



Interim report for The Swedish National Housing Finance Corporation, SBAB 1 January – 31 March 2002

Summary for the SBAB Group	March 2002	March 2001
Net operating income, SEK million ¹⁾	176	129
Loan losses, SEK million ¹⁾	12	8
Return on equity, %	12.0	9.3
Capital ratio, %	9.8	9.2
Primary capital ratio, %	7.3	6.5
Equity ratio, %	3.1	2.6
Problem loans after provisions, SEK million	373	504
Income/Expenditure ratio, excluding loan losses	2.8	2.4
Income/Expenditure ratio, including loan losses	2.5	2.2
Rating, long-term debt Standard & Poor's	AA-	AA-
Moody's	A1	A1
Rating, short-term debt Standard & Poor's	A-1+	A-1+
Moody's	P-1	P-1
Volume of international borrowing, SEK million	69 868	42 125
Lending, SEK million	137 289	143 135
Loans securitised, SEK million	18 497	9 497
Average number of employees of whom temporary employees	378 29	356 24

1) January– March 2002

NET OPERATING INCOME Net operating income for the first three months of 2002 was SEK 176 million (129 million), a 36 per cent improvement over the corresponding period last year.

NET INTEREST INCOME Net interest income shows a steadily rising trend, providing the background to the 22 per cent improvement in net operating income compared to the corresponding period last year. The reason for the improved net interest income is better price/risk matching and a changed make-up in the portfolio.

OPERATING EXPENSES Operating expenses are largely unchanged, amounting to SEK 102 million (100 million).

LOAN LOSSES The loan losses for the period come to SEK 12 million, some SEK 4 million higher than for the corresponding period 2001.

PROBLEM LOANS Problem loans, after provisions, have increased from SEK 277 million to SEK 373 million compared to end 2001. Non-performing loans, on which interest is taken up as income, have reduced from SEK 502 million to SEK 270 million, accounted for by the fact that in a few cases the borrower has ceased payment. Reschedulings are planned and provisions have been reviewed and adjusted to the extent necessary.

LENDING SBAB's lending to the retail market, covering owner occupied homes and tenant-owner apartments, has continued to increase. New lending to the retail market during the period was SEK 3 044 million. Incoming loan applications representing own sales came in via the Internet for the most part. As in the past, SBAB's co-operation partners provide important sale channels. A co-operation with regard to the mediation of housing loans has been initiated with ICA-Banken.

INCOME STATEMENT SEK million

	GROUP		PARENT COMPANY	
	Jan-March 2002	Jan-March 2001	Jan-March 2002	Jan-March 2001
Interest income	1 899	2 039	1 616	1 807
Interest expenses	(1 606)	(1 799)	(1 598)	(1 790)
Net interest income	293	240	18	17
Dividends received	0	0	0	0
Commission income	10	8	–	–
Commission expenses	(13)	(12)	(3)	(3)
Other operating income	0	1	3	5
Total operating income	290	237	18	19
General administration expenses	(93)	(89)	(7)	(5)
Depreciation/writing down of tangible assets	(3)	(4)	(3)	(4)
Other operating expenses	(6)	(7)	(0)	(1)
Total operating expenses	(102)	(100)	(10)	(10)
Operating income before loan losses	188	137	8	9
Loan losses, net	(12)	(8)	–	–
Change in value of repossessed property	–	–	–	–
Net operating income	176	129	8	9
Allocations	–	–	25	22
Minority share of the profit for the year	0	0	–	–
Deferred tax liability	(5)	(2)	–	–
Taxes	(45)	(34)	(9)	(9)
Net profit for the period	126	93	24	22

SBAB's lending at the end of the first quarter amounted to SEK 137 289 million (143 135 million). This figure does not include securitised loans totalling SEK 18 497 million (9 497 million), of which SEK 17 487 million (8 487 million) relates to lending to the retail market.

On the property-company market, the loan portfolio excluding securitisations, amounted to SEK 103 880 million (109 802 million) and on the retail market SEK 33 409 million (33 333 million).

The proportion of lending secured by mortgages has increased somewhat since the beginning of the year. Where mortgages provide the only collateral for new lending, loans are restricted to 70 per cent of the market value of the property concerned.

FUNDING Long-term funding for the first quarter amounted to SEK 3 729 million (23 776 million), SEK 2 907 million (5 993 million) being raised in the international market and SEK 822 million (17 783 million) in the domestic bond market. Short-term debt amounted to SEK 41 977 million (39 726 million).

