thousand	GROUP			PARENT COMPANY		
	2011 31-Dec	2011 30-Sep	2010 31-Dec	2011 31-Dec	2011 30-Sep	2010 31-Dec
<b>ASSETS</b>						
Cash and balances with central banks	6,374	6,707	5,393	6,374	6,707	5,393
Due from financial institutions	164,561	47,031	216,144	145,106	50,163	201,416
Loans to customers <i>Note 3</i>	55,579,600	54,464,195	51,773,034	55,303,336	54,162,247	51,457,391
Bonds and other interest-bearing securities	13,237,313	13,185,543	10,975,059	13,237,313	13,185,543	10,975,059
Derivative financial instruments	495,554	425,610	80,321	495,554	425,610	80,321
Shares	1	1	1	0	0	0
Shares in Group companies	0	0	0	514,827	514,827	514,827
Intangible non-current assets	14,058	0	0	14,058	0	0
Tangible assets				0	0	0
Equipment	1,788	1,764	2,601	1,788	1,764	2,601
Buildings and land	15,735	26,139	348,929	15,735	26,139	348,917
Other assets	376,236	291,249	96,875	360,166	274,802	76,274
Prepaid expenses and accrued income	912,456	893,738	662,497	910,985	892,074	661,732
<b>TOTAL ASSETS</b>	<b>70,803,676</b>	<b>69,341,978</b>	<b>64,160,854</b>	<b>71,005,241</b>	<b>69,539,877</b>	<b>64,323,930</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>						
Due to financial institutions	162,157	312,743	83,962	487,157	630,743	371,722
Borrowing from the public	312,453	113,329	105,000	312,453	113,329	105,000
Debt securities in issue, etc.	64,305,540	63,077,098	58,413,189	64,305,540	63,077,098	58,413,189
Derivative financial instruments	273,551	197,589	606,683	273,551	197,589	606,683
Other liabilities	200,170	142,185	150,218	193,980	138,348	141,480
Accrued expenses and prepaid income	1,080,270	1,064,504	823,004	1,081,705	1,065,955	823,723
Provisions	51,685	23,950	74,232	35,590	4,263	48,944
Subordinated liabilities	549,949	549,956	549,949	549,949	549,956	549,949
<b>TOTAL LIABILITIES</b>	<b>66,935,775</b>	<b>65,481,354</b>	<b>60,806,237</b>	<b>67,239,926</b>	<b>65,777,281</b>	<b>61,060,690</b>
Untaxed reservs	0		-5,815			
<b>Equity</b>	<b>3,867,901</b>	<b>3,860,623</b>	<b>3,360,433</b>	<b>3,765,315</b>	<b>3,762,596</b>	<b>3,263,240</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>	<b>70,803,676</b>	<b>69,341,978</b>	<b>64,160,854</b>	<b>71,005,241</b>	<b>69,539,877</b>	<b>64,323,930</b>

## Cash-flow statement

SEK thousand	GROUP		PARENT COMPANY	
	2011 Full Year	2010 Full Year	2011 Full Year	2010 Full Year
<b>Cash and cash equivalents beginning of period</b>	<b>5,393</b>	<b>8,946</b>	<b>5,393</b>	<b>8,946</b>
Cash flow from operating activities	-313,600	-180,903	-313,588	-164,562
Cash flow from investing activities	314,581	-22,599	314,569	-38,940
Cash flow from financing activities	0	199,949	0	199,949
<b>Cash flow for the period</b>	<b>981</b>	<b>-3,553</b>	<b>981</b>	<b>-3,553</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,374</b>	<b>5,393</b>	<b>6,374</b>	<b>5,393</b>



## Change in shareholders' equity

### GROUP

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2010	1,927,000	1,026,254	-166	-67,757	469,287	3,354,618
Net profit for the period			-25,232	155,635	490,041	620,444
Total change before transactions with the owners	0	0	-25,232	155,635	490,041	620,444
Dividend/group contribution rendered					-145,400	-145,400
Taxes on group contribution rendered					38,240	38,240
Other						0
Equity 31 December 2011	1,927,000	1,026,254	-25,398	87,878	852,165	3,867,901

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2009	1,927,000	1,026,254	-50,355	146,990	269,955	3,319,844
Net profit for the period			50,189	-214,747	279,584	115,026
Total change before transactions with the owners	0	0	50,189	-214,747	279,584	115,026
Dividend/group contribution rendered					-101,000	-101,000
Taxes on group contribution rendered					26,563	26,563
Equity 31 December 2010	1,927,000	1,026,254	-166	-67,757	475,102	3,360,433

