

INTERIM REPORT

1 JANUARY – 31 MARCH 2005

THE SWEDISH HOUSING FINANCE CORPORATION, SBAB

THE PERIOD IN BRIEF

- The most satisfied customers in the retail market.
- Net operating income for the first quarter amounted to SEK 181 million, a 6% drop compared to the same period 2004.
- Net interest income was SEK 320 million which is in line with the previous year.
- Expenses amounted to SEK 127 million which is a 2% reduction on the corresponding period for the previous year.
- Net loan losses posted a positive result of SEK 3 million.

NET OPERATING INCOME

Net operating income for the first quarter of 2005 amounted to SEK 181 million (SEK 193 million), which is 6% lower than for the corresponding period in 2004. This is primarily the result of increasing commission costs and a reduced net gain from the net loan losses position.

NET INTEREST INCOME & OTHER OPERATING INCOME

Net interest income amounted to SEK 320 million compared to SEK 323 million for the first quarter of 2004. Despite positive growth in the retail market loan portfolio, net interest income has dropped due to the lower yield effect on the float and equity capital due to lower market interest rates. Net commission and other operating income amounted to a loss of SEK 15 million (SEK –9 million). Commission costs have increased as a consequence of growth in volumes with SBAB's business partners.

EXPENSES

Expenses decreased by 2% to SEK 127 million (SEK 129 million).

NET LOAN LOSSES

Net loan losses continued to be low and posted a positive result of SEK 3 million (SEK 8 million).

Summary for the SBAB group

	Mar 2005	Mar 2004	Dec 2004
Net interest income, SEK million	320	323	1,214
Net operating income, SEK million	181	193	678
Net operating income after tax, SEK million	128	139	485
Loan losses net, SEK million	3	8	7
Lending, SEK million	132,165	126,310	130,907
Loans securitised, SEK million	24,708	25,845	25,153
Doubtful loan receivables after specific provisions for loan receivables assessed individually, SEK million	76	90	96
Volume of international borrowing, SEK million	62,538	76,560	66,602
Income/Expenditure ratio, excluding loan losses	2.4	2.4	2.3
Income/Expenditure ratio, including loan losses	2.5	2.6	2.4
Return on equity, %	9.2	11.0	9.5
Capital ratio, %	10.0	10.6	10.0
Primary capital ratio, %	8.4	8.8	8.4
Equity ratio, %	4.1	3.8	4.1
Rating, long-term debt Standard & Poor's Moody's	AA– A1	AA– A1	AA– A1
Rating, short-term debt Standard & Poor's Moody's	A–1+ P–1	A–1+ P–1	A–1+ P–1
Average number of employees for the period of whom temporary employees	400 28	380 28	391 30

Loan portfolio and securitised loans

SEK billion	Mar 2005		Dec 2004	
	Total	of which securitised loans	Total	of which securitised loans
Retail market	79.4	15.5	76.7	15.8
Property-company market	77.5	9.2	79.4	9.4
Total	156.9	24.7	156.1	25.2

DOUBTFUL LOAN RECEIVABLES & PROVISIONS

Doubtful loan receivables have been reduced since the year-end from SEK 214 million to SEK 189 million. The provision ratio regarding specific provisions for loan receivables assessed individually was 60%. At the end of the first quarter, total provisions amounted to SEK 275 million of which SEK 144 million regards collective provisions for loan receivables assessed individually.

LENDING

During the first quarter, SBAB has increased lending to the retail market. The new lending to the retail market amounting to SEK 5,440 million (SEK 5,206 million). As earlier, SBAB's business partners constitute important distribution channels. The continuation of good growth in lending to the retail market has resulted in an increase in the size of the portfolio, which now amounts to SEK 63,885 million (SEK 60,942 million) excluding securitised loans.

New lending in the property-company market totalled SEK 832 million (SEK 884 million) and the total size of the property-company portfolio excluding securitisations amounted to SEK 68,281 million (SEK 69,965 million).

On the whole, SBAB's customers are choosing somewhat shorter loan terms than during the corresponding period in 2004.

CUSTOMER SATISFACTION

SBAB has both the strongest trends for customer satisfaction regarding retail market customers and the residential mortgage market's most satisfied retail market customers according to Swedish Quality Index, SKI. The result of 2004's measurements of customer satisfaction in the residential mortgage market was presented in January 2005.

FUNDING

Long-term funding in the first quarter of 2005 amounted to SEK 10,540 million (SEK 15,411 million) of which SEK 3,540 million

(SEK 10,593 million) was raised in the international market and SEK 7,000 million (SEK 4,819 million) in the domestic bond market. Short-term funding, defined as short-term at the issue date, amounted to SEK 46,094 million (SEK 30,023 million).