CAPITAL ADEQUACY The capital ratio at the end of the first quarter was 9.8 per cent (9.2 per cent) and the primary capital ratio 7.3 per cent (6.5 per cent) and include the profit for the quarter after deductions for tax estimated at the standard rate and dividend. SBAB's capital base amounted to SEK 5 781 million (5 638 million). The primary capital ratio was 7.0 per cent at year-end 2001.

The parent company's capital ratio was 654.4 per cent (172 per cent), the primary capital ratio 401.9 per cent (105.9 per cent) and the capital base SEK 4 178 million (4 346 million).

TAX Estimated tax has been charged to the result.

INTEREST RATE RISK A parallel shift in the yield curve of plus one percentage point at 31 March 2002 would have resulted in a reduction in the net value of SBAB's interest bearing assets and liabilities, including derivatives, of around SEK 128 million (117 million).

ACCOUNTING PRINCIPLES The interim report has been prepared in accordance with The Swedish Financial Accounting Standards Council recommendation with regard to interim reporting (RR20) and the regulations issued by the Swedish Financial Supervisory Authority (2001:19). The accounting principles have not been changed since the annual report 2001. New recommendations from the Swedish Financial Accounting Standards Council have not affected the consolidated group financial statements.

FINANCIAL REPORTING SBAB's Interim Report for the first six months of 2002 will be published on August 26, 2002.

SBAB's Interim Reports will be published for the periods ending 31 March, 30 June and 30 September. Reports will only be published at SBAB's web site www.sbab.se; printed copies will be available by mail by special arrangement.

BALANCE SHEET SEK million

ASSETS	GROUP		PARENT COMPANY	
	31 March 2002	31 March 2001	31 March 2002	31 March 2001
Cash in hand and balances at central banks	0	0	0	0
Eligible Treasury bills, etc.	2 642	2 641	2 642	2 641
Lending to credit institutions	320	5 141	134 608	139 369
Lending to the public	NOTE 2 137 289	137 430	–	–
Bonds and other interest-bearing instruments	30	108	30	108
Shares and participations, etc.	0	0	0	0
Shares and participations in group companies	–	–	2 722	2 722
Tangible assets	27	28	27	28
Other assets	1 004	563	314	60
Pre-paid costs and accrued income	776	814	45	34
TOTAL ASSETS	142 088	146 725	140 388	144 962

LIABILITIES AND EQUITY CAPITAL

LIABILITIES				
Debt to credit institutions	3 341	4 942	3 317	4 929
Bonds issued, etc.	129 273	132 498	129 523	132 698
Other liabilities	384	263	336	55
Accrued costs and pre-paid income	2 118	2 086	2 123	2 070
Provision for deferred tax	204	199	–	–
Subordinated debt	2 418	2 418	2 418	2 418
Total liabilities	137 738	142 406	137 717	142 170
Untaxed reserves	–	–	238	263
Minority share holding	124	99	–	–
EQUITY CAPITAL				
NOTE 3				
<i>Tied equity capital</i>				
Share capital	1 958	1 958	1 958	1 958
Legal reserve	392	392	392	392
Share of untaxed reserves included in equity capital	524	511	–	–
<i>Unrestricted equity</i>				
Profit brought forward	1 226	971	59	95
Profit for the period	126	388	24	84
Total equity capital	4 226	4 220	2 433	2 529
TOTAL LIABILITIES AND EQUITY CAPITAL	142 088	146 725	140 388	144 962

CASH FLOW ANALYSIS SEK million

	GROUP		PARENT COMPANY	
	31 March 2002	31 March 2001	31 March 2002	31 March 2001
Liquid funds at the beginning of the period	548	825	544	773
Cash flow from current operations	3 115	(7 080)	3 163	(7 190)
Cash flow from investment operations	(3)	(3)	(3)	(3)
Cash flow from financing operations	(3 340)	10 032	(3 390)	10 182
Increase/Decrease in liquid funds	(228)	2 949	(230)	2 989
Liquid funds at the end of the period	320	3 774	314	3 762

Liquid funds are defined as cash in hand and balance at banks.

