



Landshypotek Bank

# Landshypotek Bank AB Interim report 2015 #2

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

## Liza Nyberg, CEO of Landshypotek Bank, comments on Q2:

We can look back on a quarter with a high level of high market activity that generated solid growth in both deposits and loans. With another quarter of strong earnings, we are continuing to develop Landshypotek Bank and are investing for the future.

### January – June 2015

compared with January – June 2014

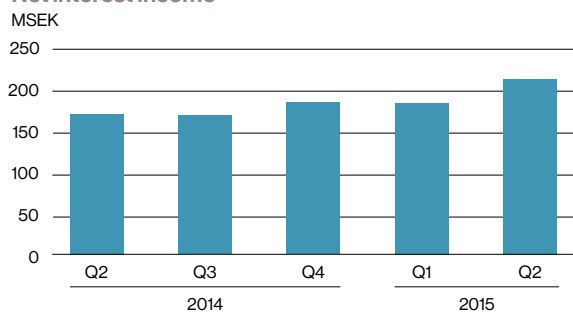
- Operating profit amounted to MSEK 164.8 (164.5).
- The underlying operating profit, profit excluding financial transactions, improved to MSEK 165.8 (94.0).
- Net interest income rose by MSEK 70.7 to MSEK 398.2 (327.4).
- Costs increased due to planned development projects and amounted to MSEK 194.9 (176.4).
- Provisions for probable loan losses decreased to MSEK 42.2 (59.4).
- Net loan losses decreased to MSEK 23.4 (49.5).
- Lending amounted to SEK 63.6 billion (61.6), up 3.0 percent (1.3) compared with year-end.
- Deposits amounted to MSEK 8,067 (3,976), up MSEK 4,092.
- The total capital ratio amounted to 23,2 percent not taking the transitional rules linked to Basel 1 into account.

### April – June 2015

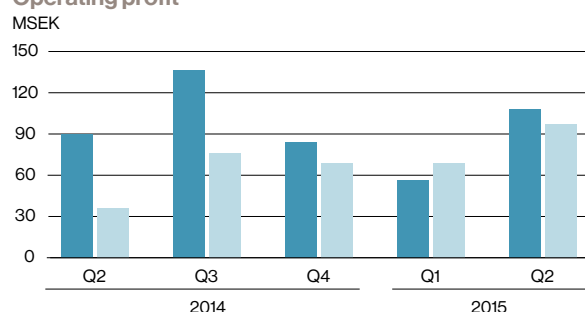
compared with January – March 2015

- Operating profit rose to a total of MSEK 108.0 (56.7).
- The underlying operating profit, excluding the net result of financial transactions, improved to MSEK 96.8 (69.0).
- Net interest income increased to MSEK 214.0 (184.2).
- Costs increased due to planned development projects and amounted to MSEK 98.3 (96.6).
- Provisions for probable loan losses increased to MSEK 29.5 (12.7).
- Net loan losses declined to MSEK 14.0 (9.4).
- Lending rose to SEK 63.6 billion (62.2).
- Deposits increased to MSEK 8,067 (6,829).

#### Net interest income



#### Operating profit



# For a richer life in the countryside

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. The bank's loan customers are also members of the cooperative society.

- Landshypotek Bank finances investments and entrepreneurship for a richer life in the countryside. We specialise in the farming and forestry industries. The core assignment has remained unchanged since 1836.
- With nearly SEK 64 billion in loans outstanding, Landshypotek Bank is Sweden's tenth largest bank. We are a profiled niche bank that exerts downward pressure on prices for the financing of farming and forestry.
- Landshypotek Bank is owned by Landshypotek Ekonomisk Förening, in which all of the Bank's loan customers are members. Our surpluses are reinvested in operations and distributed to loan customers. In May, MSEK 164 of net profit for 2014 was distributed to our loan customers.
- For us, the development of green industries is crucial to Sweden's future.
- Landshypotek Bank has a strong local network 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 agrolgy. 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 on 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. The sales organisation has access to a network of elected representatives who carry out property valuations. The company's local presence and expertise in farming 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 approximately 155 employees.

## Landshypotek Bank is owned by its members

All borrowers from Landshypotek Bank become members of Landshypotek Ekonomisk Förening (Landshypotek Cooperative Society). 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 has organised its member operations into ten regions. The Board of each region comprises up to eight elected representatives who represent the members and act as ambassadors for Landshypotek Bank. Any surpluses in Landshypotek Bank are reinvested in operations and distributed to loan customers.

# Solid growth in the first half of the year

For Landshypotek Bank the first half of the year brought a high level of market activity and solid growth in both deposits and loans.

Our current capacity to increase our customer-focused activities and to strengthen our market presence is the result of systematic efforts. A greater number of us now meet with customers and we have been able to focus more on our core business – financing farming and forestry. We have achieved this by recruiting new employees and by establishing a Customer Service unit. This unit will give our account managers, who specialise in farming, forestry and financing, more time for our customers. With the development of the website, Internet services and social media presence, there are now a number of ways to get in touch with us.

After a period of limited growth, lending volumes are again growing appreciably. We are among the banks entrusted most with managing the new savings capital resulting from the growth in the savings market over the past 12 months. We will continue to strengthen our customer focus and marketing activities.

The positive news includes more than volume growth. We are continuing to generate good earnings at favourable net interest. We have our costs well under control and any increase is in pace with growth in our business and the bank's development. We still have a substantial need to develop the bank and, over the next few years, we will be able to offer both additional products and services.

Savings at the bank are growing by about SEK 1 billion each quarter. This means we are achieving rapid growth in line with our strategic aim for a substantial portion of our total financing to be funded by deposits from the public.

In the first half of the year, the pressure on the profitability of the dairies attracted widespread attention. Landshypotek is playing an integrated role in various government initiatives for the dairies, including participating in working groups to strengthen capital supply and provide government credit guarantees. In general, dairies are not seeking new loans, but rather improved conditions for coping with international competition. Accordingly, we welcomed the action plan presented by the government in May, which contained more measures than credit



guarantees. The political measures must meet the fundamental challenge of strengthening competitiveness in the international market.

We work closely with our customers and maintain a continuous dialogue regarding what is best for their business at the present time. In general, individual entrepreneurs in the green industries are subject to increasing demands. As a result, we see considerable variation in earnings between different companies in the same industry. Our confirmed loan losses have decreased. Our credit provisions reflect our focus on customers whose liquidity is weak.

We offer our customers value in more ways than simply through expertise and competitive financing. Following the General Meeting of Landshypotek Ekonomisk Förening, MSEK 164 in profits was distributed to our loan customers' accounts in May. This corresponded to fully 12 percent of their investments in Landshypotek. Having a bank that is owned by its loan customers generates a long-term commitment that strengthens the individual companies and the green industries.

We are tasked with a public service mission. Historically, this has formed a key part in the running of the bank. We also believe it provides opportunities for the future. A brand new survey commissioned by us revealed that new bank customers, young people aged between 18 and 24, consider the banks to play a greater role than other companies. Young people perceive the banks as modern but do not feel that new digital services distinguish the banks from one another or from other companies. What does distinguish them, however, is the broader role that banks play in people's lives and in society. The bank of the future will be built on that role.

A handwritten signature in black ink, appearing to read 'Liza Nyberg'. The signature is stylized and fluid.

Liza Nyberg  
Managing Director Landshypotek Bank

# Our operating environment

Landshypotek Bank and its customers are influenced by trends in the financial, as well as the circumstances for conducting business in the farming and forestry sectors. Interest rates remain low. Pig farmers are showing optimism, while dairy companies continue to experience difficulties.

## Financial market trends

The second quarter began with interest rates continuing to fall, driven by central banks' stimulus measures. Long-term interest rates reached historically low levels. The trend turned at the end of April and long-term rates were driven up.

