INTERIM REPORT

1 JANUARY – 30 JUNE 2007

THE SWEDISH HOUSING FINANCE CORPORATION, SBAB

- During the second quarter, SBAB expanded its product range to also include savings products for private customers.
- SBAB's credit portfolio amounted to SEK 169,660 million and is in level with the closing credit volume in 2006.
- Net interest income amounted to SEK 612 million (SEK 628 million).
- Expenses have decreased to SEK 289 million (SEK 318 million).
- Net operating income increased to SEK 418 million (SEK 376 million).

Net operating income

SBAB's net operating income for the first half of 2007 totalled SEK 418 million (SEK 376 million). The increase in net operating income is explained by lower expenses and lower positive net loan losses compared with the corresponding period last year.

Operating income

Net interest income totalled SEK 612 million (SEK 628 million). The residential mortgage market is characterised by very stiff competition and a clear downward marginal trend. Net interest income has been positively affected by higher interest rates, which have increased interest income on invested equity capital and payment flows. Operating income is in level with the corresponding period last year, SEK 685 million (SEK 689 million).

Expenses

During the first half year, expenses totalled SEK 289 million (SEK 318 million), a decrease of 9%. Compared with the corresponding period last year, SBAB's development costs and staff costs have decreased. The introduction of the savings products in the second quarter of the year has at the same time led to increased marketing expenses.

Summary SBAB Group

	Jun 2007	Jun 2006	Dec 2006
Net interest income, SEK million	612	628	1,217
Net operating income, SEK million	418	376	840
Net profit for the period SEK million	304	301	654
Lending, SEK million	169,660	165,789	170,013
Securitised loans, SEK million	0	14,456	7,427
Doubtful loan claims after specific provisions for individually assessed loan claims, SEK million	43	44	45
Volume international borrowing, SEK million	120,228	92,528	111,048
Income/Expenditure ratio excl. loan losses	2.4	2.2	2.4
Income/Expenditure ratio incl. loan losses	2.6	2.2	2.4
Return on equity, %	10.9	8.3[1)]	11.5
Capital ratio, % [1)]	9.2	9.7	9.0
Primary capital ratio, % [1)]	7.4	7.9	7.3
Equity ratio, %	3.0	3.0	3.0
Rating, long-term borrowing, SBAB			
Standard & Poor's	AA–	AA–	AA–
Moody's	Aa3	Aa3	Aa3
Rating, long-term borrowing, SCBC			
Standard & Poor's	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa
Rating, short-term borrowing, SBAB			
Standard & Poor's	A-1+	A-1+	A-1+
Moody's	P-1	P-1	P-1
Average no. of employees during	375	422	410
the period of which temporary employees	7	24	17

[1)] *The comparative figures have not been recalculated according to IAS rules.*

Loan portfolio and securitised loans

	Jun 2007		Dec 2006	
SEK billion	Total	Of which securitised loans	Total	Of which securitised loans
Retail market	103.9		103.8	
Corporate market	65.8	0.0[1)]	66.2	7.4
Total	169.7	0.0	170.0	7.4

[1)] *Repurchased May 2007*

All figures in brackets for income items and new lending refer to the corresponding period last year.
The comparison date is 31 December of the previous year for figures concerning balance sheet items, capital adequacy, lending and market shares.

Loan losses & doubtful loan claims

Loan losses have continued to be low and have posted a positive net result of SEK 22 million (positive SEK 5 million). The positive net loan losses include a sale of monitored claims leading to a recovery of previous actual loan losses of SEK 3.6 million. Dissolution of group reserves of SEK 25 million has been made. Doubtful loan claims continue to be low. The provision ratio for specific provisions for loan claims assessed individually was 74%.

Lending

During the first half of the year, new lending to the retail market was lower than the corresponding period last year. New lending to the retail market totalled SEK 10,673 million (SEK 15,314 million) in the first half of the year. The retail market portfolio now totals SEK 103,875 million, SEK 103,806 million at the turn of the year. SBAB's market share of retail market lending is 8.8% (9.5%). SBAB's partners continue to be important distribution channels.

New lending to the corporate market increased to SEK 5,294 million (SEK 3,122 million). The corporate market portfolio amounts to SEK 65,785 million, SEK 66,207 million at the turn of the year. This decrease is explained by lower lending to the municipalities and to tenant-owner associations.

SBAB's market share for corporate market lending is 13.9% (13.8%).

Savings

In April, SBAB expanded its range of products to also include saving for private customers. Initially, two account products were offered: A savings account for both new and existing customers and the SBAB account with an especially favourable interest rate for customers with residential mortgages of SEK 1 million or more. Interest is paid from the first krona deposited regardless of the amount deposited and withdrawals are free of charge. An account can easily be opened through sbab.se or customer services.

Funding

SBAB considers it very important to have a well-diversified funding portfolio. This requires an active presence in the market and a flexible range of products. As at 30 June, the portfolio consisted of the following: Swedish Commercial Paper Programme SEK 20.2 billion (SEK 18.2 billion), Swedish Covered Bonds SEK 51.9 billion (SEK 47.0 billion), European Commercial Paper Programme USD 1,910 million (USD 1,440 million), US Commercial Paper Programme USD 2,104 million (USD 1,813 million), Euro Medium Term Note Programme USD 7,782 million (USD 9,292 million), Euro Medium Term Covered Note Programme EUR 3,992 million (EUR 2,486 million). The total value of outstanding securities issued was SEK 189.8 billion (SEK 182.3 billion).

The issuance of covered bonds is done through SBAB's wholly-owned subsidiary The Swedish Covered Bonds Corporation. The credit rating institutes Moody's and Standard & Poor's have set a credit rating of Aaa/AAA for the covered bonds issued.

Risk management and capital adequacy

Credit risk is defined as the risk of loss due to borrowers not being able to perform their commitments under the loan agreement. This is the predominant risk for SBAB accounting for around 92% of the risk for which SBAB holds capital. Other risks are interest rate risk, commercial risk and operational risk. Liquidity risk is regulated by a liquidity buffer consisting of investments with an AAA/Aaa credit rating. Other risks handled in SBAB are financing risk, currency risk and option risk. More extensive information about SBAB's risks is contained in the section on risk management in the annual report 2006.

A parallel shift in the yield curve of plus one percentage point would on 30 June 2007 have entailed a reduction of the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions, of around SEK 4.8 million.

New rules apply to capital adequacy and large exposures from 1 February 2007. Capital requirements have now been introduced for operational risks as well as for credit risk and market risk. The new rules mean that the low risk of the company's activities now starts to affect the company's capital adequacy requirements. However, during a three-year transitional period, the effect will be limited due to transitional provisions. SBAB reports credit risk mainly in accordance with the internal ratings-based approach (IRB approach) and operational risks according to the standard method. These mean that the minimum capital during 2007 may not be less than 95% of the capital requirement calculated in accordance with the older rules. The corresponding limit for 2008 and 2009 is 90% and 80% respectively. As at 30 June 2007, the capital requirement is SEK 7,802 million, SEK 4,478 million being attributable to the effect of the transitional rule.

