INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2007

THE SWEDISH HOUSING FINANCE CORPORATION, SBAB

- SBAB's credit portfolio amounted to SEK 169,319 million (SEK 170,013 million).
- Net interest income amounted to SEK 908 million (SEK 923 million).
- Expenses have decreased and amounted to SEK 382 million (SEK 436 million).
- Net operating income decreased to SEK 285 million (SEK 667 million).
- The financial turbulence in the credit market has led to unrealised changes of the market value in the liquidity portfolio of SEK 376 million. This had a negative impact on the result. The holding in the liquidity portfolio is long term.

Net operating income

SBAB's net operating income for the first nine months of 2007 amounted to SEK 285 million (SEK 667 million). The decrease in net operating income compared with the corresponding period last year is mainly due to the change in value in SBAB's liquidity portfolio. The change in market value in the liquidity portfolio has reduced the result by SEK 376 million. Net operating income adjusted for the unrealised change in market value in the liquidity portfolio is SEK 661 million, which is in level with the corresponding period last year.

Operating income

Net interest income amounted to SEK 908 million (SEK 923 million). The residential mortgage market is characterised by very stiff competition and a clearly falling 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 considerably lower compared with the corresponding period last year, SEK 632 million (SEK 1,102 million). This reduction is mainly attributable to the changes in value in the liquidity portfolio. Operating income adjusted for the change in market value in the liquidity portfolio amounts to SEK 1,008 million.

Summary SBAB Group

	Sep 2007	Sep 2006	Dec 2006
Net interest income, SEK million	908	923	1,217
Net operating income, SEK million	285	667	840
Net profit for the period, SEK million	208	505	654
Lending, SEK million	169,319	168,510	170,013
Securitised loans, SEK million	–	14,428	7,427
Doubtful loan claims after specific provisions for individually assessed loan claims, SEK million	39	44	45
Volume international borrowing, SEK million	120,916	96,574	111,048
Income/Expenditure ratio excl. loan losses	1.7	2.5	2.4
Income/Expenditure ratio incl. loan losses	1.8	2.5	2.4
Return on equity, %	5.9	n.d.	11.5
Capital ratio, % [1]	9.2	9.4	9.0
Primary capital ratio, % [1]	7.4	7.7	7.3
Equity ratio, %	2.8	2.9	3.0
Rating, long-term borrowing, SBAB			
Standard & Poor's	AA–	AA–	AA–
Moody's	Aa3 [2]	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 the period	367	419	410
of which temporary employees	7	20	17

[1] *The comparative figures have not been recalculated according to IAS rules.*
[2] *Moody's initiated a review in July of a possible downgrading of SBAB's Aa3 rating for long-term borrowing.*
n.d. = *no data*

Loan portfolio and securitised loans

	Sep 2007		Dec 2006	
SEK billion	Total	Of which securitised loans	Total	Of which securitised loans
Retail market	103.8		103.8	
Corporate market	65.5	– [1]	66.2	7.4
Total	169.3	–	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.

Liquidity portfolio

SBAB's liquidity portfolio is a liquidity reserve intended to manage liquidity and financing risk. The holding consists wholly (100%) of securities with the credit rating AAA/Aaa and no security has been subject to negative rating changes during the period. 73% is Residential Mortgage Backed Securities. The predominant part of these is European and a very small part Australian. The remaining 27% consists of European covered bonds and government bonds. SBAB has no exposure to the U.S. residential mortgage market. SBAB has no exposure to sub-prime credits in the U.S. or any other country. The portfolio is not exposed to interest and exchange rate changes. The size of the portfolio amounted to SEK 31.6 billion on 30 September 2007. Bonds can be pledged at the Riksbank and the European Central Bank.