In macroeconomic terms, the upswing was supported by stronger economic performance in the US. Growth in the US was driven by stronger private consumption supported by lower unemployment. However, salary trends continued to be an area of uncertainty. Low salary increases lead to low inflation. Accordingly, the Federal Reserve is in no rush to raise interest rates and the pace of future rate hikes is expected to be slow. Forecasts that interest rates will not be raised until the autumn hold firm.

In Europe, the ECB continued to stimulate the economy through its bond-buying programme of EUR 60 billion a month. These stimulus measures had an impact on growth forecasts, which could be seen in forward-looking indicators but not in the real economy. Unemployment was high and private consumption weak. Inflation has bottomed out and showed a weakly rising trend for the quarter.

It was a varied quarter for the Swedish economy. Private consumption did not pick up despite low interest rates and the strong trend in household capital. The reason could be uncertainty regarding the level of household debt. The labour market also eased off slightly and growth in employment weakened. Better performance in Europe should benefit exports, particularly with the Riksbank's (Sweden's central bank) focus on keeping the SEK weak.

Inflation rose according to recent surveys and the SEK was stable against the EUR. Accordingly, the Riksbank did not implement any new measures during the second quarter, although the extensive bond-buying programme did continue.

Low interest rates meant that investors reduced their appetite for participating in new bond issues. This, combined with the Riksbank's bond-buying programme, pressed up the price of credit bonds.

The upswing in long-term interest rates and rising credit spreads resulted in Landshypotek Bank increasing its fixed-rate lending interest rates on several occasions. Floating lending rates remained unchanged during the quarter. The prospects for continued low rates are strong and the Riksbank is expected to implement further stimulus measures over the year.

## Summary Landshypotek

	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
Net interest income, MSEK	214.0	171.1	184.2	398.2	327.4	682.0
Operating profit, MSEK	108.0	89.6	56.7	164.8	164.5	384.9
Profit after tax, MSEK	84.3	69.9	44.3	128.5	128.2	301.4
Loans to the public, MSEK	63,581	61,631	62,194	63,581	61,631	61,743
Increase in lending, %	2.2 %	1.1 %	0.7 %	3.0 %	1.3 %	1.5 %
Interest margin, %	1.4 %	1.1 %	1.2 %	1.3 %	1.1 %	1.1 %
Deposits from the public	8 067	3 976	6 829	8 067	3 976	5 829
Increase in deposits, %	18.1 %	38.3 %	17.2 %	38.4 %	85.2 %	171.5 %
C/I ratio	0.47	0.49	0.55	0.51	0.51	0.47
Loan loss level, %	0.09 %	0.29 %	0.06 %	0.07 %	0.16 %	0.13 %
Capital adequacy, %	23.2 %	25.5 %	23.0 %	23.2 %	25.5 %	24.5 %
Rating, long-term						
Standard & Poor's, Covered bonds	AAA	AAA	AAA	AAA	AAA	AAA
Standard & Poor's	A-	A	A-	A-	A	A-
Fitch	A+	A+	A+	A+	A+	A+
Average number of employees	153.0	140.5	151.5	152.7	139.0	143.4

## Trends in farming and forestry

The conditions for conducting farming and forestry operations in the first half of the year were impacted by the performance of the global economy. At the same time, the Swedish domestic food market was strong during the quarter. Swedish products are in demand and import volumes for products such as pork declined. Swedish producers increased their market shares.

Property prices in the farming and forestry sectors generally remained stable. The value of farm buildings and smaller residential properties varied depending on the value of their alternative uses and proximity to metropolitan areas.

The profitability of the farming and forestry sectors trended in different directions for different production segments and varied widely between companies. For arable farming, finances were affected positively by low energy prices and a weak SEK. Cereal prices performed weakly at the start of the year. However, reports of rain in the US and droughts in parts of Europe recently have caused prices to start moving upwards.

In livestock production, the market for Swedish pork was strong, although the market as a whole appears to have weakened somewhat. There is a certain level of optimism among pork producers and greater interest in new-builds. Continued expectations of low energy prices combined with falling feed costs also presented positive signals. The meat industry's structural measures are boosting future confidence.

Profitability for dairy farmers is under pressure. A weak global market has forced domestic dairies to lower the prices paid to farmers. Demand in key markets such as China will be vital to a turnaround. Analysts expect an upturn at the start of 2016. There are broad differences between how dairy farmers are managing the situation and the extent to which their profitability is under pressure. The government is working to present both temporary measures and more long-term measures for Swedish dairy farmers – measures with which Landshypotek Bank is involved. Landshypotek Bank is also maintaining a continuous dialogue with its dairy farmer customers on optimum development for each company.

Beef producers continued to report healthy demand for beef. The price and profitability trends are expected to remain positive over the year. Certain companies fear a shortage of calves caused by dairy farmers keeping calves for their own breeding purposes to strengthen their own profitability.

The forestry industry reported a strong market situation for both pulp and textile pulp, providing a basis for price

increases. One of the reasons for this was a strong USD. For solid-wood products, the balance between supply and demand was fragile and inventories are growing. However, performance in key export markets such as the UK, North Africa, the Middle East and China was positive. Demand for wood products is also rising in the US. Among other factors, low oil and electricity prices had an adverse impact on the biofuel market.

Swedish entrepreneurs in the farming and forestry sectors are competing in an international market, which has a positive future outlook with a growing population and increasing need for food and renewable energy. These entrepreneurs essentially have solid conditions in the international market and can thus help meet the global challenge of feeding a growing population.

These conditions include good animal husbandry and an advanced dairy industry structure, access to land and, for many businesses, a favourable climate.

In conclusion, we can state that surveys are showing that confidence in Swedish farmers and Swedish production remains high and is on the increase. This is positive for the market and for our customers.

## Contact details

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## Financial calendar 2015

Interim report, Q3

23 October

*All reports are published in Swedish and English and are available for download from [www.landshypotek.se](http://www.landshypotek.se) under Financial reports.*

# Landshypotek Bank AB

Landshypotek Bank AB (publ) (Corp. Reg. No.: 556500-2762)

Interim report for the 1 January – 30 June 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 63.6 billion, Landshypotek accounts for 26.8 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 low loan losses. Landshypotek has 155 employees at 19 offices throughout Sweden.

## Operating profit 2015

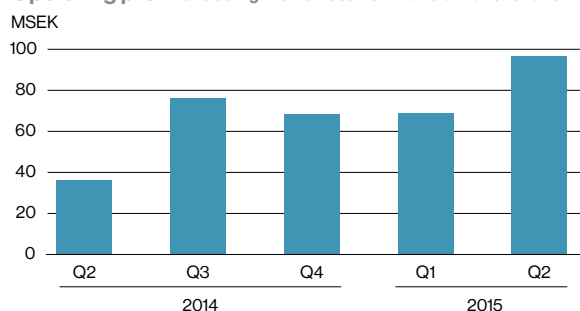
Consolidated operating profit for the first half of 2015 amounted to MSEK 164.8, which is unchanged compared with the first half of 2014 (164.5). Net interest income rose by MSEK 70.7 to MSEK 398.2 (327.4). The net loss from financial transactions was MSEK 1.0 (gain: 70.5). Costs increased to MSEK 194.9 (176.4). Net loan losses were MSEK 23.4 (49.5). Excluding the net loss from financial transactions, operating profit amounted to MSEK 165.8 (94.0), an improvement of MSEK 71.8 on the preceding year.

### Net interest income

Net interest income for the first half of 2015 amounted to MSEK 398.2. This was a year-on-year increase of MSEK 70.7 or 21.6 percent (327.4). 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 primarily due to higher lending and lower borrowing costs, and a higher percentage of interest compensation received. 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.

### Operating profit excluding the net result of financial transactions



### Other operating income

Other operating income was negative at MSEK 15.2 for the period. Other operating income includes the fee of MSEK 19.8 for the stabilisation fund and deposit insurance, the loss of MSEK 1.0 from the net result of financial transactions, net commission income (excluding the stabilisation fund and deposit insurance) of MSEK 4.9 and income from property of MSEK 0.7.