During the year, SBAB will apply for a licence to use an advanced risk classification method for corporate loans. If this licence is granted, the company's own values for LGD (loss given default) can be used from 2008, which is estimated to further reduce the already low minimum capital requirements before the effect of transitional rules.

The new capital ratio according to Basel II* for the SBAB group was 1.17 as at 30 June 2007. The capital ratio was 9.2% (9.0%), the primary capital ratio 7.4% (7.3%) and the capital base amounted to SEK 9,159 million (SEK 9,150 million). In the parent company, the new capital ratio according to Basel II was 3.92, the capital ratio 30.0% (19.1%), the primary capital

** New capital ratio = Capital base / Capital requirement* ratio 23.6% (15.3%) and the capital base SEK 9,098 million (SEK 8,607 million). The statistics as at June 2007 include profit for March but not for the following months.

The proportional method is not used for FriSpar Bolån AB in the capital adequacy analysis. This is due to differences in rules relating to group affiliation between the regulatory framework for capital adequacy and large exposures and International Financial Reporting Standards, IFRS.

Current events

- At the beginning of 2007, SBAB had an outstanding securitised loan portfolio of SEK 7.4 billion (SRM 3). This consisted of loans to tenant-owner associations. SBAB chose to repurchase these loans during May.
- In June, the Swedish parliament, the Riksdag, approved the Government's proposal to authorise the Government to reduce state ownership of six companies and SBAB was one of them.
- In July, Moody's initiated a review of a possible downgrading of SBAB's Aa3 rating for long-term borrowing. SBAB's short-term rating and SCBC's long-term rating are not affected by this review.
- The turbulence in the credit market after the end of the period has had a negative effect on the market values in the company's liquidity portfolio. The liquidity portfolio consists of European and Australian prime AAA/Aaa-rated Residential Mortgage Backed Securities (RMBS) and Covered Bonds (CB). As the market is illiquid with currently no functioning market making in this type of assets and as SBAB has no intention to liquidate any part of this portfolio, the board of directors is of the opinion that it is irrelevant to specify an amount for a net realisable value. SBAB has no exposure to the U.S. Sub-prime mortgage market or the U.S. housing market as a whole.

Developments during the second quarter compared to the first quarter

- Lending to the public amounted to SEK 169,660 million compared with SEK 170,832 million in the first quarter. The retail market portfolio amounted to SEK 103,875 million compared with SEK 104,156 million. SBAB's share of the retail market was 8.8%, a reduction of 0.3 percentage points. The corporate market portfolio amounted to SEK 65,785 million (SEK 66,676 million). The market share decreased by 0.2% to 13.9%.
- Net interest income and other income in operating income both increased. Net interest income rose by SEK 4 million to SEK 308 million. Operating income amounted to SEK 347 million.
- Expenses amounted to SEK 150 million (SEK 139 million). This increase is mainly explained by higher marketing activities in conjunction with the introduction of new savings products. During the period, IT-development has also continued to be intensive.
- Loan losses continued to be low and amounted net to a positive SEK 6 million (SEK 16 million).
- Net profit for the period decreased by SEK 10 million to SEK 147 million, which is explained by higher expenses and a lower positive contribution from loan losses.
- Capital adequacy (95%) continues to be good and amounted to 9.2% (9.0%) and the primary capital ratio to 7.4% (7.3%). SBAB's reported minimum capital amounted to SEK 3,324 million, which reflects the very low risk in relation to the reported level of primary capital.

The development of the parent company

Operating income amounted to SEK 687 million (SEK 978 million). The major part of this difference is due to the reduction of net interest income to SEK 145 million (SEK 563 million). Since May 2006, the parent company has transferred loans to the subsidiary the Swedish Covered Bond Corporation (SCBC). An initial loan stock of SEK 64 billion was then transferred to SCBC. Since then, loans have been continuously transferred from the parent company to SCBC. Other operating income totalled SEK 142 million (SEK 28 million). This income consists of administrative services for the subsidiary SCBC.

During the first half of the year, expenses have fallen by 7% to SEK 291 million (SEK 314 million). Net loan losses were positive at SEK 25 million (positive SEK 5 million). The development of the parent company's expenses and loan losses complies with that of the group.

Financial information

SBAB's interim report for the third quarter of 2007 will be published on 31 October 2007.

The Board of Directors and the Chief Executive Officer certify that the half year report gives a fair review of the business activities, position and result of the parent company and the group and describes the important risks and uncertainty factors facing the parent company and the companies in the group.

Stockholm 30 August 2007

Claes Kjellander *Chairman of the Board*	Gunilla Asker *Board member*	Jan Berg *Board member*	Helena Levander *Board member*
Lars Linder-Aronsson *Board member*	Michael Thorén *Board member*	Anders Bloom *Employee representative*	Marcus Eklind *Employee representative*

Eva Cederbalk
Chief Executive Officer

Income statement

SEK million	GROUP Jan-Jun 2007	Jan-Jun 2006	Apr-Jun 2007	Apr-Jun 2006	PARENT COMPANY Jan-Jun 2007	Jan-Jun 2006
Interest income	3,871	3,031	1,987	1,532	2,036	2,630
Interest expense	(3,259)	(2,403)	(1,679)	(1,234)	(1,891)	(2,067)
Net interest income	612	628	308	298	145	563
Dividends received	–	0	–	0	–	0
Commission income	25	26	13	14	40	50
Commission expenses	(22)	(12)	(12)	(6)	(22)	(12)
Net income from financial items at fair value (Note 1)	70	47	38	(21)	382	349
Other operating income	0	0	0	0	142	28
Total operating income	685	689	347	285	687	978
Staff costs	(127)	(135)	(64)	(65)	(127)	(135)
Other expenses	(147)	(170)	(78)	(93)	(155)	(171)
Depreciation of tangible and amortisation of intangible fixed assets	(15)	(13)	(8)	(7)	(9)	(8)
Total expenses before loan losses	(289)	(318)	(150)	(165)	(291)	(314)
Loan losses, net (Note 2)	22	5	6	0	25	5
Net operating income	418	376	203	120	421	669
Allocations	–	–	–	–	–	(41)
Tax on profit for the period	(114)	(75)	(56)	1	(119)	(179)
Net profit for the period	304	301	147	121	302	449