SBAB values each security individually at market value. SBAB reports assets at their fair value in the income statement and consequently the unrealised change in market value affects the net operating income. No losses have been realised. The negative change in market value as per 30 September 2007 amounted to SEK 376 million. This is a result of the financial turbulence that has affected the credit market during the period. After the end of the period, the market value of the portfolio has recovered to some extent. The holding is long term and the assessment is made that the changes in market value will be recovered over time.

Expenses

During the first nine months, expenses amounted to SEK 382 million (SEK 436 million), a reduction of 12%. Compared with the corresponding period last year, SBAB's development costs and staff costs have decreased. The introduction of the new savings products in the second quarter this year has at the same time led to increased marketing expenses.

Loan losses and doubtful loan claims

Loan losses have continued to be at a low level and have posted a positive result of SEK 35 million (positive SEK 1 million) for the first three quarters of the year. The positive net loan losses during the year include a sale of monitored claims leading to a recovery of previous actual loan losses of SEK 3.6 million. Dissolution of collective provisions has been made at SEK 38 million. The change in doubtful loan losses is small and the level continues to be low. The provision ratio for specific provisions for individually assessed loan claims amounted to 75%.

Lending

During the first nine months of the year, new lending to the retail market was lower than the corresponding period last year. New lending to the retail market amounted to SEK 15,591 million (SEK 21,417 million). The retail market portfolio now totals SEK 103,773 million (SEK 103,806 million at the turn of the year). SBAB's market share for retail market lending is 8.6% (9.5%). SBAB's business partners continue to be important distribution channels.

New lending to the corporate market increased to SEK 7,121 million (SEK 5,516 million). The corporate market portfolio amounts to SEK 65,546 million (SEK 66,207 million at the turn of the year). This reduction is explained by lower lending to the municipalities and to tenant-owner associations.

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

Savings

SBAB now offers two savings products: A savings account (Sparkonto) for both new and existing customers with an interest rate of 3.65% as per 30 September 2007 and the SBAB account (SBAB-konto) for customers with residential mortgages of at least SEK 1 million with an interest rate of 4.40% as per 30 September 2007. Interest is accounted from the first krona regardless of the amount deposited and withdrawals are free of charge. An account can easily be opened through sbab.se or customer services. The amount deposited as per 30 September was SEK 433 million.

Funding

The company has a diversified funding with a presence in many different markets. SBAB has obtained both short- and long-term funding in the usual way and has had surplus liquidity since the beginning of July. The need for long-term borrowing for the next six months had been met at the time of reporting.

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 September 2007, the portfolio consisted of the following: Swedish Commercial Paper Programme SEK 23.5 billion (SEK 18.2 billion), Swedish Covered Bonds SEK 57.9 billion (SEK 47.0 billion), European Commercial Paper Programme USD 1,958 million (USD 1,440 million), US Commercial Paper Programme USD 1,325 million (USD 1,813 million), Euro Medium Term Note Programme USD 7,772 million (USD 9,292 million), Euro Medium Term Covered Note Programme EUR 5,071 million (EUR 2,486 million). The total value of outstanding securities issued was SEK 200.2 billion (SEK 182.3 billion).

The issuance of covered bonds is done through SBAB's wholly-owned subsidiary The Swedish Covered Bond Corporation (SCBC). 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 coverage

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. Due to the low risk of the company's activities the new rules has led to a reduction of the company's capital adequacy requirements. SBAB reports credit risk mainly in accordance with the internal ratings-based approach (IRB approach) and operational risks according to the standard method. However, during a three-year period, the effect will be limited due to transitional provisions. 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.

During the autumn, 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 expected to reduce the already low minimum capital requirement before the effects of transitional rules.

The new capital ratio according to Basel II* for the SBAB group was 1.17 as at 30 September 2007. The capital ratio was 9.2% (9.0%), the primary capital ratio 7.4% (7.3%) and the capital base amounted to SEK 8,837 million (SEK 9,150 million). In the parent company, the new capital ratio according to Basel II was 4.04, the capital ratio 31.2% (19.1%), the primary capital ratio 24.4% (15.3%) and the capital base SEK 8,909 million (SEK 8,607 million). The statistics as at 30 September 2007 include profit for the same date as this result was lower than the result on 30 June which has been scrutinised by the company's external auditors.