Other operating income was down MSEK 78.2 compared with the first quarter of 2014 (63.0). The decrease was primarily due to a decline of MSEK 71.5 in the net result of financial transactions to negative MSEK 1.0 (pos: 70.5). The loss of MSEK 1.0 comprised an unrealised loss of MSEK 24.2 and a realised gain of MSEK 23.2. 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 unrealised 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 negative MSEK 15.5 (1.3) in the first half of 2015.

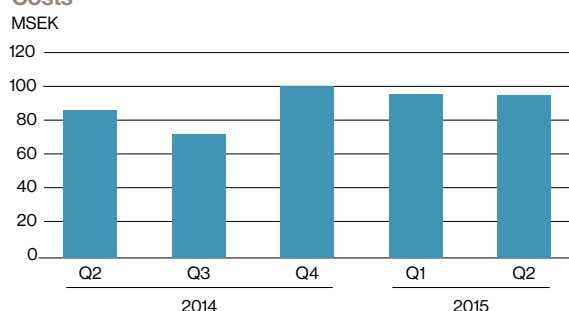
### Costs

Costs for the first half year amounted to MSEK 194.9 (176.4). The increase in costs of MSEK 18.4 was as planned and was primarily linked to developments to strengthen the bank's competitiveness.

### Loan losses and doubtful credits

Net loan losses for the first six months of the year amounted to MSEK 23.4 (49.5). Confirmed losses totalled MSEK 14.3 (8.7). Provisions for probable loan losses amounted to MSEK 42.2 (59.4). Reversals of previous provisions for confirmed losses in the annual accounts totalled MSEK 13.8 (8.4). Recoveries of

### Costs



## Operating profit

	Jan-Jun 2015	Jan-Jun 2014
Net interest income, MSEK	398.2	327.4
Other operating income, MSEK	-15.2	63.0
Of which net result of financial transactions	-1.0	70.5
Costs, MSEK	-194.9	-176.4
C/I ratio adjusted for net result of financial transactions	0.51	0.55
Net recognised loan losses, MSEK	-23.4	-49.5
Loan loss level, %	0.07 %	0.16 %
Operating profit, MSEK	164.8	164.5
Operating profit excluding the net result of financial transactions	165.8	94.0

previously confirmed losses and reversals of previous provisions for probable loan losses that are no longer required, amounted to MSEK 19.4 (10.3).

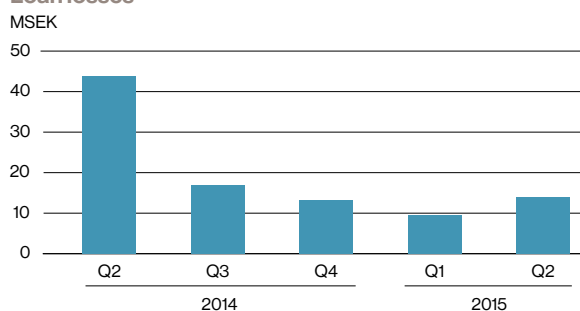
At 30 June 2015, net doubtful credits after provisions amounted to MSEK 316.6, corresponding to 0.50 percent of loans outstanding. The percentage of doubtful credits has increased slightly compared with the last quarter and year-on-year. At 30 June 2014, doubtful credits amounted to MSEK 292.1, corresponding to 0.47 percent of loans outstanding.

Confirmed loan losses were higher year-on-year, but the provision for probable loan losses declined. 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.

## Compared with the first quarter of 2015

Compared with the first quarter of 2015, operating profit for the second quarter of 2015 rose MSEK 51.3. Excluding the net result of financial transactions, operating profit for the second quarter amounted to MSEK 96.8, up MSEK 27.8 compared with the first quarter of 2015. Net interest income increased compared with the first quarter of 2015 but was offset by higher costs and loan losses. The improved earnings for the second quarter were primarily attributable to higher net interest income and an increase in the net result of financial transactions.

### Loan losses



## Landshypotek's development

In the first half of 2015, Landshypotek's lending increased SEK 1.8 billion. The increase corresponded to lending growth of 3.0 percent, compared with 1.3 percent in the first half of 2014.

Demand for credit in the market from farmers and foresters has now levelled off and stabilised following a flagging trend in 2014. The annualised growth for 2015 is estimated at about 6 percent. The primary driver for demand in the market is property transactions occurring in the farming and forestry sectors.

With an expanded market presence and broader product offering, Landshypotek Bank is growing in pace with the market.

## Funding

### Borrowing

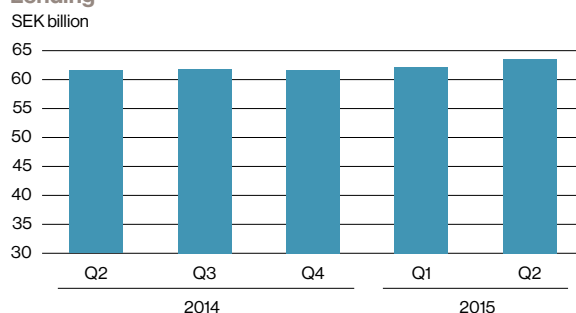
Landshypotek Bank's ambition is to borrow funds on the best possible terms given a low risk profile. The following also applies:

- 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 ensuring that

### Lending



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 and senior bonds to a value of SEK 0.6 billion. During the same period, bonds have matured and been repurchased to a value of approximately SEK 9.7 billion, of which SEK 7.5 billion pertained to covered bonds.

In general, the financial market for Nordic banks has functioned smoothly thus far into 2015. In the first six months of the year, Landshypotek Bank issued, for example, 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 8,067 (3,976) at the end of the first half of 2015.

### Liquidity

Landshypotek Bank has a substantial liquidity portfolio of interest-bearing securities valued at SEK 15.2 billion at 30 June 2015. 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 30 June, the liquidity portfolio was 2.8 (2.9) 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.

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## 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 substantial 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 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 on securities in the liquidity portfolio.

## Programme

MSEK	Issued 30 Jun 2015	Limit	Issued 31 Dec 2014
Swedish commercial paper	2,620	10,000	3,274
MTN programme	44,845	60,000	44,950
EMTN programme	12,631	32,414*	14,947
RCB**	3,229		3,302
Subordinated loans	500		700

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



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 on the implementation of relevant measures. This is one of several measures to reduce operational risk.

## Capital adequacy

The total capital ratio amounted to 23.2 percent <sup>1)</sup> not taking the transitional rules linked to Basel I <sup>2)</sup> into account. Own funds amounted to MSEK 4,727 and the own funds requirement was MSEK 1,630. The total capital ratio including the transitional rules was 9.4 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 <sup>3)</sup>. 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 14.8 percent of the total risk-weighted exposure amount at 30 June 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 <sup>4)</sup>. 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 institution will be subject to restrictions in the form of bans proscribing actions, such as, the payment of dividends and certain types of variable remuneration. 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).

### Internally assessed capital requirement

Landshypotek Bank based its capital requirement assessment on three different methods and then applies the value from the method that generated the highest capital requirement. One method is based on the target of having capitalisation corresponding to a "very strong" rating in S&P's risk-adjusted capital model for Landshypotek Bank AB. One of the reasons why this model is used is that the bank will be able to maintain an AAA rating for its covered bonds. Another method used is the own funds requirement based on the transitional rule related to the Basel I rule, including a stress test buffer in order to keep above the capital requirement in a highly stressed scenario. The third method is based on the Basel III rules that, in addition to the Pillar I capital requirements, include a total combined buffer requirement, Pillar II capital including a risk weight floor and a loss buffer for a normal economic slowdown cycle.

The internally assessed capital requirement was not impacted by the Basel III rules. Due to the high risk weighting under the Basel I rules for loans with collateral in agricultural and forest properties, the method under the Basel I rules continues to set the highest capital requirement. For 2015, this capital requirement, for both the consolidated situation and for Landshypotek Bank AB, amounts to approximately SEK 4.6 billion. At 30 June 2015, own funds, under the transitional rule related to Basel I, amounted to SEK 4.93 billion for the consolidated situation and to SEK 4.91 billion for Landshypotek Bank AB.

