

2006:2

Interim report

January – June 2006



Spintab

Spintab

JANUARY – JUNE 2006 IN SUMMARY

(comparative figures refer to the corresponding period previous year)

- Lending increased by nominal SEK 20,641 million during the first six months (17,272) and amounted to SEK 489,214 million (445,898)
- Increased market shares for new household lending
- Spintab is in the process of changing name to Swedbank Mortgage

The Spintab Group, "Spintab," comprises the Parent Company, AB Spintab (publ), and the wholly owned subsidiary FöreningsSparbanken Jordbrukskredit AB. The Spintab Group is a wholly owned subsidiary of FöreningsSparbanken AB (publ) (Swedbank). As a consequence of the announced change of name in FöreningsSparbanken, Spintab is expected to change to Swedbank Mortgage AB, and FöreningsSparbanken Jordbrukskredit AB to Swedbank Jordbrukskredit AB.

Spintab provides long-term financing for housing, municipal investments, and agricultural and forestry properties.

Profit and net interest income

Operating profit for the first six months amounted to SEK 1,848 million (2,336). Net interest income amounted to SEK 2,012 million (2,546), of which 992 corresponds to the second quarter. The strategic decision to offer more competitive terms has increased the market shares for new household lending. During the second quarter, the net interest income has been stabilized despite continuous margin pressure. The return on equity was 11.7 percent (17.2).

Commission expenses

A new agreement, which favours an increase of the business exchange with the savings banks and partly owned banks, explains the increase of commission expenses compared with the first quarter 2006. Commission expenses are unchanged compared with the corresponding period previous year.

Net gains and losses on financial items at fair value

Net gains and losses on financial items

at fair value amounted to SEK 130 million during the first six months, of which SEK 113 million corresponds to the second quarter 2006. The income during the second quarter is primarily explained by favourable positions taken in an environment with increasing interest rates.

Operating expenses

Operating expenses decreased compared with the corresponding period previous year and amounted to SEK 31 million (43).

Loan losses

Loan losses amounted to SEK 11 million (0) during the first six months, where established loan losses accounted for SEK 11 million (35). Provisions for anticipated loan losses totaling SEK 140 million (165) as of June 30, 2006. Specifications of loan losses and loans are shown in Notes 2 and 3.

Lending

Loans for private homes rose by nominal SEK 20,801 million during the first six months 2006 (14,756) and agricultural loans by SEK 1,221 million (1,217). Loans for commercial properties decreased by SEK 1,381 million (+1,299). Spintab's loans to the public amounted to SEK 488,767 million (454,146) as of June 30, 2006, of which the fair value changes on lending amounted to SEK -447 million (8,248). Spintab's total market share was 30 percent (30) as of June 30, 2006. The share of new household lending rose to 30.5 percent during the first six months 2006 (23).

Funding

53 percent of the total funding has been raised from foreign money and capital markets.

Capital adequacy

As of June 30, 2006 the capital adequacy ratio was 99 percent (10.4), of which the primary capital ratio was 8.5 percent (8.4).

Interest rate risk

An increase in market interest rates of one percent as of June 30, 2006 would have reduced the value of Spintab's interest-bearing assets and liabilities, including derivatives, by approximately SEK 360 million (343).

A one-percent increase in market interest rates would have decreased net gains and losses on financial items at fair value by SEK 111 million (+11).

Accounting policies

The interim report for the Group is prepared according to IAS 34 "Interim Financial Reporting", which means that it follows the same accounting principles as in the most recent annual report. Spintab changed accounting policies during 2005, according to the fair value option in IAS 39 the EU approved in November 2005. The changes are due to use of the fair value option for delimited portfolios of lending and debt securities in issue. The restated Income statements and Balance sheets were published in the preliminary year-end report, and all comparable figures are restated in this report.

IFRS as it is included in the Annual Accounts Act, do not contain the fair value option. Therefore the Parent Company, with approval from the Financial Supervisory Authority, is following FFFS 2002:22 again in 2006.

Financial reporting

Spintab's interim report for the first nine months of 2006 will be released on October 26, 2006.