Unlike SBAB's consolidated accounts, 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 the International Financing Reporting Standards IFRS.

Interest rate risk

A parallel shift of the yield curve by plus one percentage point would on 30 September 2007 have entailed a reduction of the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions, by around SEK 17.0 million.

Current events

- SBAB has introduced a new attractively-priced short-term interest product where the customer can raise a loan with 30-days interest for 12 months.

Developments in the third quarter compared with the second quarter

- Lending to the public amounted to SEK 169,319 million compared with SEK 169,660 million in the second quarter. The retail market portfolio amounted to SEK 103,773 million (SEK 103,875 million). SBAB's share of the retail market was 8.6%, a decrease of 0.2 percentage points. The corporate market portfolio totalled SEK 65,546 million (SEK 65,785 million). SBAB's share of the corporate market was 13.8 % which is a decrease of 0.1 percentage points.
- Net interest income was at the level of the second quarter and amounted to SEK 296 million (SEK 308 million). Total operating income was SEK –53 million and the extensive reduction compared with the second quarter is explained by the change in value in SBAB's liquidity portfolio.
- Expenses amounted to SEK 93 million (SEK 150 million). This reduction is primarily explained by lower staff costs, IT development costs and lower marketing expenses in the quarter.
- Loan losses continued to be low and amounted to a positive SEK 13 million (positive SEK 6 million).
- The result for the period decreased by SEK –243 million to SEK –96 million. This is mainly explained by the negative change in value of SBAB's liquidity portfolio, which is offset to some extent by the reduction in costs.
- Capital adequacy (95%) continues to be good and amounted to 9.2% (9.2%) and the primary capital ratio to 7.4% (7.4%).

The development of the parent company

Operating income amounted to SEK 262 million (SEK 1,274 million). The major part of this difference is due to the reduction of net interest income to SEK 212 million (SEK 734 million) and the net result of financial transactions SEK -224 million (SEK 408 million). Since May 2006, the parent company has transferred loans to the subsidiary SCBC. An initial loan portfolio of around 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 246 million (SEK 73 million). This income consists of administrative services for the subsidiary SCBC.

During the first nine months of the year, expenses have fallen by 11% to SEK 383 million (SEK 431 million). Net loan losses were positive at SEK 31 million (positive SEK 1 million). The development of the parent company's expenses and loan losses complies with that of the group.

Financial information

SBAB's report of operations for 2007 will be published on 31 January 2008.

SBAB's annual general meeting will be held on 15 April 2008 in Stockholm.

Stockholm, 30 October 2007

Eva Cederbalk
Chief Executive Officer

* *New capital ratio = Capital base/Capital requirement*

Income statement

SEK million	GROUP Jan-Sep 2007	Jan-Sep 2006	Jul-Sep 2007	Jul-Sep 2006	PARENT COMPANY Jan-Sep 2007	Jan-Sep 2006
Interest income	6,012	4,629	2,141	1,598	3,088	3,597
Interest expense	(5,104)	(3,706)	(1,845)	(1,303)	(2,876)	(2,863)
Net interest income	908	923	296	295	212	734
Dividends received	0	0	0	0	0	0
Commission income	39	42	14	16	60	78
Commission expenses	(32)	(19)	(10)	(7)	(32)	(19)
Net income from financial items at fair value (Note 1)	(283)	156	(353)	109	(224)	408
Other operating income	0	0	0	0	246	73
Total operating income	632	1,102	(53)	413	262	1,274
Staff costs	(180)	(189)	(53)	(54)	(180)	(189)
Other expenses	(179)	(227)	(32)	(57)	(190)	(230)
Depreciation of tangible and amortisation of intangible fixed assets	(23)	(20)	(8)	(7)	(13)	(12)
Total expenses before loan losses	(382)	(436)	(93)	(118)	(383)	(431)
Loan losses, net (Note 2)	35	1	13	(4)	31	1
Net operating income	285	667	(133)	291	(90)	844
Allocations	-	-	-	-	-	(51)
Tax on profit for the period	(77)	(162)	37	(87)	23	(228)
Net profit for the period	208	505	(96)	204	(67)	565