Balance sheet

SEK million	GROUP 30 Jun 2007	30 Jun 2006	31 Dec 2006	PARENT COMPANY 30 Jun 2007	31 Dec 2006
ASSETS					
Cash in hand and balance at central banks	0	0	0	0	0
Repo eligible Treasury bills etc	10	3	3	10	3
Lending to credit institutions (Note 3)	9,659	12,529	9,962	40,976	28,052
Lending to the public (Note 4)	169,660	165,789	170,013	40,306	65,036
Adjustment in value of hedge accounted loan claims	(1,251)	(85)	(405)	(127)	(255)
Bonds och other interest-bearing securities	28,237	8,949	21,813	28,237	21,813
Shares and participations	3	2	2	3	2
Shares and participations in associated companies				602	459
Shares and participations in group companies				5,200	4,000
Intangible fixed assets	59	48	55	21	21
Tangible assets	17	21	19	17	19
Deferred tax assets	230	–	133	–	–
Derivative instruments (Note 6)	3,084	2,159	1,355	3,238	1,641
Other assets	1,407	48	84	920	387
Prepaid expenses and accrued income	723	517	691	464	481
TOTAL ASSETS	211,838	189,980	203,725	119,867	121,659
LIABILITIES AND EQUITY CAPITAL					
LIABILITIES					
Liabilities to credit institutions	6,093	8,492	5,407	1,903	605
Deposits from the public	228	–	–	228	–
Securities issued etc.	189,828	164,477	182,328	102,762	105,983
Derivative instruments (Note 6)	3,344	5,336	5,259	4,396	5,143
Other liabilities	1,147	1,773	890	988	608
Accrued expenses and prepaid income	2,162	1,099	999	410	332
Deferred tax liabilities	–	213	–	–	–
Subordinated debts	2,693	2,927	2,808	2,693	2,808
Total liabilities	205,495	184,317	197,691	113,380	115,479
Untaxed reserves	–	–	–	3	3
EQUITY CAPITAL					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve				392	392
Other reserves/Fund for fair value	17	(6)	12	17	12
Profit brought forward	4,064	3,410	3,410	3,815	2,448
Net profit for the period	304	301	654	302	1,367
Total equity capital	6,343	5,663	6,034	6,484	6,177
TOTAL LIABILITIES AND EQUITY CAPITAL	211,838	189,980	203,725	119,867	121,659

Changes in equity capital

GROUP

SEK million	Share capital	Other reserves	Profit brought forward	Net profit for the period	Total equity capital
Opening balance 1 January 2007	1,958	12	4,064		6,034
Change in cash flow hedges		5			5
Net profit for the period				304	304
Closing balance 30 June 2007	1,958	17	4,064	304	6,343

GROUP

SEK million	Share capital	Other reserves	Profit brought forward	Net profit for the period	Total equity capital
Opening balance 1 January 2006	1,958	(2)	3,410		5,366
Change in cash flow hedges		(4)			(4)
Net profit for the period				301	301
Closing balance 30 June 2006	1,958	(6)	3,410	301	5,663

GROUP

SEK million	Share capital	Other reserves	Profit brought forward	Net profit for the period	Total equity capital
Opening balance 1 January 2006	1,958	(2)	3,410		5,366
Change in cash flow hedges		14			14
Net profit for the period				654	654
Closing balance 31 December 2006	1,958	12	3,410	654	6,034

PARENT COMPANY

SEK million	Share capital	Legal reserve	Fair value reserve	Profit brought forward	Net profit for the period	Total equity capital
Opening balance 1 January 2007	1,958	392	12	3,815		6,177
Change in cash flow hedges			5			5
Net profit for the period					302	302
Closing balance 30 June 2007	1,958	392	17	3,815	302	6,484

PARENT COMPANY

SEK million	Share capital	Legal reserve	Fair value reserve	Profit brought forward	Net profit for the period	Total equity capital
Opening balance 1 January 2006	1,958	392	(2)	2,448		4,796
Change in cash flow hedges			14			14
Net profit for the period					1,367	1,367
Closing balance 31 December 2006	1,958	392	12	2,448	1,367	6,177

Cash flow analysis

	GROUP		PARENT COMPANY	
SEK million	Jan-Jun 2007	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2006
Liquid funds at the beginning of the period	1,453	821	791	157
Cash flow from current operations	(951)	2,830	1,039	4,419
Cash flow from investing operations	(18)	(12)	(1,350)	(2,912)
Cash flow from financing operations	–	994	–	994
Increase / Decrease in liquid funds	(969)	3,812	(311)	2,501
Liquid funds at the end of the period	484	4,633	480	2,658

Liquid funds are defined as cash in hand and lending to credit institutions with a tenor of at most three months from the acquisition date.

Accounting principles

The Group applies IFRS, International Financial Reporting Standards, as adopted by the EU from 1 January 2007. This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting". The transition to IFRS has been reported in accordance with IFRS 1 "First time Adoption of IFRS". A complete report of the transition to IFRS is provided on pages 15-21.

In addition to these accounting standards, the Swedish Financial Supervisory Authority, Finansinspektionen, has established accounting regulations and provisions are included in the Annual Accounts (Credit Institutions and Securities Companies) Act (ÅRKL). This interim report has also been adapted to these additional disclosure requirements. The parent company applies Finansinspektionen's Regulations (FFFS 2006:16) IFRS limited by statute. An account of the changes to accounting principles in the parent company is provided on pages 13-14.

IAS 27 Consolidated Financial Statements/IAS 31 Interests in Joint Ventures

The introduction of IAS 27 has meant that group definitions are based on control, which affects the SBAB Group in two respects

- securitisation companies will be affected by the group definition as a result of these companies being controlled by SBAB through agreements and will thus be consolidated,
- the jointly-owned company FriSpar Bolån (SBAB owns 51%) is not covered by the group definition since the company is a joint venture. FriSpar Bolån will instead be reported in accordance with the proportional method.

IAS 39 Financial instruments: Recognition and measurement

Classification of financial instruments

All financial instruments covered by IAS 39 have been classified in accordance with this standard in the following categories:

Financial assets

- Financial assets valued at fair value through the income statement
- Loan claims and accounts receivable
- Investments intended to be retained until maturity
- Financial assets available for sale

Financial liabilities

- Financial liabilities valued at fair value through the income statement
- Other financial assets

This classification serves as the basis for how each financial instrument is valued in the balance sheet and how the change in its fair value is recorded.

Financial assets included in the trading portfolio and derivatives which are not held for hedge accounting are reported at fair value. Changes in fair value are recognised directly in the income statement.

Financial assets classified as available for sale are also valued at fair value. The effects of changes in fair value are reported against equity capital, except changes in value taking into consideration the accrued acquisition value and changes in value relating to exchange rate changes, which are recognised in the income statement.

Financial assets classified as loans, investments intended to be retained to maturity as well as other financial liabilities are valued at accrued acquisition value applying the effective interest method.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when SBAB becomes a party in a contractual relationship for the financial instrument.

A financial asset is derecognised when the contractual right to the cash flow from the financial asset ceases to apply or when the financial asset is sold.

A financial liability is derecognised from the balance sheet when it ceases to exist, i.e. when the undertaking specified in the agreement has been performed, annulled, or has expired.