### LANDSHYPOTEK AB PARENT COMPANY

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2010	1,927,000	1,010,000	-166	-67,757	394,163	3,263,240
Capital gain due to liquidation of subsidiary		6,694			3,122	9,816
Net profit for the period			-25,232	155,635	469,018	599,421
Total change before transactions with the owners	0	6,694	-25,232	155,635	472,140	609,237
Dividend/group contribution rendered					-145,400	-145,400
Taxes on group contribution rendered					38,240	38,240
Other						0
Equity 31 December 2011	1,927,000	1,016,694	-25,398	87,878	759,143	3,765,315

SEK thousand	Share contributed capital	Other capital	Hedging reserve	Fair value reserve	Retained earnings	Total
Equity 31 December 2009	1,927,000	1,010,000	-50,355	146,990	207,409	3,241,044
Net profit for the period			50,189	-214,747	261,191	96,633
Total change before transactions with the owners	0	0	50,189	-214,747	261,191	96,633
Dividend/group contribution rendered					-101,000	-101,000
Taxes on group contribution rendered					26,563	26,563
Equity 31 December 2010	1,927,000	1,010,000	-166	-67,757	394,163	3,263,240

# Notes

## NOTE 1 NET INTEREST INCOME

### GROUP

TSEK	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
<b>Interest income</b>					
Interest income on loans to credit institutions	213	325	324	1,081	563
Interest income on loans to Group companies	0	0	0	0	0
Interest income on loans to customers	585,202	398,807	557,911	2,132,184	1,363,083
- less interest losses	-865	-724	-626	-1,640	-2,081
Interest income on interest-bearing securities	91,474	76,072	95,660	360,313	357,565
- of which interest income on financial assets values at fair value in the income statement	61,992	26,494	26,505	128,764	111,627
- of which interest income on available-for-sale financial assets	29,482	49,578	69,155	231,549	245,938
Other interest income	26	9	7	46	11
<b>Total</b>	<b>676,051</b>	<b>474,489</b>	<b>653,276</b>	<b>2,491,985</b>	<b>1,719,141</b>
All interest income is attributable to the Swedish market.					
<b>Interest expense</b>					
Interest expense for liabilities to Group companies	-787	-308	-339	-2,033	-624
Interest expense for liabilities to credit institutions - other	-3,149	-6,213	-1,903	-9,107	-20,766
interest expense for borrowing from the public	0	0	0	0	0
Interest expense for interest-bearing securities	-516,453	-378,046	-526,573	-1,967,626	-1,381,627
- of which interest expense for other financial liabilities	-115,320	271,680	-133,463	-525,098	-295,117
- of which interest expense on financial assets valued at fair value in the income statement	-401,133	-649,726	-393,110	-1,442,528	-1,086,510
Interest expense on subordinated liabilities	-4,868	-3,715	-4,761	-18,630	-8,981
Interest expense for derivative instruments	2,607	46,692	-5,115	13,736	169,102
- of which interest expense on derivatives valued at fair value in the income statement	2,055	110,895	-1,233	19,980	203,008
- of which interest expense on derivatives indentified as hedging instruments	552	-64,203	-3,882	-6,244	-33,906
Other interest expense	702	-577	-3,540	-3,365	-4,411
<b>Total</b>	<b>-521,949</b>	<b>-342,167</b>	<b>-542,231</b>	<b>-1,987,026</b>	<b>-1,247,307</b>
<b>Total net interest income</b>	<b>154,102</b>	<b>132,322</b>	<b>111,045</b>	<b>504,959</b>	<b>471,834</b>