## 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 subgroup. 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.

## Events after the end of the period

Standard & Poor's confirmed Landshypotek Bank's rating on 8 July 2015.

<sup>1)</sup> The half-yearly earnings for 2015 are not taken into account in own funds.

<sup>2)</sup> In this text, Basel I and Basel III refer to the Swedish implementation of the Basel regulations.

<sup>3)</sup> The Basel III capital requirements without buffer requirements correspond to 8 percent of the total risk-weighted exposure amount.

<sup>4)</sup> The countercyclical buffer is planned to be raised to 1.5 percent from 27 June 2016.

<sup>5)</sup> Provided that the institute does not meet the requirements for the maximum distributable amount.

## Own funds requirement by risk, approach and exposure class

SEK thousand	Consolidated situation <sup>1</sup> 30 June 2015			
	Exposure value <sup>2</sup>	Own funds requirements <sup>4</sup>	Risk weighted exposure amounts <sup>3</sup>	Average risk weight <sup>5</sup>
<b>Credit risk – Internal Ratings Based approach</b>	<b>61,731,916</b>	<b>939,740</b>	<b>11,746,745</b>	
Retail – Secured by real estate	61,646,052	932,870	11,660,881	19 %
Other non credit-obligation assets	85,864	6,869	85,864	100 %
<b>Credit risk – Standardised approach</b>	<b>22,363,090</b>	<b>439,350</b>	<b>5,491,877</b>	<b>25 %</b>
Central governments or central banks	8,205	-	-	0 %
Regional governments or local authorities	5,571,752	-	-	0 %
Institutions	3,626,991	106,327	1,329,089	37 %
Corporates	282,773	21,674	270,930	96 %
Retail	182,794	8,857	110,718	61 %
Secured by mortgages on immovable property	3,044,370	221,046	2,763,069	91 %
Exposures in default	42,790	4,618	57,730	135 %
Covered bonds	9,603,415	76,827	960,342	10 %
Other items	-	-	-	-
<b>Operational risk – Basic Indicator approach<sup>6</sup></b>		<b>96,994</b>	<b>1,212,430</b>	
<b>Credit valuation adjustment risk – Standardised approach</b>	<b>2,714,127</b>	<b>153,657</b>	<b>1,920,715</b>	<b>71 %</b>
<b>Total</b>	<b>86,809,133</b>	<b>1,629,741</b>	<b>20,371,767</b>	<b>-</b>

<sup>1</sup> The consolidated situation includes Landshypotek Ekonomisk Förening and the Landshypotek Bank AB Group.

<sup>2</sup> After application of the appropriate conversion factors to, where possible, also capture unutilised limits. For the IRB approach, conversion factors are based on internal historic data while standardised conversion factors as stated in the Capital Requirements Directive are applied for the standardised approach.

<sup>3</sup> After application of the appropriate risk weights. Risk weights for the IRB approach are based on internal risk classification and internal historic data while standardised values as stated in the Capital Requirements Directive are applied for the standardised approach.

<sup>4</sup> Calculated by multiplying the risk-weighted exposure amount by 8 percent. No buffer requirements are included.

<sup>5</sup> Calculated by dividing the risk-weighted exposure amount by the exposure value for the respective risk/exposure class.

<sup>6</sup> No exposure values exist for operational risk and, accordingly, there is no recognition of exposure values or average risk weight.

## Capital adequacy analysis

SEK thousand	Consolidated situation <sup>1</sup> 30 June 2015
<b>Own funds, Basel 3</b>	<b>4,727,301</b>
Tier 1 capital	4,227,309
Common equity tier 1 (CET1) capital	4,227,309
Capital instruments eligible as CET1 Capital	1,385,461
Retained earnings	3,093,854
Accumulated other comprehensive income	-41,783
Adjustments to CET1 due to prudential filters	27,822
(-) Other intangible assets	-28,586
(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-6,386
(-) IRB shortfall of credit risk adjustments to expected losses	-198,082
(-) Defined benefit pension fund assets	-4,991
Tier 2 capital	499,992
Capital instruments and subordinated loans eligible as T2 Capital	499,992
<b>Own funds requirements, Basel 3</b>	<b>1,629,741</b>
<b>Risk weighted exposure amounts, Basel 3</b>	<b>20,371,767</b>
CET1 capital ratio (%)	20.75
Tier 1 capital ratio (%)	20.75
Total capital ratio (%)	23.21
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, %) <sup>2</sup>	14.75
Capital quotient	2.90
<b>Capital adequacy according to transitional rules Basel 1</b>	
Own funds	4,925,383
Own funds requirement	4,191,417
Total capital ratio (%) <sup>3</sup>	9.40
Capital quotient	1.18

<sup>1</sup> The consolidated situation includes Landshypotek ekonomisk förening and the Landshypotek Bank AB Group.

<sup>2</sup> Calculated as "CET1 capital less the amount of this capital used to meet CET1 capital requirements after reduction for any other CET1 capital used to cover the tier 1 capital requirement and total own funds requirements" divided by the risk-weighted exposure amount, Basel III.

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

The Managing Director hereby certifies that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a fair representation of the Group's position and performance. This interim report has been prepared in accordance with generally accepted accounting principles and provides a fair representation of operations in the Parent Company and the Group and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm 30 July 2015  
Liza Nyberg,  
Managing Director

*The interim report has been reviewed by the company's auditors, see page 23.*

## 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](http://www.landshypotek.se), Financial info).

# Income statement

Landshypotek Bank AB Group, SEK Thousand	Note	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
Interest income		399,555	526,851	426,244	825,799	1,058,198	2,027,831
Interest expense		-185,583	-355,755	-242,062	-427,645	-730,787	-1,345,798
<b>Net interest income</b>	Note 1	<b>213,972</b>	<b>171,095</b>	<b>184,182</b>	<b>398,154</b>	<b>327,411</b>	<b>682,033</b>
Commission income		3,010	2,886	2,269	5,279	6,011	14,082
Commission expense		-8,443	-6,825	-11,873	-20,316	-14,388	-28,037
Net result of financial transactions		11,280	53,321	-12,284	-1,004	70,498	146,151
Other operating income		502	409	378	880	864	1,474
<b>Total operating income</b>		<b>220,321</b>	<b>220,887</b>	<b>162,672</b>	<b>382,993</b>	<b>390,396</b>	<b>815,703</b>
General administrative expenses		-86,681	-77,474	-85,917	-172,598	-156,061	-310,799
Depreciation, amortisation and impairment of tangible and intangible non-current assets		-4,923	-4,182	-4,892	-9,815	-7,859	-16,491
Other operating expenses		-6,671	-5,793	-5,775	-12,446	-12,507	-23,854
<b>Total expenses before loan losses</b>		<b>-98,275</b>	<b>-87,449</b>	<b>-96,584</b>	<b>-194,859</b>	<b>-176,427</b>	<b>-351,144</b>
<b>Profit before loan losses</b>		<b>122,046</b>	<b>133,439</b>	<b>66,088</b>	<b>188,134</b>	<b>213,969</b>	<b>464,559</b>
Loan losses, net	Note 2	-14,001	-43,807	-9,358	-23,359	-49,507	-79,612
<b>Operating profit</b>		<b>108,045</b>	<b>89,632</b>	<b>56,730</b>	<b>164,775</b>	<b>164,462</b>	<b>384,947</b>
Income tax for the period		-23,758	-19,749	-12,469	-36,227	-36,246	-83,535
<b>Net profit for the period</b>		<b>84,287</b>	<b>69,883</b>	<b>44,261</b>	<b>128,548</b>	<b>128,216</b>	<b>301,412</b>