Hedge accounting

SBAB has decided to apply hedge accounting for the hedging relations where the risks for significant impacts on results are greatest.

On the basis of IAS 39, there are two models for hedge accounting that are appropriate for SBAB; fair value hedge and cash flow hedge.

In fair value hedging, the hedged item, i.e. the asset or the liability, and the hedge instrument are valued at fair value. Changes in value are recognised in the income statement under the heading Net income from financial items at fair value, which means that they will cancel one another to the extent that the hedging is effective.

For cash flow hedges, the hedge instrument, i.e. the derivative contract, is valued at fair value, but instead of reporting the change in value in the income statement, the part of the hedge that is effective is transferred to the hedge reserve in equity capital. An effective hedge means that the cash flows on a hedged item correspond to the cash flows of the hedge instrument. The ineffective part of the derivative's change in market value is transferred directly to the income statement under the item Net income from financial items at fair value. The effective part of the changes in value of the derivative is transferred away from equity capital to the income statement at the rate that the cash flows from the hedged item are realised.

Certain derivative instruments do not fulfil the criteria for hedge accounting. Changes in fair value for these derivative instruments are recognised immediately in the income statement in the item Net income from financial items at fair value.

Macro hedge

In the case of fair value hedge of portfolios of assets, the change in value of the hedged portfolio is reported as a separate item in the balance sheet. The hedged item is a portfolio of loan transactions based on the next contractual interest-rate refixing date. The hedging instrument used is a group of interest rate swaps divided into interest-rate refixing ranges based on the terms in the fixed leg. The hedged item, the portfolio of loan transactions, and the hedging transactions, the portfolio of interest rate swaps, are identified at transaction level.

Financial assets

An assessment of the need for group provision is made, as before, for events that have occurred but are not known which would have led to an individual provision if they had been known. In recent years, SBAB has adapted the model for group provisions to the IFRS principles. These changes in principles have meant that the opening balance for group provisions has been adjusted. At the same time as the adaptation to IFRS, work has been carried out with a view to modernising the existing model and making use of input data which has been systematised in connection with developing models in Basel II. By using input data from the Basel model, it is also ensured that underlying information is kept up-to-date and continuously evaluated. In the assessment of the need for group provisions, the expected discounted future cash flows are calculated for a homogeneous group of loan claims in relation to the initially expected cash flows, despite the reduction not being able to be attributed to an individual claim. This assessment is made on the basis of the risk classification as well as the expected probability of default (PD) and the loss given default (LGD).

Interest compensation

In the event of early redemption of a loan, the customer will pay interest compensation which is intended to cover the cost that arises for SBAB. This payment is recognised directly. The corresponding applies to SBAB's repurchase of debt, where expenditure/income is recognised directly.

Accrual of expenses

Transaction expenses in the form of sales commission to business partners attributable to acquisition of loans make up part of the acquisition cost for the loan and will therefore be reported in the balance sheet and accrued as interest over the expected maturity of the loan.

Note 1 Net income from financial items at fair value

SEK million	GROUP Jan-Jun 2007	GROUP Jan-Jun 2006	PARENT COMPANY Jan-Jun 2007	PARENT COMPANY Jan-Jun 2006
Shares and participations and other share-related instruments	1	0	1	0
Interest-bearing securities and other interest-related instruments	69	47	381	349
Other financial instruments				
Total	70	47	382	349

Note 2 Loan losses, net

GROUP SEK million	Jan-Jun 2007	Jan-Jun 2006
SPECIFIC PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY		
The period's write off for actual loan losses	0	10
Reversal of previous provisions for probable loan losses reported as actual loan losses in the period's financial statements	–	(7)
The period's provision for probable loan losses	9	5
Recoveries in respect of actual loan losses in previous years	(1)	(5)
Reversal of previous provisions for probable loan losses no longer required	(4)	(12)
Guarantees	(7)	3
Net cost for the period for individually assessed loan claims	(3)	(6)
COLLECTIVE PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY		
Provision to/withdrawal from collective provision	(27)	0
Guarantees	10	0
Net cost for the period for collective provision for loan claims assessed individually	(17)	0
COLLECTIVE PROVISION FOR HOMOGENOUS GROUPS OF LOAN CLAIMS		
The period's write-off for actual loan losses	2	2
Recoveries in respect of actual loan losses in previous years	(5)	(1)
Provision to/withdrawal from provision for loan losses	2	0
Guarantees	(1)	0
Net cost for the period for collectively assessed homogenous loan claims	(2)	1
Net cost for the period for loan losses	(22)	(5)

Both the write-offs for actual loan losses and reversal of previous write-offs above relate to claims on the public.

Note 3 Lending to credit institutions

Of the parent company's lending to credit institutions, SEK 21,771 million (SEK 9,896 million) relates to a receivable from the wholly-owned subsidiary the Swedish Covered Bond Corporation (SCBC). These receivables are subordinated, which means that payment is received only after other creditors of the subsidiary have been paid.

Note 4 Lending to the public

GROUP SEK million	30 Jun 2007 Lending	30 Jun 2007 Reserves	31 Dec 2006 Lending	31 Dec 2006 Reserves
Municipal multi-family dwellings	8,759	–	9,781	–
Tenant-owner associations	33,887	(132)	34,861	(148)
Privately-owned multi-family dwellings	19,545	(35)	18,797	(39)
Single-family dwellings and holiday homes	71,983	(74)	72,557	(72)
Tenant-owned apartments	31,984	(18)	31,339	(18)
Commercial properties	3,762	(1)	2,958	(3)
Provision for probable loan losses	(260)		(280)	
Total	169,660	(260)	170,013	(280)

Doubtful and non-performing loan claims	30 Jun 2007	31 Dec 2006
a) Doubtful loan claims	163	159
b) Non-performing loan claims included in doubtful loan claims	0	6
c) Non-performing loan claims for which interest is recognised and which are thus not included in doubtful loan claims	174	187
d) Specific provisions for individually assessed loan claims	120	114
e) Collective provisions for individually assessed loan claims	48	76
f) Provisions for collectively assessed homogenous groups of loan claims	92	90
g) Total provisions (d+e+f)	260	280
h) Doubtful loan claims after specific provisions for individually assessed loan claims (a–d)	43	45
i) Provision ratio for specific provisions for individually assessed loan claims (d/a)	74%	72%

In certain partnership relations on the lending side, it is possible for the partner to acquire meditated loans.

