



Interim report for The Swedish National Housing Finance Corporation, SBAB 1 January – 30 June 2002

Summary for the SBAB Group	June 2002	June 2001
Net operating income, SEK million ¹⁾	335	255
Loan losses, SEK million ¹⁾	34	19
Return on equity, %	11.3	9.2
Capital ratio, %	9.8	9.2
Primary capital ratio, %	7.4	6.5
Equity ratio, %	3.1	2.7
Problem loans after provisions, SEK million	266	495
Income/Expenditure ratio, excluding loan losses	2.7	2.2
Income/Expenditure ratio, including loan losses	2.4	2.1
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	65 499	68 604
Lending, SEK million	138 265	141 890
Securitised loans, SEK million	18 258	9 174
Average number of employees during the period	382	360
of whom temporary employees	32	28

1) January-June

NET OPERATING INCOME, NET INTEREST INCOME AND LOAN LOSSES

Net operating income for the first six months of 2002 was SEK 335 million (255 million), a 31 per cent improvement over the corresponding period last year. The improvement can be attributed to increased lending (including loans securitised), better price/risk matching and to a shift in the portfolio towards the higher margin retail market, resulting in higher net interest income at SEK 586 million (502 million).

Return on equity for the period increased to 11.3 per cent (9.2 per cent).

Loan losses at SEK 34 million (19 million) remain at a low level, partly on account of recoveries made earlier. Problem loans after provisions continue to decrease and amounted to SEK 266 million (495 million). The problem loans constitute 0.19 per cent (0.35 per cent) of the loan portfolio.

SBAB's LENDING In the property-company market (multi-family housing) mortgage lending remains on the increase while lending against municipal guarantee continues to decrease. Where mortgages provide the only collateral, loans are normally restricted to 70 per cent of the market value of the property concerned. Loans falling due during the first six months amounted to SEK 48 273 million, of which 92 per cent were renewed.

SBAB's lending in the retail market has continued to increase. A substantial part of the year's lending relates to tenant-owner apartments within the Stockholm area. New lending in the retail market as at 30 June amounted to SEK 5 431 million (8 607 million). SBAB's co-operation partners generate around 31 per cent of the retail market new lending. Around 53 per cent of own new lending was initiated by loan applications received via

INCOME STATEMENT SEK million

	GROUP				PARENT COMPANY	
	Jan-June 2002	Jan-June 2001	April-June 2002	April-June 2001	Jan-June 2002	Jan-June 2001
Interest income	3 825	4 138	1 926	2 099	3 263	3 651
Interest expenses	(3 239)	(3 636)	(1 633)	(1 837)	(3 225)	(3 617)
Net interest income	586	502	293	262	38	34
Dividends received	0	0	0	0	0	0
Commission income	22	16	12	8	–	–
Commission expenses	(27)	(23)	(14)	(12)	(6)	(8)
Other operating income	2	1	2	1	7	9
Total operating income	583	496	293	259	39	35
General administration expenses	(189)	(192)	(96)	(102)	(13)	(13)
Depreciation/writing down of tangible assets	(6)	(8)	(3)	(4)	(6)	(8)
Other operating expenses	(19)	(22)	(13)	(15)	(1)	(1)
Total operating expenses	(214)	(222)	(112)	(121)	(20)	(22)
Operating income before loan losses	369	274	181	138	19	13
Loan losses, net NOTE 1	(34)	(19)	(22)	(12)	–	–
Change in value of repossessed property	–	–	–	–	–	–
Net operating income	335	255	159	126	19	13
Allocations	–	–	–	–	49	45
Minority share of the profit for the year	(1)	(0)	(1)	(0)	–	–
Deferred tax liability	(8)	(4)	(3)	(2)	–	–
Taxes	(85)	(68)	(40)	(34)	(19)	(16)
Net profit for the period	241	183	115	90	49	42

the internet. Lending in respect of tenant-owner apartments constitutes 18 per cent of the retail market portfolio.