NOTE 1 LOAN LOSSES, NET, SEK MILLION

	GROUP	
	JAN –MARCH 2002	JAN –MARCH 2001
<i>Claims assessed individually</i>		
Write-downs of actual losses incurred for the period	6	23
Reversal of previous provisions for anticipated losses reported as actual losses in the accounts	(5)	(21)
Provision for anticipated loan losses for the period*	24	15
Recovery of actual loan losses in previous years	(2)	(2)
Reversal of previous provisions for anticipated losses no longer required	(6)	(5)
Net cost for the period of claims assessed individually	17	10
<i>Claims assessed collectively</i>		
Provision for actual losses for the period	1	2
Recovery of actual loan losses in previous years**	(27)	(3)
Allocation to/Withdrawal from provision for anticipated loan losses*	21	(1)
Net cost for the period of claims assessed collectively	(5)	(2)
Total net cost of loan losses for the period	12	8

*of which general reserve

25 –

** Refers in the main to the sale of a portfolio of claims, previously fully written down as actual losses. Both the reversal of previous years' provisions as specified above and the provision for actual loan losses for the period related to claims on the public.

NOTE 2 LENDING TO THE PUBLIC, SEK MILLION

	GROUP			
	31 MARCH 2002		31 MARCH 2001	
	LENDING	RESERVE	LENDING	RESERVE
Municipal housing companies	28 935		29 868	
Housing co-operatives	39 981	(250)	40 249	(249)
Private rental housing	29 590	(72)	29 787	(68)
Owner-occupied homes	33 438	(29)	31 948	(8)
Commercial properties	5 696		5 903	
Less reserve for anticipated loan losses	(351)		(325)	
Total	137 289	(351)	137 430	(325)

Non-performing loans and problem loans

a) Non-performing loans, not categorised as problem loans, on which interest is reported as income	270	502
b) Doubtful loans on which interest will not be taken up before payment	371	276
c) Loans for which the interest rate has been reduced in relation to prevailing market interest rates	2	1
d) Total problem loans (b+c)	373	277
e) Reserve for anticipated loan losses on doubtful loans	351	325
f) Estimated value of problem loans before write-downs for anticipated loan losses	724	602

Lending in the parent company consists of promissory note loans advanced to the subsidiaries - SBAB, Statens Bostadslåneaktiebolag and SBAB, Sveriges Bostadsfinansieringsaktiebolag. The security held by the parent company for these loans comprises the collateral held by the subsidiaries for their lending.

NOTE 3 EQUITY CAPITAL, SEK MILLION

	GROUP		PARENT GROUP	
	31 MARCH		31 MARCH	
	2002	2001	2002	2001
	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL
Equity capital brought forward	4 220	3 934	2 529	2 548
Dividend	(120)	–	(120)	–
Net profit for the year	126	93	24	22
Equity capital to be carried forward	4 226	4 027	2 433	2 570

NOTE 4 ACTUAL AND NOMINAL VALUES OF DERIVATIVES, SEK MILLION

	31 MARCH 2002		31 DEC 2001	
	NOMINAL VALUE	ACTUAL VALUE	NOMINAL VALUE	ACTUAL VALUE
<i>Derivatives with positive or zero values – not reported in the Balance Sheet</i>				
Interest linked swaps	55 430	1 312	49 911	1 141
Interest and currency linked swaps	27 058	2 745	56 684	4 186
Equity linked derivative contracts	481	19	298	55
Total	82 969	4 076	106 893	5 382
<i>Derivatives with negative values – not reported in the Balance Sheet</i>				
Interest linked swaps	64 241	1 672	71 176	2 195
Interest and currency linked swaps	58 697	3 220	25 676	1 842
Equity linked derivative contracts	451	106	614	70
Total	123 389	4 998	97 466	4 107

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

Stockholm 30 April 2002

CHRISTER MALM
Managing Director/President

AUDITORS' REPORT

We have carried out a broad examination of this interim report according to the recommendations issued by the Swedish Institute of Authorised Public Accountants. 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 under the Stock Exchange Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 30 April 2002

KPMG
PER BERGMAN
Authorised Public Accountant

HANS LINDÉN
Authorised Public Accountant
Appointed by the Swedish Financial Supervisory Authority



STATENS BOSTADSFINANSIERINGSAKTIEBOLAG, SBAB (publ.)

THE SWEDISH NATIONAL HOUSING FINANCE CORPORATION, SBAB

Office address: Löjtnantsgatan 21 Postal address: Box 27308, 102 54 Stockholm, Sweden
Tel +46 8 614 43 00 Fax +46 8 611 46 00 Internet: www.sbab.se E-mail: headoffice@sbab.se
(Organisation number 556253-7513)