### LANDSHYPOTEK AB PARENT COMPANY

TSEK	2011 Q4	2010 Q4	2011 Q3	2011 Full year	2010 Full year
<b>Interest income</b>					
Interest income on loans to credit institutions	155	312	302	931	545
Interest income on loans to Group companies	31	19	49	97	53
Interest income on loans to customers	581,227	395,510	553,719	2,116,706	1,351,771
- less interest losses	-851	-724	-604	-1,578	-2,081
Interest income on interest-bearing securities	91,474	76,072	95,660	360,313	357,565
- of which interest income on financial assets values at fair value in the income statement	61,992	26,494	26,505	128,764	111,627
- of which interest income on available-for-sale financial assets	29,482	49,578	69,155	231,549	245,938
Other interest income	2	4	0	2	7
<b>Total</b>	<b>672,039</b>	<b>471,193</b>	<b>649,126</b>	<b>2,476,472</b>	<b>1,707,860</b>
All interest income is attributable to the Swedish market.					
<b>Interest expense</b>					
Interest expense for liabilities to Group companies	-2,858	-1,241	-2,422	-9,423	-2,841
Interest expense for liabilities to credit institutions - other	-3,149	-6,214	-1,903	-9,107	-20,767
interest expense for borrowing from the public	0	0	0	0	0
Interest expense for interest-bearing securities	-516,452	-378,046	-526,574	-1,967,626	-1,381,627
- of which interest expense for other financial liabilities	-115,320	271,680	-133,463	-525,098	-295,117
- of which interest expense on financial assets valued at fair value in the income statement	-401,133	-649,726	-393,110	-1,442,528	-1,086,510
Interest expense on subordinated liabilities	-4,868	-3,715	-4,761	-18,630	-8,981
Interest expense for derivative instruments	2,607	46,692	-5,115	13,736	169,102
- of which interest expense on derivatives valued at fair value in the income statement	2,055	110,895	-1,233	19,980	203,008
- of which interest expense on derivatives indentified as hedging instruments	552	-64,203	-3,882	-6,244	-33,906
Other interest expense	702	-576	-3,540	-3,365	-4,403
<b>Total</b>	<b>-524,020</b>	<b>-343,100</b>	<b>-544,314</b>	<b>-1,994,416</b>	<b>-1,249,517</b>
<b>Total net interest income</b>	<b>148,019</b>	<b>128,093</b>	<b>104,812</b>	<b>482,056</b>	<b>458,343</b>

**NOTE 2 LOAN LOSSES NET**

**GROUP**

<b>SEK thousand</b>	<b>2011 Q4</b>	<b>2010 Q4</b>	<b>2011 Q3</b>	<b>2011 Full Year</b>	<b>2010 Full year</b>
The period's impairment charge for realised losses	-317	-4,733	-5,605	-5,922	-6,683
Reversal of prior provisions for probable loan losses, reported as realised losses	317	4,458	5,105	5,422	6,460
Impairment charge for probable loan losses	-8,569	-7,098	-10,738	-19,307	-11,888
Recovery of previous realised losses	68	247	1,895	1,963	418
Reversal of provisions no longer required for probable loan losses	204	2,231	8,730	8,934	5,031
<b>Total loan losses</b>	<b>-8,297</b>	<b>-4,895</b>	<b>-614</b>	<b>-8,910</b>	<b>-6,662</b>

All loan losses are attributable to loans to customers

**LANDSHYPOTEK AB PARENT COMPANY**

<b>SEK thousand</b>	<b>2011 Q4</b>	<b>2010 Q4</b>	<b>2011 Q3</b>	<b>2011 Full Year</b>	<b>2010 Full year</b>
The period's impairment charge for realised losses	-316	-4,733	-3,629	-3,945	-6,683
Reversal of prior provisions for probable loan losses, reported as realised losses	316	4,458	3,129	3,445	6,460
Impairment charge for probable loan losses	-4,601	-6,063	-8,913	-13,514	-10,853
Recovery of previous realised losses	66	244	1,882	1,948	407
Reversal of provisions no longer required for probable loan losses	204	2,231	8,730	8,934	5,031
<b>Total loan losses</b>	<b>-4,331</b>	<b>-3,863</b>	<b>1,199</b>	<b>-3,132</b>	<b>-5,638</b>

All loan losses are attributable to loans to customers

**NOTE 3 NONPERFORMING LOANS, ETC.**

<b>SEK Thousand</b>	<b>GROUP</b>			<b>PARENT COMPANY</b>		
	<b>2011 Full Year</b>	<b>2011 Q3</b>	<b>2010 Full Year</b>	<b>2011 Full Year</b>	<b>2011 Q3</b>	<b>2010 Full Year</b>
Nonperforming loans where interest is recognised as income	427,454	479,758	198,441	414,022	463,277	190,547
Nonperforming loans that are doubtful credits	50,842	9,116	18,916	45,936	8,178	18,862
<b>Total nonperforming loans</b>	<b>478,296</b>	<b>488,874</b>	<b>217,357</b>	<b>459,958</b>	<b>471,455</b>	<b>209,409</b>
Doubtful credits that are not nonperforming	14,232	10,160	18,247	14,232	10,160	18,247
Less provisions set aside	-12,986	-4,927	-7,940	-8,080	-3,989	-6,850
Doubtful credits that are not performing	50,842	9,116	18,916	45,936	8,179	18,662
<b>Total doubtful loans</b>	<b>52,088</b>	<b>14,349</b>	<b>29,222</b>	<b>52,088</b>	<b>14,349</b>	<b>30,059</b>
Shares taken over to protect claims	1	1	1	0	0	0