



INTERIM REPORT

for The Swedish National Housing Finance Corporation, SBAB

1 January – 31 March 2001

Summary for the SBAB Group	March 2001	March 2000
Net operating income, SEK million ¹⁾	129	101
Loan losses, SEK million ¹⁾	8	-11
Return on equity, %	9.3	7.8
Capital ratio, %	9.2	9.5
Primary capital ratio, %	6.5	6.5
Equity ratio, %	2.6	2.4
Problem loans after provisions, SEK million	504	569
Income/Expenditure ratio, excluding loan losses	2.4	1.9
Income/Expenditure ratio, including loan losses	2.2	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	42 125	51 887
Lending, SEK million	143 135	144 723
Securitised loans, SEK million	9 497	1 010
Number of employees	332	356
of whom temporary employees	24	15

1) January – March

NET OPERATING INCOME, NET INTEREST INCOME AND LOAN LOSSES

Net operating income for the first three months of the year totalled SEK 129 million as against SEK 101 million for the corresponding period last year. Net interest income amounted to SEK 240 million (192 million). The increase was due to increased margins, a larger loan portfolio including securitised loans and a higher yield on the flow. Expenses at SEK 100 million (101 million) were marginally lower when compared to the same period last year. Costs for marketing were lower while staff costs were largely unchanged.

The loan loss figure for the period was SEK 8 million. In the corresponding period last year, the reversal of earlier provisions contributed positively to the result to the extent of SEK 11 million. Problem loans at SEK 504 million (569 million), after provisions, were lower than for the corresponding period last year. The problem loans constitute 0.35 per cent (0.39 per cent) of the loan portfolio.

LENDING

SBAB's lending in the retail market (owner-occupied homes and tenant-owner apartments) has continued to increase. New lending to that market for the period amounted to SEK 3 812 million. Loan applications via the internet accounted for some 60 per cent of SBAB's own sales. As earlier, SBAB's co-operation partners provided important sales channels.

INCOME STATEMENT, SEK million

	GROUP		PARENT COMPANY	
	Jan–March 2001	Jan–March 2000	Jan–March 2001	Jan–March 2000
Interest income	2 039	2 221	1 807	2 051
Interest expenses	(1 799)	(2 029)	(1 790)	(2 027)
Net interest income	240	192	17	24
Dividends received	0	0	0	0
Commission income	8	6	–	–
Commission expenses	(12)	(8)	(3)	(3)
Other operating income	1	1	5	4
Total operating income	237	191	19	25
General administration expenses	(89)	(86)	(5)	(4)
Depreciation/writing down of tangible assets	(4)	(4)	(4)	(4)
Other operating expenses	(7)	(11)	(1)	(1)
Total operating expenses	(100)	(101)	(10)	(9)
Operating income before loan losses	137	90	9	16
Loan losses, net	(8)	11	–	–
Change in value of repossessed property	–	–	–	–
Net operating income	129	101	9	16
Allocations	–	–	22	11
Change in deferred tax liability	(2)	(2)	–	–
Taxes	(34)	(27)	(9)	(8)
Net profit for the period	93	72	22	19

SBAB's lending as reported in the balance sheet at the end of the first quarter was SEK 143 135 million. This figure does not include securitised loans totalling SEK 9 497 million, of which SEK 8 487 million refers to loans in the retail market. The loan portfolio in the property-company market, excluding securitised loans, amounted to SEK 109 802 million (112 352 million) and in the retail market SEK 33 333 million (32 371 million). The market share continues to grow in the retail market and is unchanged on the whole in the property-company market (multi-family housing).

The proportion of SBAB's lending secured by mortgages has increased. Where new lending is concerned, when mortgages provide the only collateral, loans are restricted to 70 per cent of the market value of the property concerned.

FUNDING AND CAPITAL ADEQUACY

Long-term funding for the first quarter amounted to SEK 23 776 million (2 702 million), SEK 5 993 million (584 million) being raised in the international market and SEK 17 783 million (2 118 million) in the domestic bond market. Short-term debt amounted to SEK 39 726 million (43 437 million).

The capital ratio 9.2 per cent (9.5 per cent) and the primary capital ratio 6.5 per cent (6.5 per cent) include the three months' profit after deductions for tax estimated at the standard rate and dividend. SBAB's capital base totalled SEK 5 638 million (5 348 million).

The primary capital ratio was somewhat higher at the beginning of the year, 6.8 per cent. Additional securitisation transactions will create room for a continued increase in lending.

The parent company's capital ratio was 172.0 per cent (187.5 per cent), the primary capital ratio 105.9 per cent (115.9 per cent) and the capital base SEK 4 346 million (4 453 million).

RATING

Moody's has announced in April that SBAB's outlook is changed to A1 stable from the earlier A1 negative.