# Statement of comprehensive income

Landshypotek Bank AB Group, SEK Thousand	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
<b>Net profit for the period</b>	<b>84,287</b>	<b>69,883</b>	<b>44,261</b>	<b>128,548</b>	<b>128,216</b>	<b>301,412</b>
<b>Other comprehensive income</b>						
<i>Items to be reclassified to profit or loss</i>						
Cash-flow hedges	7,429	-7,369	6,758	14,187	-15,456	-9,167
Available-for-sale financial assets	-27,199	5,738	-2,530	-29,730	14,180	6,346
Tax on items to be reclassified	4,349	359	-930	3,419	281	621
<i>Total, items to be reclassified</i>	<i>-15,421</i>	<i>-1,272</i>	<i>3,297</i>	<i>-12,123</i>	<i>-995</i>	<i>-2,200</i>
<i>Items that are not reclassified</i>						
Actuarial differences for defined-benefit pensions <sup>1</sup>	46,329	1,378	-27,906	18,423	-6,018	-10,124
Tax on items that are not reclassified	-10,192	-303	6,139	-4,053	1,324	2,227
<i>Total, items that are not reclassified</i>	<i>36,137</i>	<i>1,075</i>	<i>-21,767</i>	<i>14,370</i>	<i>-4,694</i>	<i>-7,897</i>
<b>Total other comprehensive income</b>	<b>20,716</b>	<b>-197</b>	<b>-18,469</b>	<b>2,247</b>	<b>-5,689</b>	<b>-10,097</b>
<b>Comprehensive income for the period</b>	<b>105,003</b>	<b>69,685</b>	<b>25,792</b>	<b>130,795</b>	<b>122,527</b>	<b>291,315</b>

<sup>1</sup> The change in the first half of 2015 was attributable to changed assumptions for the discount rate and indexation, and led to a decrease in the present value of the commitment and an actuarial gain on the commitment.

# Income statement

Landshypotek Bank AB Parent Company, SEK Thousand	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
Interest income	397,064	522,016	422,391	819,455	1,049,418	2,009,104
Interest expense	-185,526	-355,690	-242,014	-427,540	-730,655	-1,345,529
<b>Net interest income</b>	<b>211,538</b>	<b>166,326</b>	<b>180,377</b>	<b>391,915</b>	<b>318,763</b>	<b>663,575</b>
Commission income	2,870	2,745	2,231	5,101	5,299	13,223
Commission expense	-8,443	-6,826	-11,873	-20,316	-14,389	-28,037
Net result of financial transactions	11,280	53,321	-12,284	-1,004	70,498	146,151
Other operating income	502	409	378	880	856	1,466
<b>Total operating income</b>	<b>217,747</b>	<b>215,975</b>	<b>158,829</b>	<b>376,576</b>	<b>381,027</b>	<b>796,378</b>
General administrative expenses	-86,963	-78,664	-86,830	-173,793	-158,329	-312,947
Depreciation, amortisation and impairment of tangible and intangible non-current assets	-4,923	-4,182	-4,892	-9,815	-7,859	-16,491
Other operating expenses	-6,669	-5,793	-5,774	-12,443	-12,504	-23,845
<b>Total expenses before loan losses</b>	<b>-98,555</b>	<b>-88,639</b>	<b>-97,496</b>	<b>-196,051</b>	<b>-178,692</b>	<b>-353,283</b>
<b>Profit before loan losses</b>	<b>119,192</b>	<b>127,336</b>	<b>61,333</b>	<b>180,525</b>	<b>202,335</b>	<b>443,095</b>
Loan losses, net	-14,585	-31,606	-6,591	-21,176	-36,210	-66,278
<b>Operating profit</b>	<b>104,607</b>	<b>95,730</b>	<b>54,742</b>	<b>159,349</b>	<b>166,125</b>	<b>376,817</b>
Income tax for the period	-23,002	-21,091	-12,031	-35,033	-36,612	-81,750
<b>Net profit for the period</b>	<b>81,605</b>	<b>74,639</b>	<b>42,711</b>	<b>124,316</b>	<b>129,513</b>	<b>295,067</b>

# Statement of comprehensive income

Landshypotek Bank AB Parent Company, SEK Thousand	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
<b>Net profit for the period</b>	<b>81,605</b>	<b>74,639</b>	<b>42,711</b>	<b>124,316</b>	<b>129,513</b>	<b>295,067</b>
<b>Other comprehensive income</b>						
<i>Items to be reclassified to profit or loss</i>						
Cash-flow hedges	7,429	-7,369	6,758	14,187	-15,456	-9,167
Available-for-sale financial assets	-27,199	5,738	-2,530	-29,730	14,180	6,346
Income tax related to other comprehensive income	4,349	359	-930	3,419	281	621
<i>Total, items to be reclassified</i>	<i>-15,421</i>	<i>-1,272</i>	<i>3,297</i>	<i>-12,123</i>	<i>-995</i>	<i>-2,200</i>
<b>Total other comprehensive income</b>	<b>-15,421</b>	<b>-1,272</b>	<b>3,297</b>	<b>-12,123</b>	<b>-995</b>	<b>-2,200</b>
<b>Comprehensive income for the period</b>	<b>66,184</b>	<b>73,367</b>	<b>46,008</b>	<b>112,193</b>	<b>128,518</b>	<b>292,866</b>

# Balance Sheet

Landshypotek Bank AB SEK thousand	Group				Parent Company			
	2015 30 Jun	2015 31 Mar	2014 31 Dec	2014 30 Jun	2015 30 Jun	2015 31 Mar	2014 31 Dec	2014 30 Jun
<b>ASSETS</b>								
Cash and balances with central banks			242,001	524,794			242,001	524,794
Loans to credit institutions	455,121	720,636	478,332	69,109	569,485	844,691	571,557	188,291
Loans to the public Note 3	63,580,716	62,193,889	61,742,595	61,631,108	63,196,897	61,871,760	61,432,397	61,253,045
Value changes of interest-rate-risk hedged items in macro hedges	102,244	132,592	115,422	56,809	102,244	132,592	115,422	56,809
Bonds and other interest-bearing securities	15,026,767	17,038,762	16,798,258	16,693,873	15,026,767	17,038,762	16,798,258	16,693,873
Derivatives	2,114,747	2,701,891	2,047,922	1,207,937	2,114,747	2,701,891	2,047,922	1,207,937
Shares in Group companies					280,753	280,753	280,753	280,753
Intangible non-current assets	28,586	32,551	36,517	40,856	28,586	32,551	36,517	40,856
Tangible assets								
Furniture, fixtures and equipment	10,342	10,943	10,596	5,734	10,342	10,943	10,596	5,734
Buildings and land	25,621	21,058	21,288	12,670	25,621	21,058	21,288	12,670
Other assets	12,406	13,042	19,169	1,233	6,159	12,814	18,942	3,607
Current tax assets	4,330	4,858	2,960	20,019		1,050		14,924
Deferred tax assets	6,386	18,385	13,911	15,099	8,080	9,703	11,177	12,537
Prepaid expenses and accrued income	603,563	706,097	576,901	795,024	601,283	702,189	572,334	791,087
<b>TOTAL ASSETS</b> Note 4, 5, 6	<b>81,970,829</b>	<b>83,594,705</b>	<b>82,105,872</b>	<b>81,074,265</b>	<b>81,970,964</b>	<b>83,660,757</b>	<b>82,159,164</b>	<b>81,086,916</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>								
Liabilities to credit institutions	2,043,108	481,443	447,322	364,921	2,043,108	550,264	495,983	364,996
Borrowing from the public	8,067,344	6,828,716	5,828,821	3,975,705	8,067,344	6,828,716	5,828,821	3,975,705
Debt securities in issue, etc.	65,003,972	68,938,812	68,593,547	69,667,122	65,003,972	68,938,812	68,593,547	69,667,122
Derivatives	960,519	973,727	1,192,720	1,177,157	960,519	973,727	1,192,720	1,177,157
Other liabilities	77,630	317,961	306,383	39,740	76,824	317,103	305,564	39,459
Accrued expenses and deferred income	777,451	877,150	693,045	839,089	777,451	876,612	693,046	839,089
Provisions	0	41,133	14,094	11,496	2,020	2,020	2,020	2,389
Subordinated liabilities	499,992	699,952	699,921	699,980	499,992	699,952	699,921	699,980
<b>Total liabilities</b>	<b>77,430,016</b>	<b>79,158,895</b>	<b>77,775,854</b>	<b>76,775,210</b>	<b>77,431,230</b>	<b>79,187,207</b>	<b>77,811,622</b>	<b>76,765,897</b>
<b>Equity</b>	<b>4,540,813</b>	<b>4,435,810</b>	<b>4,330,018</b>	<b>4,299,054</b>	<b>4,539,734</b>	<b>4,473,550</b>	<b>4,347,542</b>	<b>4,321,019</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b> Note 4, 5, 6	<b>81,970,829</b>	<b>83,594,705</b>	<b>82,105,872</b>	<b>81,074,265</b>	<b>81,970,964</b>	<b>83,660,757</b>	<b>82,159,164</b>	<b>81,086,916</b>