Spintab Group – Key financial highlights 2002–2006

	2006*	2005**	2005***	2004****	2003****	2002****
Lending						
Loans to the public, SEK m.	488,767	454,146	472,058	428,628	398,752	367,645
Profitability						
Operating profit, SEK m.	1,848	2,336	4,815	4,602	4,255	3,839
Investment margin, %	0.74	1.01	0.98	1.11	1.17	1.22
Return on equity, %	11.7	17.2	17.1	17.0	16.5	15.9
Earnings per share, SEK	57.87	73.13	150.74	144.04	133.17	120.18
Capital						
Capital base, SEK m.	27,230	25,472	26,116	23,673	22,723	20,048
Equity, SEK m.	23,396	20,280	22,065	18,840	17,654	16,251
Number of shares at beginning/end of period, million	23	23	23	23	23	23
Equity per share, SEK	1,017.22	881.74	959.35	819.13	767.57	706.59
Capital adequacy ratio, %	9.9	10.4	10.1	10.3	11.0	10.8
Primary capital, %	8.5	8.4	8.5	8.2	8.5	8.8
Credit quality						
Loan losses, SEK m.	11	0	-18	-46	18	129
Loan loss level, %	0.00	0.00	-0.00	-0.01	0.005	0.04
Provision ratio for impaired loans, %	96.1	93.1	96.6	73.3	70.2	73.4
Share of impaired loans, according to loans to the public, %	0.02	0.02	0.02	0.04	0.04	0.04

* As of June 30, 2006 according to IFRS

** As of June 30, 2005 according to IFRS

*** As of December 31, 2005 according to IFRS

**** According to previously applied accounting principles. To satisfy the requirements according to IFRS, 2002-2004 would have to be adjusted according to IAS39. See the accounting principles in the annual report for a more detailed description.

Income statement

Group, according to IFRS

SEK million	Note	Jan - June 2006	Jan - June 2005	Change %	April - June 2006	April - June 2005	Change %
Interest income		9,633	9,890	-3	4,919	4,896	0
Interest expenses		-7,621	-7,344	4	-3,927	-3,694	6
NET INTEREST INCOME		2,012	2,546	-21	992	1,202	-17
Commission income		16	16	0	8	8	0
Commission expenses		-276	-276	0	-155	-135	15
NET COMMISSION INCOME		-260	-260	0	-147	-127	16
Net gains and losses on financial items at fair value	1	130	86	51	113	246	-54
Other operating income		8	7	14	5	3	67
TOTAL INCOME		1,890	2,379	-21	963	1,324	-27
Staff costs		-9	-11	-18	-5	-5	0
Other general administrative expenses		-13	-28	-54	-8	-18	-56
TOTAL ADMINISTRATIVE EXPENSES		-22	-39	-44	-13	-23	-43
Depreciation/amortization and impairment of tangible and intangible fixed assets		-9	-4	-	-6	-2	
TOTAL EXPENSES		-31	-43	-28	-19	-25	-24
PROFIT BEFORE LOAN LOSSES		1,859	2,336	-20	944	1,299	-27
Loan losses	2	-11	0	-	-6	0	-
OPERATING PROFIT		1,848	2,336	-21	938	1,299	-28
Tax expense for the period		-517	-654	-21	-262	-364	-28
PROFIT FOR THE PERIOD		1,331	1,682	-21	676	935	-28
Earnings per share, before and after dilution, SEK		57.87	73.13		29.39	40.65	

AB Spintab, according to ÅRKL

SEK million	Note	Jan - June 2006	Jan - June 2005	Change %	April - June 2006	April - June 2005	Change %
Interest income		9,667	9,869	-2	4,969	4,883	2
Interest expenses		-7,652	-7,592	1	-3,986	-3,792	5
NET INTEREST INCOME		2,015	2,277	-12	983	1,091	-10
Commission income		12	12	0	6	6	0
Commission expenses		-246	-246	0	-137	-120	14
NET COMMISSIONS INCOME		-234	-234	0	-131	-114	15
Net gains and losses on financial items at fair value	1	-8	-3	-	2	0	-
Other operating income		7	7	0	4	4	0
TOTAL INCOME		1,780	2,047	-13	858	981	-12
Staff costs		-9	-10	-10	-5	-5	0
Other general administrative expenses		-19	-28	-30	-6	-17	-65
TOTAL ADMINISTRATIVE EXPENSES		-28	-38	-26	-11	-22	-50
Depreciation/amortization and impairment of tangible and intangible fixed assets		-4	-3	-	-2	-2	-
TOTAL EXPENSES		-32	-41	-22	-13	-24	-46
PROFIT BEFORE LOAN LOSSES		1,748	2,006	-13	845	958	-12
Loan losses	2	-11	1	-	-6	1	-
OPERATING PROFIT		1,737	2,007	-13	839	959	-12
Tax expense for the period		-486	-562	-14	-235	-268	-12
PROFIT FOR THE PERIOD		1,251	1,445	-13	604	690	-12