SBAB's lending as at end June was SEK 138 265 million (141 890 million), the property-company market accounting for SEK 103 675 million (105 175 million) and the retail market SEK 34 590 million (36 715 million). These figures do not include securitised loans totalling SEK 18 258 million (9 174 million). If securitised loans were to be included, the figures for property-company loans and retail market loans would be SEK 104 685 million and SEK 51 838 million respectively. A large part of the lending for the period, around 70 per cent, has been undertaken at floating interest rates (three months).

SBAB's lending, including loans securitised, increased from SEK 151 064 million to SEK 156 523 million since 30 June 2001. SBAB's total market share was about 13.4 per cent, the market share in the property-company market (multi-family housing) being 21.1 per cent and in the retail market 7.6 per cent.

The proportion of lending secured by government or municipal guarantees has fallen to 26 per cent (28 per cent) as a result of the shift in the loan portfolio mentioned above.

FUNDING AND CAPITAL ADEQUACY Long-term funding for the first six months amounted to SEK 8 727 million (30 734 million), SEK 7 686 million (11 046 million) being raised in the international market and SEK 1 041

million (19 688 million) in the domestic bond market. Short-term debt amounted to SEK 42 330 million (54 070 million).

The capital ratio of 9.8 per cent (9.2 per cent) and the primary capital ratio of 7.4 per cent (6.5 per cent) include the six months' profit after deductions for estimated tax and dividend. SBAB's capital base totalled SEK 5 836 million (5 725 million).

The parent company's capital ratio was 752.9 per cent (155.6 per cent), the primary capital ratio 460.5 per cent (95.6 per cent) and the capital base SEK 4 151 million (4 321 million).

ACCOUNTING PRINCIPLES The Interim Report has been prepared in accordance with the recommendation regarding interim reporting issued by the Swedish Financial Accounting Standards Council (RR 20) and with the regulations issued by the Swedish Financial Supervisory Authority (2001:19). Accounting principles and methods of calculation have not been changed since the Annual Report for 2001. New recommendations from the Swedish Financial Accounting Standards Council have not affected the Group's financial statements.

FINANCIAL REPORTING SBAB's Interim Report for the first nine months of 2002 will be published on November 6, 2002.

SBAB's Interim Reports will be issued as at 31 March, 30 June and 30 September. Reports will only be published at SBAB's web site www.sbab.se; printed copies will be sent by mail by special arrangement only.

BALANCE SHEET SEK million

ASSETS	GROUP		PARENT COMPANY	
	30 June 2002	31 Dec 2001	30 June 2002	31 Dec 2001
Cash in hand and balances at central banks	0	0	0	0
Eligible Treasury bills, etc.	170	2 641	170	2 641
Lending to credit institutions	293	5 141	135 461	139 369
Lending to the public	NOTE 2 138 265	137 430	–	–
Bonds and other interest-bearing instruments	–	108	–	108
Shares and participations, etc.	0	0	0	0
Shares and participations in group companies	–	–	2 722	2 722
Tangible assets	28	28	28	28
Other assets	3 045	563	2 341	60
Pre-paid costs and accrued income	820	814	37	34
TOTAL ASSETS	142 621	146 725	140 759	144 962

LIABILITIES AND EQUITY CAPITAL

LIABILITIES				
Debt to credit institutions	4 577	4 942	4 530	4 929
Bonds issued, etc.	128 193	132 498	128 443	132 698
Other liabilities	100	263	28	55
Accrued costs and pre-paid income	2 661	2 086	2 668	2 070
Provision for deferred tax	207	199	–	–
Subordinated debt	2 418	2 418	2 418	2 418
Total liabilities	138 156	142 406	138 087	142 170
Untaxed reserves	–	–	214	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	533	511	–	–
<i>Unrestricted equity</i>				
Profit brought forward	1 217	971	59	95
Profit for the period	241	388	49	84
Total equity capital	4 341	4 220	2 458	2 529
TOTAL LIABILITIES AND EQUITY CAPITAL	142 621	146 725	140 759	144 962