Note 5 Classification of financial instruments

GROUP 30 June 2007, SEK million Financial assets	Loan claims	Trading portfolios	Valued at fair value	Derivative instruments for hedging	Total
Cash in hand and balance at central banks	0				0
Repo eligible Treasury bills		10			10
Lending to credit institutions	9,659				9,659
Lending to the public	169,660				169,660
Adjustment in value of hedge accounted loan claims	(1,251)				(1,251)
Bonds och other interest-bearing securities		28,237			28,237
Shares and participations			3		3
Derivative instruments		384		2,700	3,084
Other assets	1,407				1,407
Prepaid expenses and accrued income	723				723
Total	180,198	28,631	3	2,700	211,532

Financial liabilities	Trading-portfolios	Liabilities covered by hedge accounting	Derivative instruments for hedging	Other financial liabilities	Total
Liabilities to credit institutions				6,093	6,093
Deposits from the public				228	228
Securities issued		142,172		47,656	189,828
Derivative instruments	246		3,098		3,344
Other liabilities				1,147	1,147
Accrued expenses and prepaid income				2,162	2,162
Subordinated debts		2,693			2,693
Total	246	144,865	3,098	57,286	205,495

PARENT COMPANY 30 June 2007, SEK million Financial assets	Loan claims	Trading portfolios	Valued at fair value	Derivative instruments for hedging	Total
Cash in hand and balance at central banks	0				0
Repo eligible Treasury bills		10			10
Lending to credit institutions	40,976				40,976
Lending to the public	40,306				40,306
Adjustment in value of hedge accounted loan claims	(127)				(127)
Bonds och other interest-bearing securities		28,237			28,237
Shares and participations			3		3
Derivative instruments		384		2,854	3,238
Other assets	920				920
Prepaid expenses and accrued income	464				464
Total	82,539	28,631	3	2,854	114,027

Financial liabilities	Trading portfolios	Liabilities covered by hedge accounting	Derivative instruments for hedging	Other financial liabilities	Total
Liabilities to credit institutions				1,903	1,903
Deposits from the public				228	228
Securities issued		55,106		47,656	102,762
Derivative instruments	246		4,150		4,396
Other liabilities				988	988
Accrued expenses and prepaid income				410	410
Subordinated debts		2,693			2,693
Total	246	57,799	4,150	51,185	113,380

Note 6 Derivative instruments

GROUP 30 June 2007, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,291	1,810	188,820
Share related	60	0	144
Currency related	733	1,534	94,860
Credit related	–	0	5,826
Total	3,084	3,344	289,650

PARENT COMPANY 30 June 2007, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,830	2,965	312,786
Share related	60	0	144
Currency related	348	1,431	59,392
Total	3,238	4,396	372,322

Segment reporting IFRS, Jan-Jun

GROUP SEK million	2007 Residential mortgages	Corporate loans	Finance	Total	2006 Residential mortgages	Corporate loans	Finance	Total
Net interest income	389	88	135	612	438	68	122	628
Net commission	5	0	(2)	3	12	0	2	14
Net income from financial items at fair value	5	7	58	70	5	2	40	47
Total operating income	399	95	191	685	455	70	164	689
Total expenses before loan losses	(220)	(36)	(33)	(289)	(245)	(38)	(35)	(318)
Profit before loan losses	179	59	158	396	210	32	129	371
Loan losses, net	18	5	(1)	22	4	1	0	5
Net operating income	197	64	157	418	214	33	129	376

The Residential Mortgages segment includes lending to single-family dwellings, holiday homes, tenant-owned apartments and tenant-owner associations. Corporate loans includes lending to private multi-family dwellings, commercial properties and municipal property companies. The Finance segment consists of SBAB's borrowing, management of financial risks and liquidity. Net interest income at Finance has developed well through competitive financing. Overhead expenses from the non-commercial activity have been distributed to the segments with the aid of various distribution principles.

Capital base, 30 June 2007

GROUP SEK million	
Primary capital	
Equity capital	6,132
Primary capital contribution	994
Minority interest	466
Total primary capital, gross	7,592
Less other intangible assets	(59)
Deduction pursuant to Chapter 3, section 8, of the Capital Adequacy Act	(178)
Total primary capital, net	7,355
Supplementary capital	
Perpetual subordinated loan	722
Time-limited subordinated loan	1,260
Deduction pursuant to Chapter 3, section 8, of the Capital Adequacy Act	(178)
Total supplementary capital	1,804
Expanded part of capital base	0
Deduction from whole capital base	0
Amounts for capital base net after deductible items and limit values	9,159
Capital requirements	
Minimum capital for:	
Credit risk reported according to standard method	648
Credit risk reported according to IRB approach	2,061
Risks in trading stock	446
Operational risk	169
Currency risk	0
Raw material risk	0
Total minimum capital requirements	3,324
Addition during a transitional period	4,478
Capital requirements including supplement	7,802

Capital adequacy, 30 June 2007

SEK million	Group	Parent company	FriSpar Bolån	SCBC
Primary capital	7,355	7,171	938	5,281
Total capital	9,159	9,098	938	5,281
Risk-weighted assets	105,029	31,968	10,648	62,501
Risk-weighted assets * 95%	99,777	30,369	10,115	59,376
Primary capital ratio	7.4%	23.6%	9.3%	8.9%
Capital adequacy	9.2%	30.0%	9.3%	8.9%
New capital ratio according to Basel II	1.17	3.92	1.18	1.13

Effects of Change in accounting principle for parent company

Changes in equity capital in the event of changed accounting principles

PARENT COMPANY SEK million	Share capital	Legal reserve	Profit brought forward	Equity capital
Closing balance 31 December 2005 according to previously applied accounting principles	1,958	392	2,467	4,817
Changed accounting principles				
Net effects of transition to fair value accounting according to IAS 39			(254)	(254)
Change in loan loss provision according to IAS 39			21	21
Other recalculations according to IAS 39			205	205
Change in tax attributable to recalculation according to IFRS			7	7
Opening balance IFRS 1 January 2006	1,958	392	2,446	4,796

	Share capital	Legal reserve	Profit brought forward	Equity capital
Closing balance 30 June 2006 according to previously applied accounting principle	1,958	392	2,657	5,007
Changed accounting principles				
Net effects of transition to fair value accounting according to IAS 39			91	91
Change in loan loss provision according to IAS 39			46	46
Other recalculations according to IAS 39			191	191
Change in tax attributable to recalculation according to IFRS			(94)	(94)
Closing balance IFRS 30 June 2006	1,958	392	2,891	5,241

As from 1 January 2007, SBAB is preparing its accounts for the parent company in compliance with IFRS limited by statute. The interim report for the first quarter of 2007 was the first report prepared by the company in compliance with IFRS. Until the end of 2006, SBAB has applied the recommendations and statements of the Swedish Accounting Financial Standards Council.

The changes in accounting principles which this transition entails and the transitional effects on equity capital are presented in the following section.

Application of IAS 39 – Financial instruments and hedge accounting

SBAB holds financial assets mainly as short-term investments in interest-bearing instruments. These have previously been valued at the accrued acquisition value. In accordance with IAS 39, these assets shall be valued at their fair value. Changes in value of these instruments will be reported via the income statement from 2007 since these are classified as financial assets valued at fair value via the income statement. Unrealised gains and losses due to changes in fair value for financial assets which are classified as financial instruments which can be sold are recognised under equity capital.