Balance sheet

SEK million	Note	According to IFRS			According to ÅRKL		
		Group			AB Spintab		
		June 30 2006	June 30 2005	Dec 31 2005	June 30 2006	June 30 2005	Dec 31 2005
Assets							
Treasury bills eligible for refinancing with central banks			50	100		50	100
Loans to credit institutions	3	50,489	47,597	35,921	78,094	72,616	62,417
Loans to the public	3	488,767	454,146	472,058	457,671	417,277	438,250
Derivatives	4	3,901	15,891	7,997	1,591	1,369	1,692
Other assets		9,766	11,080	2,760	11,689	12,966	4,685
TOTAL ASSETS		552,923	528,764	518,836	549,045	504,278	507,144
Liabilities and equity							
Liabilities							
Amount owed to credit institutions		87,603	82,680	79,472	87,765	82,511	79,414
Debt securities in issue		425,453	410,522	398,375	427,170	390,494	390,207
Derivatives	4	7,742	6,158	5,462	1,796	1,740	1,845
Other liabilities		4,707	3,876	9,222	5,220	4,394	9,834
Subordinated liabilities		4,022	5,248	4,240	4,198	5,025	4,199
TOTAL LIABILITIES		529,527	508,484	496,771	526,149	484,164	485,499
Equity							
Shareholders' equity		23,396	20,280	22,065	22,896	20,114	21,645
TOTAL EQUITY		23,396	20,280	22,065	22,896	20,114	21,645
TOTAL LIABILITIES AND EQUITY		552,923	528,764	518,836	549,045	504,278	507,144

Financial instruments distributed by valuation category according to IAS 39

SEK million	June 30, 2006	June 30, 2005	Dec 31, 2005
Assets			
Treasury bills and other bills eligible for refinancing with central banks	-	50	100
valuation category, Fair value through profit or loss, trading	-	50	100
Loans to credit institutions	50,489	47,597	35,921
valuation category, Loans and receivables	50,489	47,597	35,921
Loans to the public	488,767	454,146	472,058
valuation category, Loans and receivables	105,562	103,760	104,427
valuation category, Fair value through profit or loss	383,205	350,386	367,631
Liabilities			
Amount owed to credit institutions	87,603	82,680	79,472
valuation category, Other financial liabilities	85,436	80,330	77,085
valuation category, Fair value through profit or loss, other	2,167	2,350	2,387
Debt securities in issue	425,453	410,522	398,375
valuation category, Fair value through profit or loss, other	425,453	410,522	398,375
Subordinated liabilities	4,022	5,248	4,240
valuation category, Other financial liabilities	4,014	5,172	4,208
changes in the value according to hedge accounting	8	76	32

Cash flow statement

SEK million	Group			AB Spintab		
	Jan - June 2006	Jan - June 2005	Jan - Dec 2005	Jan - June 2006	Jan - June 2005	Jan - Dec 2005
Cash and cash equivalents at beginning of period*	6,547	17,520	17,520	6,311	17,036	17,036
Cash flow from operating activities	-29,301	-16,945	-27,691	-29,368	-16,658	-27,443
Cash flow from financing activities	32,610	14,109	16,718	32,610	14,109	16,718
CASH FLOW FOR THE PERIOD	3,309	-2,836	-10,973	3,242	-2,549	-10,725
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	9,856	14,684	6,547	9,553	14,487	6,311
* of which securities pledged for OMX AB						
at beginning of period	100	50	50	100	50	50
at end of period	-	50	100	-	50	100

Statement of changes in equity

Group

SEK million	Equity attributable to Shareholders' equity
Closing balance December 31, 2004	18,840
Change in accounting policies relating to IAS 39 Financial instruments: Recognition and Measurement	-242
Opening balance January 1, 2005	18,598
Profit for the period	1,682
CLOSING BALANCE JUNE 30, 2005	20,280
Opening balance January 1, 2006	22,065
Profit for the period	1,331
CLOSING BALANCE JUNE 30, 2006	23,396