Balance sheet

SEK million	GROUP 30 Sep 2007	30 Sep 2006	31 Dec 2006	PARENT COMPANY 30 Sep 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)	9,832	11,941	9,962	32,163	28,052
Lending to the public (Note 4)	169,319	168,510	170,013	32,164	65,036
Adjustment in value of hedge accounted loan claims	(1,034)	82	(405)	(107)	(255)
Bonds and other interest-bearing securities	31,453	14,198	21,813	31,453	21,813
Derivative instruments (Note 6)	3,433	2,803	1,355	3,088	1,641
Shares and participations	4	2	2	4	2
Shares and participations in associated companies				602	459
Shares and participations in group companies				5,200	4,000
Deferred tax assets	149	-	133	-	-
Intangible fixed assets	58	49	55	21	21
Tangible assets	16	20	19	16	19
Other assets	8,806	1,553	84	8,031	387
Prepaid expenses and accrued income	802	647	691	494	481
TOTAL ASSETS	222,848	199,808	203,725	113,139	121,659
LIABILITIES AND EQUITY CAPITAL					
LIABILITIES					
Liabilities to credit institutions	6,399	10,635	5,407	1,298	605
Deposits from the public	433	-	-	433	-
Securities issued etc.	200,157	172,140	182,328	96,992	105,983
Derivative instruments (Note 6)	3,548	4,758	5,259	5,043	5,143
Other liabilities	277	1,433	890	142	608
Accrued expenses and prepaid income	3,070	1,754	999	396	332
Deferred tax liabilities	-	189	-	-	-
Subordinated debts	2,717	3,008	2,808	2,717	2,808
Total liabilities	216,601	193,917	197,691	107,021	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	18	12	17	12
Profit brought forward	4,064	3,410	3,410	3,815	2,448
Net profit for the period	208	505	654	(67)	1,367
Total equity capital	6,247	5,891	6,034	6,115	6,177
TOTAL LIABILITIES AND EQUITY CAPITAL	222,848	199,808	203,725	113,139	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				208	208
Closing balance 30 September 2007	1,958	17	4,064	208	6,247

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		20			20
Net profit for the period				505	505
Closing balance 30 September 2006	1,958	18	3,410	505	5,891

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	Fund for fair value	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					(67)	(67)
Closing balance 30 September 2007	1,958	392	17	3,815	(67)	6,115

PARENT COMPANY

SEK million	Share capital	Legal reserve	Fund for fair value	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-Sep 2007	Jan-Sep 2006	Jan-Sep 2007	Jan-Sep 2006
Liquid funds at the beginning of the period	1,453	821	791	157
Cash flow from current operations	(1,054)	1,920	936	6,050
Cash flow from investing operations	(24)	(19)	(1,354)	(4,091)
Cash flow from financing operations	-	994	-	994
Increase / Decrease in liquid funds	(1,078)	2,895	(418)	2,953
Liquid funds at the end of the period	375	3,716	373	3,110

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 14-20.

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 of accounting principles in the parent company is provided on pages 12-13.

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

Financial liabilities

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

SBAB has not classified any financial assets that are intended to be retained until maturity or as available for sale.

This classification serves as a base 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 loan claims and 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.

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, the hedging transactions, and the portfolio of interest rate swaps, are identified at transaction level.