CAPITAL ADEQUACY

The capital ratio at the end of the first quarter was 10.0% (10.0%). The primary capital ratio was 8.4% (8.4%) and included three months profits with estimated tax and dividends deducted. SBAB's capital base amounted to SEK 6,497 million (SEK 6,386 million). The parent company's capital ratio was 10.6% (10.6%), the primary capital ratio 8.8% (8.8%) and the capital base SEK 6,210 million (SEK 6,120 million).

INTEREST RATE RISK

A parallel shift in the yield curve of plus one percentage point at 31 March 2005 would have resulted in a reduction in the net value of SBAB's interest bearing assets and liabilities, including derivative transactions, of around SEK 120.7 million.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the terms of the Annual Accounts Act concerning credit institutions and securities companies (ÅRKL) and the regulations issued by the Swedish Financial Supervisory Authority (2002:22). Accounting principles have not been changed since the Annual Report for 2004.

PROSPECTS FOR THE NEXT QUARTER

The strategic plan involves continued focus on the retail market and tenant-owner co-operatives. The overall strategy is for SBAB to be the price leader amongst residential mortgage lenders. As part of this strategy, SBAB has since April 2005 offered residential mortgages of up to 95% of a property's market value with no premium added for the last part of the mortgage loan (top loan).

Income statement

SEK million	GROUP		PARENT COMPANY	
	Jan - Mar 2005	Jan - Mar 2004	Jan - Mar 2005	Jan - Mar 2004
Interest income	1,396	1,522	1,375	1,422
Interest expenses	(1,076)	(1,199)	(1,081)	(1,119)
Net interest income	320	323	294	303
Commission income	12	13	24	21
Commission expenses	(27)	(22)	(13)	(10)
Other operating income	0	0	0	0
Total operating income	305	314	305	314
General administration expenses	(108)	(112)	(111)	(114)
Depreciation of tangible and intangible fixed assets	(5)	(3)	(4)	(3)
Other operating expenses	(14)	(14)	(14)	(14)
Total operating expenses	(127)	(129)	(129)	(131)
Operating income before loan losses	178	185	176	183
Loan losses, net (Note 1)	3	8	3	8
Net operating income	181	193	179	191
Allocations	-	-	(29)	(28)
Minority share in the period's result	(0)	(0)	-	-
Deferred taxes	(9)	(8)	-	-
Tax on profit for the period	(44)	(46)	(44)	(46)
Net profit for the period	128	139	106	117

Balance sheet

SEK million	GROUP			PARENT COMPANY	
	31 Mar 2005	31 Mar 2004	31 Dec 2004	31 Mar 2005	31 Dec 2004
ASSETS					
Cash in hand and balance at central banks	0	0	0	0	0
Repo eligible Treasury Bills, etc.	3	388	225	3	225
Lending to credit institutions	235	7,305	2,406	11,881	13,389
Lending to the public (Note 2)	132,165	126,310	130,907	120,461	119,872
Shares and participations	0	1	0	0	0
Shares and participations in group companies	-	-	-	306	280
Intangible fixed assets	44	34	39	18	16
Tangible assets	21	23	21	21	21
Other assets	4,960	1,058	930	4,958	928
Pre-paid costs and accrued income	456	617	573	462	587
TOTAL ASSETS	137,884	135,736	135,101	138,110	135,318
LIABILITIES AND EQUITY CAPITAL					
LIABILITIES					
Debt to credit institutions	8,595	2,848	6,596	8,560	6,583
Bonds issued, etc.	119,352	123,578	119,025	119,952	119,575
Other liabilities	1,482	247	124	1,481	125
Accrued costs and pre-paid income	1,163	2,182	2,061	1,149	2,038
Provision for deferred tax	282	255	274	-	-
Subordinated debt	1,318	1,482	1,482	1,318	1,482
Total liabilities	132,192	130,592	129,562	132,460	129,803
Untaxed reserves	-	-	-	981	952
Minority share holding	296	222	271	-	-
EQUITY CAPITAL					
<i>Restricted equity capital</i>					
Share capital	1,958	1,958	1,958	1,958	1,958
Restricted reserves/Legal reserve	1,117	1,048	1,095	392	392
<i>Unrestricted equity capital</i>					
Unrestricted reserves/Profit brought forward	2,193	1,777	1,730	2,213	1,798
Net profit for the period	128	139	485	106	415
Total equity capital	5,396	4,922	5,268	4,669	4,563
TOTAL LIABILITIES AND EQUITY CAPITAL	137,884	135,736	135,101	138,110	135,318

Changes in equity capital

SEK million	GROUP			PARENT COMPANY	
	Jan - Mar 2005	Jan - Mar 2004	Jan - Dec 2004	Jan - Mar 2005	Jan - Mar 2004
Equity capital at the beginning of the period	5,268	4,926	4,926	4,563	4,291
Dividends	-	(143)	(143)	-	(143)
Net profit for the period	128	139	485	106	117
Equity capital at the end of the period	5,396	4,922	5,268	4,669	4,265

The proposed dividend of SEK 139 million regarding 2004 was determined at the Annual General Meeting 13 April 2005.