AB Spintab

SEK million	Restricted equity	Non- restricted equity	Total
Opening balance January 1, 2005	14,600	4,070	18,670
Profit for the period		1,445	1,445
CLOSING BALANCE JUNE 30, 2005	14,600	5,515	20,114
of which conditional shareholders' contributions 1)		2,400	2,400
Opening balance January 1, 2005	14,600	4,070	18,670
Profit for the period		2,975	2,975
CLOSING BALANCE DECEMBER 31, 2006	14,600	7,045	21,645
of which conditional shareholders' contributions 1)		2,400	2,400
Opening balance January 1, 2006	14,600	7,045	21,645
Profit for the period		1,251	1,251
CLOSING BALANCE JUNE 30, 2006	14,600	8,296	22,896
of which conditional shareholders' contributions 1)		2,400	2,400

1) The condition for repayment is that it is defensible in light of the requirements that the nature, scope and risks of operations place on the size of equity as well as the company's consolidation requirements, liquidity and financial position in other respects. Repayment decisions are made by Spintab's Annual General Meeting.

Notes

1 Net gains and losses on financial items at fair value

Group	Jan - June	Jan - June	April - June	April - June
SEK million	2006	2005	2006	2005
Valuation category, Fair value through profit or loss				
<i>Trading and derivatives</i>				
Interest-bearing securities	-6,107	-270	-5,514	-128
TOTAL	-6,107	-270	-5,514	-128
<i>Other</i>				
Interest-bearing securities	6,199	281	5,614	325
TOTAL	6,199	281	5,614	325
<i>Hedge accounting at fair value</i>				
Hedging instruments	-21	15	-11	-4
Hedged item	24	-15	10	5
TOTAL	3	0	-1	1
Interest income compensation, loans valued at cost	35	75	14	48
Change in exchange rates	0	0	0	0
TOTAL NET PROFIT ON FINANCIAL ITEMS AT FAIR VALUE	130	86	113	246

AB Spintab	Jan - June	Jan - June	April - June	April - June
SEK million	2006	2005	2006	2005
Capital gains/losses				
Interest-bearing securities	-8	-3	2	0
TOTAL	-8	-3	2	0
Changes in exchange rates	0	0	0	0
TOTAL NET PROFIT ON FINANCIAL ITEMS AT FAIR VALUE	-8	-3	2	0

2 Loan losses, net

Group

SEK million	Jan-June 2006	Jan-June 2005	April - June 2006	April - June 2005
Loans assessed individually				
The period's write-off for established loan losses	5	28	1	8
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established	-1	-24	0	-7
The period's provisions for anticipated loan losses	5	2	2	1
Recoveries from previous years' established loan losses	-1	-2	-1	-1
Recovered provisions for anticipated loan losses	-3	-15	0	-11
THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY	5	-11	2	-10
Collective provisions for loans assessed individually				
Allocation to/withdrawal from collective provisions	1	5	0	6
Collectively assessed homogenous groups of loans with limited value and similar credit risk				
The period's write-off for established loan losses	6	7	5	4
Recoveries from previous year's established loan losses	0	-1	0	-1
Allocations to/ withdrawal from loan loss reserve	0	0	1	1
THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS	6	6	5	4
THE PERIOD'S NET LOAN LOSS EXPENSE	11	0	6	0
Loan losses distributed by valuation category				
Loans and receivables	2	0	1	0
Fair value through profit or loss	9	0	5	0
TOTAL	11	0	6	0
Loan losses distributed by borrower category				
General public				
Write-off and provisions	17	42	8	19
Reversal and recoveries from previous years' established loan losses	-6	-42	-2	-19
TOTAL	11	0	6	0