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

	GROUP		PARENT COMPANY	
	31 March 2001	31 March 2000	31 March 2001	31 March 2000
ASSETS				
Cash in hand and balances at central banks	0	0	0	0
Eligible Treasury bills, etc.	6 117	8 607	6 117	8 607
Lending to credit institutions	3 776	1 214	143 745	137 967
Lending to the public NOTE 2	143 133	139 732	–	–
Bonds and other interest-bearing instruments	177	177	177	177
Shares and participations, etc.	0	0	0	0
Shares and participations in group companies	–	–	2 722	2 722
Tangible assets NOTE 3	31	32	31	32
Other assets	4 603	416	4 329	75
Pre-paid costs and accrued income	890	915	67	57
TOTAL ASSETS	158 727	151 093	157 188	149 637

LIABILITIES AND EQUITY CAPITAL

LIABILITIES				
Debt to credit institutions	4 529	11 856	4 526	11 855
Borrowing from the public	–	–	–	–
Bonds issued, etc.	143 814	129 206	143 964	129 206
Other liabilities	814	875	328	734
Accrued costs and pre-paid income	3 248	2 739	3 248	2 720
Provision for deferred tax	0	188	–	–
Subordinated debt	2 221	2 221	2 221	2 221
Total liabilities	154 626	147 085	154 287	146 736
Untaxed reserves	–	–	331	353
Minority share holding	74	73	–	–
EQUITY CAPITAL NOTE 4				
Tied equity capital				
Share capital	1 958	1 958	1 958	1 958
Legal reserve	392	392	392	392
Share of untaxed reserves included in equity capital	489	483	–	–
Unrestricted equity				
Profit brought forward	1 095	765	198	127
Profit for the period	93	337	22	71
Total equity capital	4 027	3 935	2 570	2 548
TOTAL LIABILITIES AND EQUITY	158 727	151 093	157 188	149 637

The accounting principles applied are the same as for the Annual Report 2000.

CASH FLOW ANALYSIS, SEK million

	GROUP		PARENT COMPANY	
	31 March 2001	31 March 2000	31 March 2001	31 March 2000
Liquid funds at the beginning of the period	825	802	773	792
Cash flow from current operations	(7 080)	(3 488)	(7 190)	(3 489)
Cash flow from investment operations	(3)	(10)	(3)	(10)
Cash flow from financing operations	10 032	5 370	10 182	5 370
Increase/Decrease in liquid funds	2 949	1 872	2 989	1 871
Liquid funds at the end of the period	3 774	2 674	3 762	2 663

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

NOTE 1 LOAN LOSSES, NET, SEK million

	GROUP	
	JAN-MARCH 2001	JAN-MARCH 2000
<i>Claims assessed individually</i>		
Write-downs of actual losses incurred for the period	23	26
Reversal of previous provisions for anticipated losses reported as actual losses in the accounts for the period under review	(21)	(28)
Provision for anticipated loan losses for the period*	15	25
Recovery of actual loan losses in previous years	(2)	(6)
Reversal of previous provisions for anticipated losses no longer required	(5)	(25)
Net cost for the period of claims assessed individually	10	(8)
<i>Claims assessed collectively</i>		
Provision for actual losses for the period	2	4
Recovery of actual loan losses in previous years	(3)	(4)
Allocation to/Withdrawal from provision for anticipated loan losses	(1)	(3)
Net cost for the period of claims assessed collectively	(2)	(3)
Total net cost of loan losses for the period	8	(11)

* of which general reserve – –
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	
	31 MARCH 2001	31 MARCH 2000
Municipal housing companies	34 080	39 826
Housing co-operatives	40 560	39 940
Private rental housing	29 846	27 264
Owner-occupied homes	33 339	32 379
Commercial properties	5 650	5 709
Reserve for anticipated loan losses	(342)	(397)
Total	143 133	144 721

Non-performing loans and problem loans

a) Non-performing loans, not categorised as problem loans, on which interest is reported as income	335	445
b) Doubtful loans on which interest will not be taken up before payment	456	513
c) Loans for which the interest rate has been reduced below the prevailing market interest rates	48	56
d) Total problem loans (b+c)	504	569
e) Reserve for anticipated loan losses on doubtful loans	342	397
f) Estimated value of problem loans before write-downs for anticipated loan losses	846	966

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 REPOSSESSED PROPERTY, SEK million

	GROUP	
	31 MARCH 2001	31 MARCH 2000
Buildings and land	–	1
Total	–	1

NOTE 4 EQUITY CAPITAL, SEK million

	GROUP		PARENT COMPANY	
	31 MARCH 2001	31 MARCH 2000	31 MARCH 2001	31 MARCH 2000
	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL	TOTAL EQUITY CAPITAL
Equity capital brought forward	3 934	3 687	2 548	2 567
Dividend	–	–	–	–
Net profit for the year	93	72	22	19
Equity capital to be carried forward	4 027	3 759	2 570	2 586

NOTE 5 ACTUAL AND NOMINAL VALUES OF DERIVATIVES, SEK million

	31 MARCH 2001		31 MARCH 2000	
	NOMINAL VALUE	ACTUAL VALUE	NOMINAL VALUE	ACTUAL VALUE
<i>Derivatives with positive or zero values</i> – not reported in the Balance Sheet				
Interest linked swaps	50 780	2 654	42 416	1 972
Interest and currency linked swaps	39 322	6 011	38 700	3 944
Equity linked derivative contracts	370	57	356	123
Total	90 472	8 722	81 472	6 039
<i>Derivatives with negative values</i> – not reported in the Balance Sheet				
Interest linked swaps	50 777	2 140	35 207	1 425
Interest and currency linked swaps	11 255	1 421	28 176	2 045
Equity linked derivative contracts	178	16	647	71
Total	62 210	3 577	64 030	3 541

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 27 April 2001

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 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 27 April 2001

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)