Doubtful loan claims

SBAB makes an assessment of the need for group provisions. In recent years, the model for group provisions has been adapted to the principles of IFRS. These changes in principle have entailed an adjustment in the opening balance for group provisions. At the same time as adaptation to IFRS, work has been carried out intended to modernise the existing model and make use of the input data which has been systematised in conjunction with development of models within Basel II. By using input data from the Basel models, it is also ensured that the underlying information is updated and continuously evaluated. In the assessment of the need for group provisions, the expected discounted future cash flows are calculated in relation to the cash flows initially expected, despite it not being possible to attribute the reduction to an individual claim. This assessment is made on the basis of the risk classification and the expected probability of default (PD) and the loss given default (LGD).

Interest compensation payments

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, when expenditure/income is recognised directly.

Accrual of fees

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-Sep 2007	GROUP Jan-Sep 2006	PARENT COMPANY Jan-Sep 2007	PARENT COMPANY Jan-Sep 2006
Unrealised gains/losses on interest-bearing financial instruments	(304)	75	(237)	148
Unrealised gains/losses on shares and participations	2	0	2	0
Realised gains/losses on interest-bearing financial instruments	22	81	14	260
Currency translation effects	(3)	0	(3)	0
Total	(283)	156	(224)	408

Note 2 Loan losses, net

GROUP SEK million	Jan-sep 2007	Jan-sep 2006
SPECIFIC PROVISION FOR LOANS CLAIMS ASSESSED INDIVIDUALLY		
The period's write-off for actual loan losses	2	19
Reversal of previous provisions for probable loan losses reported as actual loan losses in the period's financial statements	0	(15)
The period's provision for probable loan losses	7	14
Recoveries in respect of actual loan losses in previous years	(1)	(4)
Reversal of previous provisions for probable loan losses no longer required	(6)	(18)
Guarantees	(8)	2
Net cost for the period for individually assessed loan claims	(6)	(2)
COLLECTIVE PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY		
Provision to/withdrawal from collective provision	(37)	0
Guarantees	9	0
Net cost for the period for collective provision for loan claims assessed individually	(28)	0
COLLECTIVE PROVISION FOR HOMOGENOUS GROUPS OF LOAN CLAIMS		
The period's write-off for actual loan losses	3	3
Recoveries in respect of actual loan losses in previous years	(5)	(1)
Provision to/withdrawal from collective provision	(1)	0
Guarantees	2	(1)
Net cost for the period for collectively provision for homogenous groups of loan claims	(1)	1
Net cost for the period for loan losses	(35)	(1)

Both the write-offs for the period 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 12,491 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	30 Sep 2007		31 Dec 2006	
SEK million	Lending	Reserves	Lending	Reserves
Municipal multi-family dwellings	8,381	-	9,781	-
Tenant-owner associations	34,312	(133)	34,861	(148)
Privately-owned multi-family dwellings	18,106	(20)	18,797	(39)
Single-family dwellings and holiday homes	71,887	(72)	72,557	(72)
Tenant-owned apartments	31,976	(18)	31,339	(18)
Commercial properties	4,901	(1)	2,958	(3)
Provision for probable loan losses	(244)		(280)	
Total	169,319	(244)	170,013	(280)

Doubtful and non-performing loan claims	30 Sep 2007	31 Dec 2006
a) Doubtful loan claims	155	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	123	187
d) Specific provisions for individually assessed loan claims	116	114
e) Collective provisions for individually assessed loan claims	38	76
f) Provisions for collectively assessed homogenous groups of loan claims	90	90
g) Total provisions (d+e+f)	244	280
h) Doubtful loan claims after specific provisions for individually assessed loan claims (a–d)	39	45
i) Provision ratio for specific provisions for individually assessed loan claims (d/a)	75%	72%

It is possible for the partner to acquire mediated loans in certain partnership relations on the lending side.