CASH FLOW ANALYSIS SEK million

	GROUP		PARENT COMPANY	
	30 June 2002	30 June 2001	30 June 2002	30 June 2001
Liquid funds at the beginning of the period	548	825	544	773
Cash flow from current operations	6 291	(4 803)	(6 263)	(4 902)
Cash flow from investment operations	(6)	(5)	(6)	(5)
Cash flow from financing operations	(6 540)	5 541	(6 514)	5 691
Increase/Decrease in liquid funds	(255)	733	(257)	784
Liquid funds at the end of the period	293	1 559	287	1 557

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

NOTE 1 LOAN LOSSES, NET, SEK MILLION

	GROUP	
	JAN-JUNE 2002	JAN-JUNE 2001
<i>Claims assessed individually</i>		
Write-downs of actual losses incurred for the period	23	38
Reversal of previous provisions for anticipated losses reported as actual losses in the accounts for the period under review	(24)	(28)
Provision for anticipated loan losses for the period*	68	40
Recovery of actual loan losses in previous years	(3)	(3)
Reversal of previous provisions for anticipated losses no longer required	(22)	(25)
Net cost for the period of claims assessed individually	42	22
<i>Claims assessed collectively</i>		
Provision for actual losses for the period	2	4
Recovery of actual loan losses in previous years**	(28)	(5)
Allocation to/Withdrawal from provision for anticipated loan losses*	18	(2)
Net cost for the period of claims assessed collectively	(8)	(3)
Total net cost of loan losses for the period	34	19
* of which general reserve	60	-
** The main part of the amount is attributed to the sale of a portfolio of claims, earlier completely written off as an actual loss.		

Both the provision for actual loan losses for the period and the reversal of previous years' provisions as specified above related to claims on the public.

NOTE 2 LENDING TO THE PUBLIC, SEK MILLION

	GROUP			
	30 JUNE 2002		31 DEC 2001	
	LENDING	RESERVE	LENDING	RESERVE
Municipal housing companies	28 467	-	29 868	-
Housing co-operatives	39 758	(261)	40 249	(249)
Private rental housing	30 073	(86)	29 787	(68)
Owner-occupied homes	34 616	(26)	31 948	(8)
Commercial properties	5 724	-	5 903	-
Reserve for anticipated loan losses	(373)		(325)	
Total	138 265	(373)	137 430	(325)

	30 JUNE	31 DEC
	2002	2001
<i>Non-performing loans and problem loans</i>		
a) Non-performing loans, not categorised as problem loans, on which interest is reported as income	279	502
b) Doubtful loans on which interest will not be taken up before payment	265	276
c) Loans for which the interest rate has been reduced below the prevailing market interest rates	1	1
d) Total problem loans (b+c)	266	277
e) Reserve for anticipated loan losses on doubtful loans	373	325
f) Estimated value of problem loans before write-downs for anticipated loan losses	639	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 COMPANY	
	30 JUNE		30 JUNE	
	2002	2001	2002	2001
	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL
Equity capital brought forward	4 220	3 935	2 529	2 548
Dividend	(120)	(103)	(120)	(103)
Net profit for the year	241	183	49	42
Equity capital to be carried forward	4 341	4 015	2 458	2 487

NOTE 4 ACTUAL AND NOMINAL VALUES OF DERIVATIVES, SEK MILLION

	GROUP			
	30 JUNE 2002		30 JUNE 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	50 941	1 625	49 911	1 141
Interest and currency linked swaps	23 405	1 888	56 684	4 186
Equity linked derivative contracts	473	23	298	55
Total	74 819	3 536	106 893	5 382
<i>Derivatives with negative values – not reported in the Balance Sheet</i>				
Interest linked swaps	69 593	2 223	71 176	2 195
Interest and currency linked swaps	53 994	4 438	25 676	1 842
Equity linked derivative contracts	371	93	614	70
Total	123 958	6 754	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 26 August 2002

CHRISTER MALM
Managing Director/President

AUDITORS' REPORT

We have carried out a broad examination of this interim report, and in doing so we have followed the recommendations 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 under the Stock Exchange Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 26 August 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)