SBAB has financial derivative instruments, forward contracts, held to create the desired fixation period on lending. These derivative instruments have previously not been recognised at fair value, which is obligatory according to IAS 39. The changes in fair value of derivative instruments which are identified as cash flow hedges and which comply with the conditions for hedge accounting are recognised under equity capital. Accumulated amounts in equity capital are reversed to the income statement when the hedged item affects the result. Changes in fair value of derivatives which are identified as hedges at fair value, and which meet the conditions for hedge accounting, are recognised in the income statement together with changes in fair value of the assets or liability which has given rise to the hedged risk.

The transitional effect on equity capital which is estimated to arise through derivative instruments and financial assets being valued at fair value as at 1 January 2006 amounts to SEK -184 million after taking tax into consideration.

Change in the provision for loan losses

The adjustments made in the group provisions are attributable to changes in principle for the part of the group provisions that refer to consumer loans. In previous years, SBAB has, for the homogenous group of loan claims which consumer loans constitute, used a very simple model based on a statistically produced portion of the size of the portfolio and future risk/event development. The new principle fully accords with the way and the principle used for corporate loans. According to the new principle, consideration is taken to events that have taken place but which are not known and discount effects. Calculation of probable loan losses takes place gross and if there is a guarantee, this is reported as a claim on the opposite party.

The transitional effect on equity capital calculated to arise through changed loan loss provision and gross accounting of guarantees is expected to amount on 1 January 2006 to SEK 15 million after taking tax into consideration.

Interest compensation payments

In the event of early redemption of loans, the customer pays interest compensation which is intended to cover the cost that arises for SBAB. This compensation has previously been accrued over the remaining fixed-interest period. According to IAS 39, interest compensation payments shall be recognised directly. The corresponding applies to SBAB's repurchase of debt, where the cost/income on repurchase has been accrued over the original maturity, while this is to be recognised directly according to IAS 39.

The transitional effect on equity capital, which is calculated to arise by interest compensation payments is recognised directly as at 1 January 2006, amounts to SEK 130 million, after taking tax into consideration.

Accrual of fees

Transaction expenses in the form of sales commission to partners relating to acquisition of loans have previously substantially been expensed in connection with performance. According to IAS 39, these commission payments are transaction costs, which therefore constitute a part of the acquisition cost of the loan, which will be recognised in the balance sheet and accrued as interest over the expected maturity of the loan.

The transitional effect on equity capital, which is calculated to arise through the transaction charges being accrued over the expected maturity of the loan as per 1 January 2006, amount to SEK 31 million, after taking tax into consideration.

Taxes

The above adjustments decreased tax expense as at 1 January 2006 by SEK 7 million.

Effects of the transition to IFRS for the group

Changes in equity capital in the transition to IFRS

GROUP SEK million	Share capital	Legal reserves	Other reserves	Profit brought forward	Equity capital
Closing balance 31 December 2005 according to previously applied accounting principles	1,958	1,174		2,468	5,600
Recalculation according to IFRS					
Allocation of legal reserve to worked-up result		(392)		392	
Allocation of equity capital portion untaxed reserves		(782)		782	
Net effects of transition to fair value accounting according to IAS 39				(466)	(466)
Change in loan loss provision according to IAS 39				21	21
Other recalculations according to IAS 39			(2)	206	204
Change in tax attributable to recalculation according to IFRS				7	7
Opening balance IFRS 1 January 2006	1,958	0	(2)	3,410	5,366

	Share capital	Legal reserves	Other reserves	Profit brought forward	Equity capital
Closing balance 30 June 2006 according to previously applied accounting principles	1,958	1,200		2,665	5,823
Recalculation according to IFRS					
Allocation of legal reserve to worked-up result		(392)		392	
Allocation of equity capital portion untaxed reserves		(808)		808	
Net effects of transition to fair value recognition according to IAS 39				(425)	(425)
Change in loan loss provision according to IAS 39				21	21
Other recalculations according to IAS 39			(6)	226	220
Change in tax attributable to recalculation in compliance with IFRS				24	24
Closing balance IFRS 30 June 2006	1,958	0	(6)	3,711	5,663

	Share capital	Legal reserves	Other reserves	Profit brouht forward	Equity capital
Closing balance 31 December 2006 according to previously applied accounting principles	1,958	418		3,686	6,062
Recalculation in compliance with IFRS					
Allocation of legal reserve to worked-up result		(392)		392	
Allocation of equity capital portion to untaxed reserves		(26)		26	
Net effects of transition to fair value accounting according to IAS 39				(233)	(233)
Change in loan loss provision according to IAS 39				16	16
Other recalculations according to IAS 39			12	166	178
Change in tax attributable to recalculation in compliance with IFRS				11	11
Closing balance IFRS 31 December 2006	1,958	0	12	4,064	6,034

As from 1 January 2007, SBAB has prepared its consolidated accounts in compliance with IFRS. The interim report for the first quarter of 2007 was the first report presented by the company in compliance with IFRS. Until the end of 2006, SBAB applied the recommendations and statements of the Swedish Financial Accounting Standards Council. The transition to IFRS is reported in accordance with IFRS 1, ”First-time Adoption of IFRS”, the changeover date being 1 January 2006. IFRS 1 stipulates that the comparative figures for 2006 shall also be prepared in accordance with IFRS. Financial information for financial years prior to 2006 is not recalculated. The main rule entails that all applicable IFRS and IAS standards, which have come into force and been approved by the EU as at 31 December 2007, shall be applied retroactively. IFRS 1 contains some exemptions from the main rule, however, which the company may choose to apply. SBAB has not applied any exemptions from the main rule according to IFRS 1.

The changes in accounting principles which this transition entails and the transitional effects on the Group’s income statements and balance sheets are presented in the following section. These effects are preliminary and can be changed since certain IAS/IFRS standards are still being reviewed and further IFRIC pronouncements can be expected during 2007.

a) Application of IAS 39 – Financial instruments and hedge accounting

SBAB holds financial assets mainly as short-term investments in interest-bearing instruments. These have been previously valued at the accrued acquisition value. In accordance with IAS 39, these assets shall be valued at their fair value. Changes in value of these instruments will be reported via the income statement from 2007 since these are classified as financial assets valued at fair value via the income statement. Unrealised gains and losses due to changes in fair value for financial assets which are classified as financial instruments which can be sold are recognised under equity capital.

SBAB has financial derivative instruments, forward contracts, held to create the desired fixation period on lending. These derivative instruments have previously not been recognised at fair value, which is obligatory according to IAS 39. The changes in fair value of derivative instruments, which are identified as cash flow hedges and which comply with the conditions for hedge accounting, are recognised under equity capital. Accumulated amounts in equity capital are reversed to the income statement when the hedged item affects the result. Changes in fair value of derivatives which are identified as hedges at fair value, and which meet the conditions for hedge accounting, are recognised in the income statement together with changes in fair value of the assets or liability which has given rise to the hedged risk.