AB Spintab

SEK million	Jan - June 2006	Jan-June 2005	April - June 2006	April -June 2005
Loans assessed individually				
The period's write-off for established loan losses	5	27	1	7
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established	-1	-24	0	-7
The period's provisions for anticipated loan losses	4	2	1	1
Recoveries from previous years' established loan losses	-1	-2	-1	-1
Recovered provisions for anticipated loan losses	-3	-15	0	-11
THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY	4	-12	1	-11
Collective provisions for loans assessed individually				
Allocation to/withdrawal from collective provisions	1	5	0	6
Collectively assessed homogenous groups of loans with limited value and similar credit risk				
The period's write-off for established loan losses	6	7	5	4
Recoveries from previous year's established loan losses	0	-1	0	-1
Allocations to/ withdrawal from loan loss reserve	0	0	1	1
THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS	6	6	5	4
THE PERIOD'S NET LOAN LOSS EXPENSE	11	-1	6	-1

3 Loans to credit institutions and loans to the public

SEK million	Group			AB Spintab		
	June 30 2006	June 30 2005	Dec 31 2005	June 30 2006	June 30 2005	Dec 31 2005
Book value (before accounting for provisions)	539,396	501,908	508,118	535,903	490,056	500,804
Specific provisions for individually assessed loans	-45	-56	-45	-43	-54	-43
Collective provisions for loans assessed individually	-76	-85	-75	-76	-85	-75
Provisions for collectively valued homogenous groups of loans with limited value and similar credit risk	-19	-24	-19	-19	-24	-19
TOTAL PROVISIONS	-140	-165	-139	-138	-163	-137
BOOK VALUE	539,256	501,743	507,979	535,765	489,893	500,667
of which valuation category Loans and receivables	156,051	151,357	140,348			-
of which valuation category Fair value through profit or loss, other	383,205	350,386	367,631			-
TOTAL	539,256	501,743	507,979			-
Total provision ratio for impaired loans, %	96.1	93.1	96.6	101.0	97.1	101.6
Provision ratio for individually identified impaired loans, %	43.7	45.1	44.2	45.2	46.4	45.8
Impaired loans						
Book value of impaired loans (unsettled)	82	97	80	75	90	73
Impaired loans as % of total lending, %	0.02	0.02	0.02	0.02	0.02	0.02
Past due loans for which interest is recognized as income						
Book value of past due loans that are not included in impaired loans and in respect of which accrued interest is recognized as income	196	207	149	177	190	123
Restructured* and reclassified loans						
Book value before restructuring of loans, restructured during the financial period	2	30	30	2	30	30
Book value after restructuring of loans, restructured during the financial period	2	23	23	2	23	23
Book value of impaired loans returned in status to normal loans during the financial period	2	52	56	2	52	56

* A loan is considered restructured if the lender has granted some form of concession due to financial problems on the part of the borrower.

Specification: Loans and receivables

Sector SEK million	Group				Book value of loans after provisions	Book value of impaired loans	Book value of past due loans for which interest has been recognized
	Book value before provisions	Specific provisions for individually assessed loans	Collective provisions for individually assessed loans	Provisions for collectively assessed homogenous groups			
Private individuals	388,375	-9		-19	388,347	30	179
Real estate management	86,208	-32	-76		86,100	45	17
Other corporate lending	8,167	-4			8,163	7	
Municipalities	6,157				6,157		
TOTAL	488,907	-45	-76	-19	488,767	82	196
Credit institutions	50,489				50,489		
TOTAL LOANS TO CREDIT INSTITUTIONS AND PUBLIC	539,396	-45	-76	-19	539,256	82	196

4 Specification of derivatives in the Group as of June 30, 2006

Spintab trades in derivatives for the purpose of hedging certain positions with regard to the value of interest rates and foreign currencies. The following table is prepared in accordance with the directives of the Swedish Financial Supervisory Authority and includes all derivatives in the Group.

SEK million	Interest rate-related	Foreign exchange-related	Others
	Book value	Book value	Book value
Derivatives with positive values	1,329	1,252	-
Derivatives with negative values	2,053	4,368	0

Spintab's ratings

	S&P	Moody's	Fitch
Long-term		Aa3	AA-
Short-term	A-1	P-1	F1+

Stockholm, August 10, 2006



Jan Lilja
President

Review Report of interim financial information

Introduction

We have reviewed the interim report for the period January 1 to June 30, 2006, for AB Spintab (publ). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for AB Spintab (publ) is not, in all material aspects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34.

Deloitte AB

Ernst & Young AB

Ulf Järlebro

Jan Palmqvist
Authorized Public Accountant

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Authorized Public Accountant

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