# Cash-flow statement

Landshypotek Bank AB SEK thousand	Group			Parent Company		
	2015 Jan-Jun	2014 Jan-Jun	2014 Full year	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
<b>Opening cash and cash equivalents</b>	720,333	693,766	693,766	813,558	732,853	732,853
Cash flow from operating activities	-162,550	3,344	147,546	-141,412	-41,563	201,684
Cash flow from investing activities	-5,962	-3,456	-21,229	-5,962	-3,456	-21,229
Cash flow from financing activities	-96,700	-99,750	-99,750	-96,700	-99,750	-99,750
<b>Cash flow for the period</b>	<b>-265,212</b>	<b>-99,862</b>	<b>26,567</b>	<b>-244,074</b>	<b>-144,769</b>	<b>80,705</b>
<b>Closing cash and cash equivalents</b>	<b>455,121</b>	<b>593,904</b>	<b>720,333</b>	<b>569,484</b>	<b>588,084</b>	<b>813,558</b>

# 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
<b>Equity 31 December 2013</b>	<b>2,117,000</b>	<b>1,026,254</b>	<b>-31,737</b>	<b>4,278</b>	<b>-10,161</b>	<b>1,014,894</b>	<b>4,120,529</b>
Comprehensive income for the period			-12,055	11,060	-4,694	128,216	122,527
<b>Total change before transactions with owners</b>			<b>-12,055</b>	<b>11,060</b>	<b>-4,694</b>	<b>128,216</b>	<b>122,527</b>
New share issue	56,000						56,000
<b>Equity 30 June 2014</b>	<b>2,173,000</b>	<b>1,026,254</b>	<b>-43,792</b>	<b>15,338</b>	<b>-14,855</b>	<b>1,143,110</b>	<b>4,299,054</b>
<b>Equity 31 December 2014</b>	<b>2,173,000</b>	<b>1,026,254</b>	<b>-38,888</b>	<b>9,228</b>	<b>-18,057</b>	<b>1,178,481</b>	<b>4,330,018</b>
Comprehensive income for the period			11,066	-23,189	14,370	128,548	130,795
<b>Total change before transactions with owners</b>			<b>11,066</b>	<b>-23,189</b>	<b>14,370</b>	<b>128,548</b>	<b>130,795</b>
New share issue	80,000						80,000
<b>Equity 30 June 2015</b>	<b>2,253,000</b>	<b>1,026,254</b>	<b>-27,822</b>	<b>-13,961</b>	<b>-3,687</b>	<b>1,307,029</b>	<b>4,540,813</b>

Landshypotek Bank AB Parent Company SEK Thousand	Share capital	Other contributed capital	Hedging reserve	Fair value reserve		Retained earnings	Total
<b>Equity 31 December 2013</b>	<b>2,117,000</b>	<b>1,016,694</b>	<b>-31,737</b>	<b>4,278</b>		<b>1,030,269</b>	<b>4,136,502</b>
Comprehensive income for the period			-12,055	11,060		129,513	128,518
<b>Total change before transactions with owners</b>			<b>-12,055</b>	<b>11,060</b>		<b>129,513</b>	<b>128,518</b>
New share issue	56,000						56,000
<b>Equity 30 June 2014</b>	<b>2,173,000</b>	<b>1,016,694</b>	<b>-43,792</b>	<b>15,338</b>		<b>1,159,783</b>	<b>4,321,019</b>
<b>Equity 31 December 2014</b>	<b>2,173,000</b>	<b>1,016,694</b>	<b>-38,888</b>	<b>9,228</b>		<b>1,187,510</b>	<b>4,347,542</b>
Comprehensive income for the period			11,066	-23,189		124,316	112,193
<b>Total change before transactions with owners</b>			<b>11,066</b>	<b>-23,189</b>		<b>124,316</b>	<b>112,193</b>
New share issue	80,000						80,000
<b>Equity 30 June 2015</b>	<b>2,253,000</b>	<b>1,016,694</b>	<b>-27,822</b>	<b>-13,961</b>		<b>1,311,826</b>	<b>4,539,734</b>

# Notes

## Note 1 Net interest income

Landshypotek Bank AB – Group SEK thousand	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	-55	2,669	-11	-66	5,045	6,811
Interest income on loans to the public	359,674	456,265	378,695	738,369	918,443	1,770,615
Less interest losses	-253	-149	-165	-418	-365	-951
Interest income on interest-bearing securities	40,188	68,064	47,721	87,909	135,072	251,120
of which interest income on financial assets at fair value through profit or loss	36,283	47,288	40,028	76,311	92,757	179,940
of which interest income on available-for-sale financial assets	3,905	20,776	7,693	11,598	42,315	71,180
Other interest income	1	1	4	5	3	236
<b>Total</b>	<b>399,555</b>	<b>526,851</b>	<b>426,244</b>	<b>825,799</b>	<b>1,058,198</b>	<b>2,027,831</b>
<i>All interest income is attributable to the Swedish market.</i>						
<b>Interest expense</b>						
Interest expense for liabilities to Group companies		-68			-158	-163
Interest expense for liabilities to credit institutions – other	1,183	-2,479	308	1,491	-4,153	-5,891
Interest expense for borrowing/deposits from the public	-19,382	-18,109	-20,949	-40,331	-30,981	-71,253
Interest expense for debt securities in issue	-220,911	-350,625	-251,756	-472,667	-713,025	-1,309,846
of which interest expense for other financial liabilities in fair value hedges adjusted for the fair value of hedged risk	-138,263	-108,681	-159,796	-298,059	-238,316	-529,599
of which interest expense on interest-bearing securities at amortised cost	-111,919	-254,682	-120,908	-232,827	-500,046	-863,077
of which periodization of the market value created from terminated hedging relationships *	29 271	12,738	28,949	58,220	25,337	82,830
Interest expense for subordinated liabilities	-6,889	-8,534	-7,675	-14,564	-17,136	-33,505
Interest expense for derivative instruments	60,472	24,132	38,151	98,623	34,914	76,639
of which interest expense on derivatives at fair value through profit or loss	-26,875	-42,605	1,501	-25,374	-20,973	-172,699
of which interest expense on derivatives identified as hedging instruments	115,782	79,475	64,772	180,553	81,224	332,169
of which reclassification of terminated hedging relationships **	-28 434	-12,738	-28,122	-56,556	-25,337	-82,830
Other interest expense	-57	-72	-141	-198	-248	-1,780
<b>Total</b>	<b>-185,583</b>	<b>-355,755</b>	<b>-242,062</b>	<b>-427,645</b>	<b>-730,787</b>	<b>-1,345,798</b>
<b>Total net interest income</b>	<b>213,972</b>	<b>171,095</b>	<b>184,182</b>	<b>398,154</b>	<b>327,411</b>	<b>682,033</b>