The transitional effect on equity capital which is estimated to arise through derivative instruments and financial assets being valued at fair value as at 31 December 2006 amounts to SEK –168 million after taking tax into consideration.

b) Change in the provision for loan losses

The adjustments made in the group provisions are attributable to changes in principle for the part of the group provisions that refer to consumer loans. In previous years SBAB has, for the homogenous group of loan claims which consumer loans constitute, used a very simple model based on a statistically produced portion of the size of the portfolio and future risk/event development. The new principle fully accords with the way and the principle used for corporate loans. According to the new principle, consideration is taken to events that have taken place but which are not known and discount effects. Calculation of probable loan losses takes place gross and if there is a guarantee, this is reported as a claim on the opposite party.

The transitional effect on equity capital calculated to arise through changed loan loss provision and gross accounting of guarantees is expected to amount on 31 December 2006 to SEK 12 million after taking tax into consideration.

c) Interest compensation payments

In the event of early redemption of loans, the customer pays interest compensation which is intended to cover the cost that arises for SBAB. This compensation has previously been accrued over the remaining fixation period. According to IAS 39, interest compensation payments shall be recognised directly. The corresponding applies to SBAB's repurchase of debt, where the cost/income on repurchase has been accrued over the original maturity, while this is to be recognised directly according to IAS 39.

The transitional effect on equity capital, which is calculated to arise by interest compensation payments is recognised directly as at 31 December 2006, amounts to SEK 113 million, after taking tax into consideration.

d) Accrual of fees

Transaction costs in the form of sales commission to partners relating to acquisition of loans have previously substantially been expensed in connection with performance. According to IAS 39, these commission payments are transaction costs, which therefore constitute a part of the acquisition cost of the loan, which will be recognised in the balance sheet and accrued as interest over the expected maturity of the loan.

The transitional effect on equity capital, which is calculated to arise through the transaction costs being accrued over the expected maturity of the loan as per 31 December 2006, amount to SEK 25 million, after taking tax into consideration.

e) Consolidation of securitisation companies

SBAB has previously not consolidated securitisation companies taking into consideration the legal ownership. Introduction of IAS 27 means that the group definition is based on control. The securitisation companies are controlled by agreement by SBAB and thereby consolidated in accordance with IAS 27.

f) Participations in joint ventures

SBAB has previously consolidated FriSpar in which SBAB has a 51% ownership stake. FriSpar is by agreement a joint venture in accordance with IAS 31. FriSpar is reported in accordance with the proportional method.

Taxes

The above adjustments decreased tax expense as at 31 December 2006 by SEK 11 million.

Cash flow analysis

Application of IAS 27 and IAS 31 has led to a change in the cash flow analyses and securitisation is included in the analysis. The portion of FriSpar, reported in accordance with the proportional method, is included which has affected the consolidated accounts. See the section above on the effects of IAS 27 and IAS 31.

Recalculation of group income statement 2006 on transition to IFRS

Income statement

GROUP SEK million	Previous accounting principles	IAS 27 see page 16 e)	IAS 31 see page 16 f)	IAS 39 see page 16 a-d)	Other adjustments	IFRS
Interest income	6,306	531	(59)	(74)		6,704
Interest expense	(4,972)	(512)	(11)	8		(5,487)
Net interest income	1,334	19	(70)	(66)		1,217
Dividends received	0					0
Commission income	40	(17)	30			53
Commission expenses	(138)		40	71		(27)
Net income from financial items at fair value	5			187		192
Other operating income	0					0
Total operating income	1,241	2	0	192		1,435
Staff costs	(245)				(16)	(261)
Other expenses	(322)	(2)	0		16	(308)
Depreciation of tangible and amortisation of intangible fixed assets	(26)					(26)
Total expenses before loan losses	(593)	(2)	0		0	(595)
Loan losses, net	4			(4)		0
Net operating income	652	0	0	188	0	840
Minority share in the period's result	0		(0)			–
Tax on profit for the period	(190)		0	4		(186)
Net profit for the period	462	0	0	192	0	654

Certain minor reallocations have been made in relation to the previous report. This has not had any effect on the reported result.

Recalculation of group income statement, January-June 2006 on transition to IFRS

Income statement

GROUP SEK million	Previous accounting principles	IAS 27 see page 16 e)	IAS 31 see page 16 f)	IAS 39 see page 16 a-d)	Other adjustments	IFRS
Interest income	2,828	269	(28)	(38)		3,031
Interest expense	(2,157)	(259)	(5)	18		(2,403)
Net interest income	671	10	(33)	(20)		628
Dividends received	0					0
Commission income	20	(9)	15			26
Commission expenses	(67)		19	36		(12)
Net income from financial items at fair value	1			46		47
Other operating income	0					0
Total operating income	625	1	1	62		689
Staff costs	(125)				(10)	(135)
Other expenses	(179)	(1)	0		10	(170)
Depreciation of tangible and amortisation of intangible fixed assets	(13)					(13)
Total expenses before loan losses	(317)	(1)	0		0	(318)
Loan losses, net	5			0		5
Net operating income	313	0	1	62	0	376
Minority share in the period's result	1		(1)			–
Tax on profit for the period	(91)		(0)	16		(75)
Net profit for the period	223	0	0	78	0	301

Recalculation of group balance sheet 31 December 2006 on transition to IFRS

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 16 e)	IAS 31 see page 16 f)	IAS 39 see page 16 a-d)	Other adjustments	IFRS
ASSETS						
Cash in hand and balance at central banks	0					0
Repo eligible Treasury bills etc.	3					3
Lending to credit institutions	791	662	8 509			9,962
Lending to the public	171,160	7,427	(8,545)	(29)		170,013
Adjustment in value of hedge accounted loan claims				(405)		(405)
Bonds och other interest-bearing securities	21,847			(34)		21,813
Shares and participations	0			2		2
Intangible fixed assets	55					55
Tangible assets	19					19
Deferred tax assets				143	(10)	133
Derivative instruments	737	(25)		643		1,355
Other assets	394	(309)	(2)	1		84
Prepaid expenses and accrued income	591	24	8	68		691
TOTAL ASSETS	195,597	7,779	(30)	389	(10)	203,725
LIABILITIES AND EQUITY CAPITAL						
LIABILITIES						
Liabilities to credit institutions	5,415		(8)			5,407
Securities issued etc.	174,423	7,766	441	(302)		182,328
Derivative instruments	4,713			546		5,259
Other liabilities	772	(13)	(1)	132		890
Accrued expenses and prepaid income	1,115	26	(20)	(122)		999
Deferred tax liabilities	10				(10)	0
Subordinated debts	2,645			163		2,808
Total liabilities	189,093	7,779	412	417	(10)	197,691
Minority interest	442		(442)			–
EQUITY CAPITAL						
Share capital	1,958					1,958
Other reserves	418				(406)	12
Profit brought forward	3,686			(28)	406	4,064
Total equity capital	6,062	0	0	(28)	0	6,034
TOTAL LIABILITIES AND EQUITY CAPITAL	195,597	7,779	(30)	389	(10)	203,725

Certain minor reallocations have been made in relation to the previous report. This has not had any effect on equity capital.