Note 5 Classification of financial instruments

GROUP

30 September 2007, SEK million Financial assets	Loan claims	Valued at fair value via the income statement	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	9,832			9,832
Lending to the public	169,319			169,319
Adjustment in value of hedged accounted loan claims	(1,034)			(1,034)
Bonds and other interest-bearing securities		31,453		31,453
Shares and participations		4		4
Derivative instruments		346	3,087	3,433
Other assets	8,806			8,806
Prepaid expenses and accrued income	802			802
Total	187,725	31,813	3,087	222,625

Financial liabilities	Valued at fair value via the income statement	Liabilities subject to hedge accounting	Derivative instruments for hedging	Other financial liabilities	Total
Liabilities to credit institutions				6,399	6,399
Deposits from the public				433	433
Securities issued		155,377		44,780	200,157
Derivative instruments	318		3,230		3,548
Other liabilities				277	277
Accrued expenses and prepaid income				3,070	3,070
Subordinated debts		2,717			2,717
Total	318	158,094	3,230	54,959	216,601

PARENT COMPANY

30 September 2007, SEK million Financial assets	Loan claims	Valued at fair value via the income statement	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	32,163			32,163
Lending to the public	32,164			32,164
Adjustment in value of hedge accounted loan claims	(107)			(107)
Bonds and other interest-bearing securities		31,453		31,453
Shares and participations		4		4
Derivative instruments		346	2,742	3,088
Other assets	8,031			8,031
Prepaid expenses and accrued income	494			494
Total	72,745	31,813	2,742	107,300

Financial liabilities	Valued at fair value via the income statement	Liabilities subject to hedge accounting	Derivative instruments for hedging	Other financial liabilities	Total
Liabilities to credit institutions				1,298	1,298
Deposits from the public				433	433
Securities issued		52,212		44,780	96,992
Derivative instruments	318		4,725		5,043
Other liabilities				142	142
Accrued expenses and prepaid income				396	396
Subordinated debts		2,717			2,717
Total	318	54,929	4,725	47,049	107,021

Note 6 Derivative instruments

GROUP 30 September 2007, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,441	1,623	208,015
Share related	56	0	144
Currency related	936	1,917	86,722
Credit related	-	8	13,532
Total	3,433	3,548	308,413

PARENT COMPANY 30 September 2007, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,667	3,259	335,669
Share related	56	0	144
Currency related	365	1,784	41,609
Total	3,088	5,043	377,422

Segment reporting IFRS, January - September

GROUP SEK million	2007 Residential mortgages	Corporate loans	Finance	Total	2006 Residential mortgages	Corporate loans	Finance	Total
Net interest income	577	137	194	908	648	101	174	923
Net commission	10	0	(3)	7	20	0	3	23
Net income from financial items at fair value	8	5	(296)	(283)	28	8	120	156
Total operating income	595	142	(105)	632	696	109	297	1,102
Total expenses before loan losses	(288)	(49)	(45)	(382)	(333)	(53)	(50)	(436)
Profit before loan losses	307	93	(150)	250	363	56	247	666
Loan losses, net	29	6	–	35	1	0	–	1
Net operating income	336	99	(150)	285	364	56	247	667

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 companies. The Finance segment includes the result of financial activities. Overhead expenses from the non-commercial activity have been distributed to the segments with the aid of various distribution principles.

Capital base

GROUP 30 September 2007, SEK million	
Primary capital	
Equity capital	6,166
Primary capital contribution	994
Minority interest	466
Total primary capital, gross	7,626
Less other intangible assets	(58)
Less deferred tax assets	(149)
Deduction pursuant to Chapter 3, section 8, of the Capital Adequacy Act	(282)
Total primary capital, net	7,137
Supplementary capital	
Perpetual subordinated loan	722
Time-limited subordinated loan	1,260
Deduction pursuant to Chapter 3, section 8, of the Capital Adequacy Act	(282)
Total supplementary capital	1,700
Expanded part of capital base	0
Deduction from whole capital base	0
Amounts for capital base after deductible items and limit values	8,837
Capital requirements	
Minimum capital for:	
Credit risk reported according to the standard method	904
Credit risk reported according to the IRB approach	2,013
Risks in trading stock	502
Operational risk	170
Currency risk	0
Raw material risk	0
Total minimum capital requirements	3,589
Addition during a transitional period	3,968
Capital requirements including supplement	7,557