\* 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 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
<b>Interest income</b>						
Interest income on loans to credit institutions	-55	2,665	-11	-66	5,035	6,800
Interest income on loans to Group companies		31			122	325
Interest income on loans to the public	357,182	451,403	374,841	732,023	909,551	1,751,590
<i>Less interest losses</i>	-253	-148	-163	-416	-364	-946
Interest income on interest-bearing securities	40,188	68,064	47,721	87,909	135,072	251,120
<i>of which interest income on financial assets at fair value through profit or loss</i>	36,283	47,288	40,028	76,311	92,757	179,940
<i>of which interest income on available-for-sale financial assets</i>	3,905	20,776	7,693	11,598	42,315	71,180
Other interest income	2	2	3	5	3	215
<b>Total</b>	<b>397,064</b>	<b>522,016</b>	<b>422,391</b>	<b>819,455</b>	<b>1,049,418</b>	<b>2,009,104</b>
<i>All interest income is attributable to the Swedish market.</i>						
<b>Interest expense</b>						
Interest expense for liabilities to Group companies		-76	-9	-9	-173	-188
Interest expense for liabilities to credit institutions – other	1,183	-2,479	308	1,491	-4,153	-5,891
Interest expense for borrowing/deposits from the public	-19,382	-18,109	-20,949	-40,331	-30,981	-71,253
Interest expense for debt securities in issue	-220,911	-350,625	-251,756	-472,667	-713,025	-1,309,846
<i>of which interest expense for other financial liabilities in fair value hedges adjusted for the fair value of hedged risk</i>	-138,263	-108,681	-159,796	-298,059	-238,316	-529,599
<i>of which interest expense on interest-bearing securities at amortised cost</i>	-111,919	-254,682	-120,908	-232,827	-500,046	-863,077
<i>of which periodization of the market value created from terminated hedging relationships *</i>	29,271	12,738	28,949	58,220	25,337	82,830
Interest expense for subordinated liabilities	-6,889	-8,534	-7,675	-14,564	-17,136	-33,505
Interest expense for derivative instruments	60,472	24,132	38,151	98,623	34,914	76,639
<i>of which interest expense on derivatives at fair value through profit or loss</i>	-26,875	-42,605	1,501	-25,374	-20,973	-172,699
<i>of which interest expense on derivatives identified as hedging instruments</i>	115,782	79,475	64,772	180,553	81,224	332,169
<i>of which reclassification of terminated hedging relationships **</i>	-28,434	-12,738	-28,122	-56,556	-25,337	-82,830
Other interest expense	1		-84	-83	-101	-1,486
<b>Total</b>	<b>-185,526</b>	<b>-355,690</b>	<b>-242,014</b>	<b>-427,540</b>	<b>-730,655</b>	<b>-1,345,529</b>
<b>Total net interest income</b>	<b>211,538</b>	<b>166,326</b>	<b>180,377</b>	<b>391,915</b>	<b>318,763</b>	<b>663,575</b>

\* 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 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
Write-off for the period for confirmed losses	-14,302	-3,788	-2	-14,304	-8,748	-56,266
Reversal of prior provisions for probable loan losses, recognised as confirmed losses during the year	13,782	4,063	0	13,782	8,415	56,487
Provision for probable loan losses	-29,512	-46,924	-12,689	-42,201	-59,435	-104,547
Recovery of previously confirmed losses	498	150	899	1,397	530	1,004
Reversal of prior provisions no longer necessary for probable loan losses	14,995	2,691	2,972	17,967	9,731	23,710
Guarantees	538	0	-538	0	0	0
<b>Total loan losses</b>	<b>-14,001</b>	<b>-43,807</b>	<b>-9,358</b>	<b>-23,359</b>	<b>-49,507</b>	<b>-79,612</b>

All loan losses are attributable to loans to the public.

Properties taken over in foreclosure to protect claims, MSEK 13.7 (9).

Landshypotek Bank AB – Parent Company SEK thousand	2015 Q2	2014 Q2	2015 Q1	2015 Jan-Jun	2014 Jan-Jun	2014 Full year
Write-off for the period for confirmed losses	-12,276	-3,787	0	-12,276	-7,633	-49,624
Reversal of prior provisions for probable loan losses, recognised as confirmed losses during the year	12,320	4,063	0	12,320	7,477	50,809
Provision for probable loan losses	-29,136	-34,659	-10,090	-39,226	-44,870	-85,070
Recovery of previously confirmed losses	497	99	899	1,396	478	950
Reversal of prior provisions no longer necessary for probable loan losses	14,010	2,678	2,600	16,610	8,338	16,656
<b>Total loan losses</b>	<b>-14,585</b>	<b>-31,606</b>	<b>-6,591</b>	<b>-21,176</b>	<b>-36,210</b>	<b>-66,278</b>

All loan losses are attributable to loans to the public.

Properties taken over in foreclosure to protect claims, MSEK 13.7 (9).

## Note 3 Loans to the public

Landshypotek Bank AB SEK thousand	Group				Parent Company			
	2015 30 Jun	2015 31 Mar	2014 31 Dec	2014 30 Jun	2015 30 Jun	2015 31 Mar	2014 31 Dec	2014 30 Jun
Loan receivables	63,663,553	62,290,077	62,276,027	61,728,951	63,254,468	61,940,611	61,489,426	61,320,290
Less specific provisions for individually valued loan receivables	-82,837	-96,188	-82,138	-97,843	-57,571	-68,851	-57,029	-67,245
<b>Net loan receivables</b>	<b>63,580,716</b>	<b>62,193,889</b>	<b>62,193,889</b>	<b>61,631,108</b>	<b>63,196,897</b>	<b>61,871,760</b>	<b>61,432,397</b>	<b>61,253,045</b>
<b>Disclosures on overdue loan receivables without provisions<sup>1</sup></b>								
Loan receivables overdue 5 - 90 days	2,925	338,880	34,748	1,589	2,925	335,347	34,748	1,589
Loan receivables overdue more than 90 days	672,447	491,355	754,985	746,059	662,397	489,606	748,039	742,463
<b>Total overdue unimpaired loan receivables<sup>2</sup></b>	<b>675,372</b>	<b>830,235</b>	<b>789,732</b>	<b>747,648</b>	<b>665,322</b>	<b>824,953</b>	<b>782,786</b>	<b>744,052</b>
<b>Disclosures on doubtful credits</b>								
Doubtful credits that are not overdue	85,861	122,711	136,605	168,022	80,029	113,704	125,980	152,211
Overdue doubtful credits	313,548	269,055	220,443	221,954	293,487	250,724	206,451	205,238
<b>Total doubtful credits, gross</b>	<b>399,409</b>	<b>391,766</b>	<b>357,048</b>	<b>389,976</b>	<b>373,516</b>	<b>364,428</b>	<b>332,431</b>	<b>357,449</b>
Less capital provisions made	-82,837	-96,188	-82,138	-97,843	-57,571	-68,851	-57,029	-67,245
<b>Total doubtful credits, net</b>	<b>316,572</b>	<b>295,578</b>	<b>274,910</b>	<b>292,133</b>	<b>315,945</b>	<b>295,577</b>	<b>275,402</b>	<b>290,204</b>

<sup>1</sup> The distribution between overdue loan receivables 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.