Cash flow analysis

SEK million	GROUP			PARENT COMPANY	
	Jan - Mar 2005	Jan - Mar 2004	Jan - Dec 2004	Jan - Mar 2005	Jan - Mar 2004
Liquid funds at the beginning of the period	2,406	3,777	3,777	2,406	3,777
Cash flow from current operations	(2,186)	3,511	(1,275)	(2,139)	3,558
Cash flow from investment operations	(10)	(8)	(26)	(32)	(30)
Cash flow from financing operations	25	25	(70)	-	-
Decrease/increase in liquid funds	(2,171)	3,528	(1,371)	(2,171)	3,528
Liquid funds at the end of the period	235	7,305	2,406	235	7,305

Liquid funds are defined as cash in hand and lending to credit institutions with a tenor not higher than three months.

NOTE 1 Loan Losses, Net

Group SEK million	Jan - Mar	
	2005	2004
<i>Specific provision for loan claims assessed individually</i>		
The period's write-offs for actual loan losses	6	8
Reversal of previous provisions for probable loan losses reported as actual loan losses in the accounts for the period	(6)	(8)
The period's provision for probable loan losses	0	4
Recoveries in respect of actual loan losses in previous years	(1)	(1)
Reversal of previous provisions for probable loan losses no longer required	(0)	(11)
Net cost for the period	(1)	(8)
<i>Collective provision for loan claims assessed individually</i>		
Allocation to/Withdrawal from collective provision	-	(0)
<i>Collectively assessed homogeneous groups of loan claims</i>		
The period's write-offs for actual loan losses	0	1
Recoveries in respect of actual loan losses in previous years	(1)	(0)
Allocation to/Withdrawal from provision for loan losses	(1)	(1)
Net cost for the period of collectively assessed homogeneous loan claims	(2)	(0)
Net cost of loan losses for the period	(3)	(8)

Both the write-offs for actual loan losses for the period and the reversal of previous write-offs as specified above related to claims on the public.

NOTE 2 Lending to the public

Group SEK million	31 Mar 2005		31 Dec 2004	
	Lending	Provision	Lending	Provision
Municipal property companies	16,807	-	17,797	-
Tenant-owner co-operatives	28,802	(198)	28,891	(201)
Private property companies	21,717	(59)	22,325	(61)
Private homes and holiday homes	48,331	(16)	46,675	(17)
Tenant-owner apartments	15,572	(2)	14,286	(2)
Business and commercial properties	1,211	-	1,214	-
Reserve for probable loan losses	(275)		(281)	
Total	132,165	(275)	130,907	(281)

NOTE 2 continued.

<i>Doubtful loans and non-performing loan receivables</i>	31 Mar 2005	31 Dec 2004
a) Doubtful loan receivables	189	214
b) Non-performing loan receivables, which are included in doubtful loan receivables	40	57
c) Non-performing loan receivables on which interest is taken up as income and which are thus not included in doubtful loan receivables	209	145
d) Specific provisions for loan receivables assessed individually	113	118
e) Collective provisions for loan receivables assessed individually	144	144
f) Provisions for collectively assessed homogeneous groups of loan receivables	18	19
g) Provisions, total (d+e+f)	275	281
h) Doubtful loan receivables after specific provisions for loan receivables assessed individually (a-d)	76	96
i) Provision ratio regarding specific provisions for loan receivables assessed individually (d/a)	60%	55%

NOTE 3 Booked and actual values of derivatives

Group SEK million	31 Mar 2005		31 Dec 2004	
	Book value	Actual value	Book value	Actual value
<i>Derivatives with positive or zero values</i>				
Interest rate swaps	904	2,319	784	2,215
Interest rate and currency swaps	59	1,428	41	1,160
Equity-linked derivative contracts	0	14	1	57
Total	963	3,761	826	3,432
<i>Derivatives with negative values</i>				
Interest rate swaps	1,352	3,738	1,428	3,919
Interest rate and currency swaps	42	1,254	103	2,694
Equity-linked derivative contracts	0	4	0	6
Total	1,394	4,996	1,531	6,619

All funding in foreign currencies is hedged with interest rate and currency swaps and/or equity-linked contracts in order to take SBAB off risk.

Stockholm, 27 April 2005

Eva Cederbalk
Chief Executive Officer

AUDITORS' REPORT

We have carried out a broad examination of this interim report according to the recommendation issued by FAR (the institute for the accountancy profession in Sweden). There are significant limitations in a broad examination, compared with an audit. Nothing has emerged to suggest that this interim report does not meet the requirements according to the stock exchange and annual report & accounts legislation.

Stockholm, 27 April 2005

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

Lars-Ola Andersson
Authorised Public Accountant
Appointed by the Swedish
Financial Supervisory Authority

FINANCIAL INFORMATION

SBAB's interim reports for the second and third quarters will be published on 25 August 2005 and 28 October 2005 respectively.



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