Capital adequacy

30 September 2007, SEK million	Group	Parent company	FriSpar Bolån	SCBC
Primary capital	7,137	6,965	936	4,941
Total capital	8,837	8,909	936	4,941
Risk-weighted assets	101,369	30,023	10,949	60,513
Risk-weighted assets * 95%	96,301	28,522	10,402	57,487
Primary capital ratio	7.4%	24.4%	9.0%	8.6%
Capital adequacy	9.2%	31.2%	9.0%	8.6%
New capital ratio according to Basel II	1.17	4.04	1.15	1.09

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 September 2006 according to previously applied accounting principles	1,958	392	2,733	5,083
Changed accounting principles				
Net effects of transition to fair value accounting according to IAS 39			196	196
Change in loan loss provision according to IAS 39			52	52
Other recalculations according to IAS 39			159	159
Change in tax attributable to recalculation according to IFRS			(109)	(109)
Closing balance IFRS 30 September 2006	1,958	392	3,031	5,381

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 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.

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. 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 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 of untaxed reserves and other legal 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 September 2006 according to previously applied accounting principles	1,958	1,209		2,792	5,959
Recalculation according to IFRS					
Allocation of legal reserve to worked-up result		(392)		392	
Allocation of equity capital portion of untaxed reserves and other legal reserves		(817)		817	
Net effects of transition to fair value accounting according to IAS 39				(281)	(281)
Change in loan loss provision according to IAS 39				17	17
Other recalculations according to IAS 39			18	186	204
Change in tax attributable to recalculation according to IFRS				(8)	(8)
Closing balance IFRS 30 September 2006	1,958	0	18	3,915	5,891

	Share capital	Legal reserves	Other reserves	Profit brought forward	Equity capital
Closing balance 31 December 2006 according to previously applied accounting principles	1,958	418		3,686	6,062
Recalculation according to IFRS					
Allocation of legal reserve to worked-up result		(392)		392	
Allocation of equity capital portion of untaxed reserves and other legal 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 according to 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.

Application of IAS 39

a) Financial instruments and hedge accounting

SBAB holds 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.

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 –154 million after taking tax into consideration.

b) Change in 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. 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 and repurchase of debt are recognised directly as at 31 December 2006, amounts to SEK 99 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 at 31 December 2006, amounts to SEK 25 million, after taking tax into consideration.

Application of IAS 27

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.

Application of IAS 31

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 the securitisation companies are 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.

See pages 16-20 for specification of the above effects in the group income statement, balance sheet and cash flow analysis.

Recalculation of group income statement 2006 on transition to IFRS

Income statement

GROUP SEK million	Previous accounting principles	IAS 27 see page 15 e)	IAS 31 see page 15 f)	IAS 39 see page 15 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		–	(595)
Loan losses, net	4			(4)		0
Net operating income	652	0	0	188	–	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	–	192	–	654

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

Income statement

GROUP SEK million	Previous accounting principles	IAS 27 see page 15 e)	IAS 31 see page 15 f)	IAS 39 see page 15 a-d)	Other adjustments	IFRS
Interest income	4,323	403	(43)	(54)		4,629
Interest expense	(3,321)	(388)	(8)	11		(3,706)
Net interest income	1,002	15	(51)	(43)		923
Dividends received	0					0
Commission income	34	(14)	22			42
Commission expenses	(102)		30	53		(19)
Net income from financial items at fair value	1			155		156
Other operating income	0					0
Total operating income	935	1	1	165		1,102
Staff costs	(177)				(12)	(189)
Other expenses	(238)	(1)	0		12	(227)
Depreciation of tangible and amortisation of intangible fixed assets	(20)					(20)
Total expenses before loan losses	(435)	(1)	0	0	–	(436)
Loan losses, net	5			(4)		1
Net operating income	505	0	1	161	–	667
Minority share in the period's result	1		(1)			-
Tax on profit for the period	(147)		(0)	(15)		(162)
Net profit for the period	359	0	–	146	–	505