<sup>2</sup> The interim report dated 30 June 2014 showed overdue loan receivables including doubtful credits. In the 30 June 2015 interim report, the amounts are now shown excluding the overdue doubtful credits. At 30 June 2015, total overdue receivables including doubtful credits was SEK 988,920,000 (969,602,000) for the Group and SEK 958,809,000 (949,290,000) 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	30 Jun 2015				30 Jun 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Loans and receivables</b>								
Loans to credit institutions		455,135		455,135		69,109		69,109
Loans to the public			63,255,825	63,255,825			60,756,505	60,756,505
<b>Financial assets at fair value through profit or loss.</b>								
Bonds and other interest-bearing securities	8,904,200			8,904,200	10,323,366			10,323,366
Interest-rate swaps						11,104		11,104
Cross-currency interest-rate swaps		408,676		408,676		290,329		290,329
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		1,078,553		1,078,553		802,730		802,730
Cross-currency interest-rate swaps		627,518		627,518		103,774		103,774
<b>Available-for-sale financial assets</b>								
Bonds and other interest-bearing securities	6,122,567			6,122,567	6,370,507			6,370,507
<b>Total assets measured at fair value</b>	<b>15,026,767</b>	<b>2,569,882</b>	<b>63,255,825</b>	<b>80,852,475</b>	<b>16,693,873</b>	<b>1,277,046</b>	<b>60,756,505</b>	<b>78,727,425</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Interest-rate swaps		526,482		526,482		639,748		639,748
Cross-currency interest-rate swaps		46,505		46,505		294,423		294,423
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		248,810		248,810		209,665		209,665
Cross-currency interest-rate swaps		138,722		138,722		33,322		33,322
<b>Other financial liabilities</b>								
Liabilities to credit institutions		2,043,108		2,043,108		364,921		364,921
Borrowing from the public		8,067,344		8,067,344		3,975,705		3,975,705
Debt securities in issue, etc.		67,800,339		67,800,339		71,138,483		71,138,483
Subordinated liabilities		540,014		540,014		765,400		765,400
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>79,411,324</b>	<b>-</b>	<b>79,411,324</b>	<b>-</b>	<b>77,421,666</b>	<b>-</b>	<b>77,421,666</b>

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	30 Jun 2015				30 Jun 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Loans and receivables</b>								
Loans to credit institutions		569,499		569,499		188,291		188,291
Loans to the public			62,871,995	62,871,995			60,380,674	60,380,674
<b>Financial assets at fair value through profit or loss</b>								
Bonds and other interest-bearing securities	8,904,200			8,904,200	10,323,366			10,323,366
Interest-rate swaps						11,104		11,104
Cross-currency interest-rate swaps		408,676		408,676		290,329		290,329
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		1,078,553		1,078,553		802,730		802,730
Cross-currency interest-rate swaps		627,518		627,518		103,774		103,774
<b>Available-for-sale financial assets</b>								
Bonds and other interest-bearing securities	6,122,567			6,122,567	6,370,507			6,370,507
<b>Total assets measured at fair value</b>	<b>15,026,767</b>	<b>2,684,246</b>	<b>62,871,995</b>	<b>80,583,008</b>	<b>16,693,873</b>	<b>1,396,228</b>	<b>60,380,674</b>	<b>78,470,776</b>
<b>Financial liabilities at fair value through profit or loss</b>								
Interest-rate swaps		526,482		526,482		639,748		639,748
Cross-currency interest-rate swaps		46,505		46,505		294,423		294,423
<b>Derivatives identified as hedging instruments</b>								
Interest-rate swaps		248,810		248,810		209,665		209,665
Cross-currency interest-rate swaps		138,722		138,722		33,322		33,322
<b>Other financial liabilities</b>								
Liabilities to credit institutions		2,043,108		2,043,108		364,996		364,996
Borrowing from the public		8,067,344		8,067,344		3,975,705		3,975,705
Debt securities in issue, etc.		67,800,339		67,800,339		71,138,483		71,138,483
Subordinated liabilities		540,014		540,014		765,400		765,400
<b>Total liabilities measured at fair value</b>	<b>-</b>	<b>79,411,324</b>	<b>-</b>	<b>79,411,324</b>	<b>-</b>	<b>77,421,741</b>	<b>-</b>	<b>77,421,741</b>

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	30 Jun 2015 Carrying amount	30 Jun 2015 Fair value	30 Jun 2014 Carrying amount	30 Jun 2014 Fair value
<b>Assets</b>				
Cash and balances with central banks	-14	-14	524,794	524,794
Loans to credit institutions	455,135	455,135	69,109	69,109
Loans to the public	63,580,716	63,255,825	61,631,108	60,756,505
Bonds and other interest-bearing securities	15,026,767	15,026,767	16,693,873	16,693,873
Derivatives	2,114,747	2,114,747	1,207,937	1,207,937
<b>Total assets</b>	<b>81,177,351</b>	<b>80,852,460</b>	<b>80,126,821</b>	<b>79,252,218</b>
<b>Liabilities and provisions</b>				
Liabilities to credit institutions	2,043,108	2,043,108	364,921	364,921
Borrowing from the public	8,067,344	8,067,344	3,975,705	3,975,705
Debt securities in issue, etc.	65,003,972	67,800,339	69,667,122	71,138,483
Derivatives	960,519	960,519	1,177,157	1,177,157
Subordinated liabilities	499,992	540,014	699,980	765,400
<b>Total liabilities</b>	<b>76,574,935</b>	<b>79,411,324</b>	<b>75,884,885</b>	<b>77,421,666</b>

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	30 Jun 2015 Carrying amount	30 Jun 2015 Fair value	30 Jun 2014 Carrying amount	30 Jun 2014 Fair value
<b>Assets</b>				
Cash and balances with central banks	-14	-14	524,794	524,794
Loans to credit institutions	569,499	569,499	188,291	188,291
Loans to the public	63,196,897	62,871,995	61,253,045	60,380,674
Bonds and other interest-bearing securities	15,026,767	15,026,767	16,693,873	16,693,873
Derivatives	2,114,747	2,114,747	1,207,937	1,207,937
<b>Total assets</b>	<b>80,907,896</b>	<b>80,582,994</b>	<b>79,867,940</b>	<b>78,995,569</b>
<b>Liabilities and provisions</b>				
Liabilities to credit institutions	2,043,108	2,043,108	364,996	364,996
Borrowing from the public	8,067,344	8,067,344	3,975,705	3,975,705
Debt securities in issue, etc.	65,003,972	67,800,339	69,667,122	71,138,483
Derivatives	960,519	960,519	1,177,157	1,177,157
Subordinated liabilities	499,992	540,014	699,980	765,400
<b>Total liabilities</b>	<b>76,574,935</b>	<b>79,411,324</b>	<b>75,884,960</b>	<b>77,421,741</b>

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 2015 SEK thousand	Amount recognised in the balance sheet 30 June 2015	Related amounts not offset in the balance sheet			Net amount 30 June 2015
		Financial instruments	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash collateral	
<b>Assets</b>					
Derivatives, fair value	2,114,747	-821,167			
Derivatives, accrued interest	362,617	-195,976			
<i>Derivatives, total value including accrued interest</i>	2,477,364	-1,017,143		-337,538	1,122,683
Repurchase agreements, reverse repos	-				-
<b>Liabilities</b>					
Derivatives, fair value	-960,519	821,167			
Derivatives, accrued interest	-227,864	195,976			
<i>Derivatives, total value including accrued interest</i>	-1,188,383	1,017,143			-171,240
Repurchase agreements, reverse repos	-1,702,012				-1,702,012

Group and Parent Company 2014 SEK thousand	Amount recognised in the balance sheet 30 June 2014	Related amounts not offset in the balance sheet			Net amount 30 June 2014
		Financial instruments	Paid (+) Received (-) collateral – securities	Paid (+) Received (-) cash collateral	
<b>Assets</b>					
Derivatives, fair value	1,207,937	-928,511			
Derivatives, accrued interest	352,249	-243,779			
<i>Derivatives, total value including accrued interest</i>	1,560,187	-1,172,290		-272,443	115,453
Repurchase agreements, reverse repos	-				-
<b>Liabilities</b>					
Derivatives, fair value	-1,177,157	928,511			
Derivatives, accrued interest	-285,434	243,779			
<i>Derivatives, total value including accrued interest</i>	-1,462,592	1,172,290			-290,302
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.

## **Review report – For translation purposes only**

We have reviewed this interim report for the period 1 January 2015 to 30 June 2015 for Landshypotek Bank AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

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

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

Stockholm, 30 July 2015

Ulf Westerberg  
*Authorized Public Accountant*

Helena Kaiser de Carolis  
*Authorized Public Accountant*



**Landshypotek Bank**