Recalculation of group balance sheet 30 June 2006 on transition to IFRS

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 16 e)	IAS 31 see page 16 f)	IAS 39 see page 16 a-d)	Other adjustments	IFRS
ASSETS						
Cash in hand and balance at central banks	0					0
Repo eligible Treasury bills etc.	3					3
Lending to credit institutions	3,766	867	7,896			12,529
Lending to the public	159,310	14,456	(7,953)	(24)		165,789
Adjustment of value of hedge accounted securities				(85)		(85)
Bonds och other interest-bearing securities	8,970			(21)		8,949
Shares and participations	0			2		2
Intangible fixed assets	48					48
Tangible assets	21					21
Derivative instruments	1,284	(38)		913		2,159
Other assets	469	(421)	(1)	1		48
Prepaid expenses and accrued income	409	34	7	67		517
TOTAL ASSETS	174,280	14,898	(51)	853		189,980
LIABILITIES AND EQUITY CAPITAL						
LIABILITIES						
Liabilities to credit institutions	8,518		(26)			8,492
Securities issued etc.	150,089	14,879	392	(883)		164,477
Derivative instruments	3,429			1,907		5,336
Other liabilities	1,697		(2)	78		1,773
Accrued expenses and prepaid income	1,261	19	(23)	(158)		1,099
Deferred tax liabilities	314			(101)		213
Subordinated debts	2,757			170		2,927
Total liabilities	168,065	14,898	341	1,013		184,317
Minority interest	392		(392)			–
EQUITY CAPITAL						
Share capital	1,958					1,958
Other reserves	1,200				(1,206)	(6)
Profit brought forward	2,665		(0)	(160)	1,206	3,711
Total equity capital	5,823		(0)	(160)	0	5,663
TOTAL LIABILITIES AND EQUITY CAPITAL	174,280	14,898	(51)	853	0	189,980

Recalculation of group balance sheet 1 January 2006 on transition to IFRS

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 16 e)	IAS 31 see page 16 f)	IAS 39 see page 16 a-d)	Other adjustments	IFRS
ASSETS						
Cash in hand and balance at central banks	0					0
Repo eligible Treasury bills etc.	3					3
Lending to credit institutions	157	664	7,175			7,996
Lending to the public	156,020	15,108	(7,220)	(25)		163,883
Adjustment of value of hedge accounted securities				932		932
Shares and participations	0			2		2
Intangible fixed assets	48					48
Tangible assets	21					21
Derivative instruments	2,629	(51)		1,288		3,866
Other assets	2,546	(424)	(1)	1		2,122
Prepaid expenses and accrued income	404	26	10	69		509
TOTAL ASSETS	161,828	15,323	(36)	2,267		179,382
LIABILITIES AND EQUITY CAPITAL						
LIABILITIES						
Liabilities to credit institutions	4,525		(17)			4,508
Securities issued etc.	145,400	15,310	343	(3)		161,050
Derivative instruments	2,501	(51)		2,410		4,860
Other liabilities	91	64				155
Accrued expenses and prepaid income	1,212		(18)	(132)		1,062
Deferred tax liabilities	304			(7)		297
Subordinated debts	1,851			233		2,084
Total liabilities	155,884	15,323	308	2,501		174,016
Minority interest	344		(344)			–
EQUITY CAPITAL						
Share capital	1,958					1,958
Other reserves	1,174				(1,176)	(2)
Profit brought forward	2,468			(234)	1,176	3,410
Total equity capital	5,600			(234)	0	5,366
TOTAL LIABILITIES AND EQUITY CAPITAL	161,828	15,323	(36)	2,267	0	179,382

Recalculation of cash flow analysis on transition to IFRS

Cash flow analysis

GROUP Jan-Jun 2006 SEK million	Cash flow analysis according to previous accounting rules	Revaluation IAS 27 see page 16 e)	Revaluation IAS 31* see page 16 f)	Cash flow analysis recalculated to IFRS
Liquid funds at the beginning of the period	157	664	(0)	821
Cash flow from current operations	2,578	203	49	2,830
Cash flow from investing operations	(12)	–	–	(12)
Cash flow from financing operations	1,043	–	(49)	994
Increase / Decrease in liquid funds	3,609	203	(0)	3,812
Liquid funds at the end of the period	3,766	867	(0)	4,633

Cash flow analysis

GROUP Jan-Dec 2006 SEK million	Cash flow analysis according to previous accounting rules	Revaluation IAS 27 see page 16 e)	Revaluation IAS 31* see page 16 f)	Cash flow analysis recalculated to IFRS
Liquid funds at the beginning of the period	157	664	(0)	821
Cash flow from current operations	(427)	(2)	98	(331)
Cash flow from investing operations	(31)	–	–	(31)
Cash flow from financing operations	1,092	–	(98)	994
Increase / Decrease in liquid funds	634	(2)	(0)	632
Liquid funds at the end of the period	791	662	(0)	1,453

**The above figures relating to revaluation IAS 31 have been corrected. In the previous interim report, the claim which the parent company has on FriSpar and which was not eliminated in the group due to the proportional method, was incorrectly treated as liquid funds.*

AUDIT REPORT

To the Board of Directors of the Swedish Housing Finance Corporation, SBAB (publ)
Reg. no. 556253-7513

Introduction

We have reviewed this half year report for the Swedish Housing Finance Corporation, reg. no. 556253-7513 for the period 1 January 2007 – 30 June 2007. The Board of Directors and the CEO are responsible for preparing and presenting this half year report in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Securities Companies) Act. Our responsibility is to express an opinion on this interim report, based on our review.

The direction and extent of the review

We have performed this review in accordance with the Swedish Standard on Review Engagements SÖG 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another direction and is substantially less in scope than an audit conducted in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing practice otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. The expressed conclusion based on a review does not therefore have the degree of certainty that a conclusion expressed as a result of an audit has.

Conclusion

On the basis of our review, nothing has come to our attention which gives us cause to believe that the half year report is not prepared, in all essentials, in accordance with IAS 34 and the Annual Reports (Credit Institutions and Securities Companies) Act for the group and in accordance with the Annual Reports (Credit Institutions and Securities Companies) Act for the parent company.

Stockholm 30 August 2007

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

Visiting address: Löjtnantsgatan 21 ■ Postal address: Box 27308, SE-102 54 Stockholm ■ Phone: +46 771 45 30 00 ■ Fax: +46 8 611 46 00
Internet: www.sbab.se ■ E-mail: kundcenter@sbab.se ■ Reg.no. 556253-7513