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

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 15 e)	IAS 31 see page 15 f)	IAS 39 see page 15 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 and other interest-bearing securities	21,847			(34)		21,813
Shares and participations	0			2		2
Intangible fixed assets	55					55
Tangible fixed 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)	–
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			(28)	–	6,034
TOTAL LIABILITIES AND EQUITY CAPITAL	195,597	7,779	(30)	389	(10)	203,725

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

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 15 e)	IAS 31 see page 15 f)	IAS 39 see page 15 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	3,110	606	8,225			11,941
Lending to the public	162,333	14,428	(8,231)	(20)		168,510
Adjustment in value of hedge accounted loan claims				82		82
Bonds and other interest-bearing securities	14,143			55		14,198
Shares and participations	0			2		2
Intangible fixed assets	49					49
Tangible fixed assets	20					20
Derivative instruments	1,948	(24)		879		2,803
Other assets	1,984	(405)	(27)	1		1,553
Prepaid expenses and accrued income	548	40	1	58		647
TOTAL ASSETS	184,138	14,645	(32)	1,057		199,808
LIABILITIES AND EQUITY CAPITAL						
LIABILITIES						
Liabilities to credit institutions	10,658		(23)			10,635
Securities issued etc.	157,809	14,655	417	(741)		172,140
Derivative instruments	3,029			1,729		4,758
Other liabilities	1,338	(42)	(0)	137		1,433
Accrued expenses and prepaid income	1,875	32	(9)	(144)		1,754
Deferred tax liabilities	318			(129)		189
Subordinated debts	2,735			273		3,008
Total liabilities	177,762	14,645	385	1,125		193,917
Minority interest	417		(417)			–
EQUITY CAPITAL						
Share capital	1,958					1,958
Other reserves	1,209				(1,191)	18
Profit brought forward	2,792			(68)	1,191	3,915
Total equity capital	5,959			(68)	–	5,891
TOTAL LIABILITIES AND EQUITY CAPITAL	184,138	14,645	(32)	1,057	–	199,808

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

Balance sheet

GROUP SEK million	Previous accounting principles	IAS 27 see page 15 e)	IAS 31 see page 15 f)	IAS 39 see page 15 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 in value of hedge accounted loan claims				932		932
Shares and participations	0			2		2
Intangible fixed assets	48					48
Tangible fixed 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)	–	5,366
TOTAL LIABILITIES AND EQUITY CAPITAL	161,828	15,323	(36)	2,267	–	179,382

Recalculation of cash flow analysis on transition to IFRS

Cash flow analysis

GROUP Jan-Sep 2006 SEK million	Cash flow analysis according to previous accounting principles	Revaluation IAS 27 see page 15 e)	Revaluation IAS 31 see page 15 f)	Cash flow analysis recalculated to IFRS
Liquid funds at the beginning of the period	157	664	(0)	821
Cash flow from current operations	1,905	(58)	73	1,920
Cash flow from investing operations	(19)	-	-	(19)
Cash flow from financing operations	1,067	-	(73)	994
Increase / Decrease in liquid funds	2,953	(58)	(0)	2,895
Liquid funds at the end of the period	3,110	606	(0)	3,716

Cash flow analysis

GROUP Jan-Dec 2006 SEK million	Cash flow analysis according to previous accounting principles	Revaluation IAS 27 see page 15 e)	Revaluation IAS 31 see page 15 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

Review report

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

Introduction

We have reviewed this interim report for the Swedish Housing Finance Corporation, reg. no. 556253-7513 for the period 1 January 2007 – 30 September 2007. The Board of Directors and the CEO are responsible for preparing and presenting this interim 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 interim 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 October 2007

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

SBAB

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