



RESIDENTIAL MORTGAGES VIA
INTERNET & TELEPHONE

ANNUAL REPORT 2006



Contents

The Year in Brief	1
The Chairman's Comments	2
The CEO's Review	3
Business Model	4
Sustainable Development	5
Economic Environment	6
Administration Report	8
The SBAB Brand	8
Lending	9
Funding	12
Risk Management	14
Staff	18
Result	20
Five-Year Overview	23
Financial Reports	24
Income Statement	24
Balance Sheet	25
Changes in Equity Capital	26
Cash Flow Analysis	26
Capital Adequacy Analysis	27
Accounting Principles	28
Notes	30
Administration Report, continued	52
Proposed Appropriation of Profit	52
Audit Report	53
Corporate Governance Report	54
Board of Directors	58
Executive Management & Auditors	59
Addresses	60

Financial information 2007

SBAB's interim reports, annual reports and other financial information are available at sbab.se

Announcement of Result	31 January
Annual General Meeting	19 April
Interim report January-March	16 May
Interim report January-June	27 July
Interim report January-September	29 October

The Year in Brief 2006

- ▶ Net operating income amounted to SEK 652 million (SEK 666 million). Loan losses continued to be low.
- ▶ Retail market lending has developed positively despite intensive competition in the residential mortgage market during the year.
- ▶ The new focus on the corporate market has meant a broader offering to customers and an expanded organisation.
- ▶ As first residential mortgage provider in Sweden SBAB's subsidiary, SCBC, has issued covered bonds. Moody's and Standard & Poor's assigned the subsidiary's funding programme the highest possible long-term credit rating Aaa/AAA.
- ▶ During the year, subordinated debenture loans were issued which comply with the special conditions required to be included in the company's primary capital base, known as hybrid capital.
- ▶ During the year, SBAB has carried out extensive development work in preparation for launching savings products during 2007.
- ▶ SBAB has further developed internal risk classification methods, according to Basel II, for handling the most important risk in the operation, credit risk.
- ▶ SBAB has introduced a Home and House Insurance together with the insurance company If.
- ▶ SBAB has initiated cooperation with Hemverket.se. Through this cooperation, SBAB can offer a financing solution for those who want to buy or sell their house privately, without using an estate agent, in a secure and cost-effective way.
- ▶ For the sixth consecutive year, SBAB has retained its position as the residential mortgage provider with the most satisfied customers according to the Swedish Quality Index.
- ▶ SBAB's customer service was nominated as one of the three best in the Financial Services category in the competition Grand Prix Customer Service Awards.
- ▶ SBAB was nominated for the year's most efficiency enhancing IT project by the publication CIO Sweden.
- ▶ The web application "Storstadsguiden" (the Metropolitan Guide) came in second place in the website of the month competition organised by the publication Resumé.

Summary for the SBAB group

	2006	2005
Net interest income, SEK million	1,334	1,296
Net operating income, SEK million	652	666
Net profit for the year, SEK million	462	471
Lending, SEK million	171,160	156,020
Securitised, SEK million	7,427	15,108
Doubtful loan claims after specific provisions for individually assessed loan claims, SEK million	34	49
Volume international borrowing, SEK million	111,048	90,563
Income/Expenditure ratio excl. loan losses	2.1	2.1
Income/Expenditure ratio incl. loan losses	2.1	2.2
Return on equity, %	7.9	8.7
Capital ratio, %	9.0	9.0
Primary capital ratio, %	7.3	7.1
Equity ratio, %	3.3	3.7
Rating, long-term borrowing, SBAB		
Standard & Poor's	AA-	AA-
Moody's	Aa3	Aa3
Rating, long-term borrowing, SCBC		
Standard & Poor's	AAA	–
Moody's	Aaa	–
Rating, short-term borrowing, SBAB		
Standard & Poor's	A-1+	A-1+
Moody's	P-1	P-1
Average no. of employees during the period of which temporary employees	410	421
	17	34



The Chairman's Comments



The last year has been characterised by somewhat slower growth in the residential mortgage market. For SBAB, the past year has been a period of investment and development of the company's operations.

Residential mortgages

The Swedish residential mortgage market has continued to grow during 2006 although at a slower pace than in 2005. It increased to approximately SEK 127 billion in 2006.

The Riksbank has increased the key policy rate six times during the year and has announced that further interest rate rises are to be expected. During 2006, SBAB has increased the three-month interest rate from just over 2.5% to almost 4.0%. Despite this, property prices have continued to rise, although not as quickly as last year.

Although households' total loan-to-value ratio is at the highest level since the early 1990s, household interest expenditure in relation to disposable income is still at a historically low level. A large proportion of borrowers still choose floating interest despite the relatively low cost of fixing the interest rate.

In the corporate market as well, prices and turnover have continued to rise at the same time as the market has become increasingly internationalised. The turnover of both commercial properties and residential properties has been at higher level than last year.

During 2006, competition for residential mortgage customers has been more marked than before, which has affected the margins for all residential mortgage institutions. To counter this, SBAB has carried out extensive efficiency improvements during the year, which are expected to lead to reduced expenses in the years to come.

The Board of Directors' activities

During the year, the Board has continued to work on SBAB's future strategy and the company now has a clear strategic focus entailing both continued development of residential mortgages and a broadening of the product range.

Covered bonds have now been introduced and the company has made the first issues. Experience to date has only been good and as much as possible of SBAB's future funding will take place in this way. The better pricing will in time benefit both customers and the owner.

The new rules for capital adequacy, the Basel II rules, continue to be developed and the Swedish Financial Supervisory Authority's future requirements on residential mortgage institutions are becoming clear. In future, the size of the capital ratio will not only be determined by the regulatory framework but also by the demands on us by investors and rating institutions.

The Board has also worked with the new accounting principles, IFRS/IAS, that take effect from 2007. This year's annual report will be the last one prepared in accordance with the old rules. The new method of reporting will better reflect the company's activities even though certain parts of the rules still need to be developed.

SBAB's mandate

SBAB's mandate from the owner is to act to ensure diversity and competition in the Swedish residential mortgage market through efficient and profitable mortgage loan operations at the same time as we protect both the consumer and the company by a careful credit evaluation. This is to take place at the same time as SBAB provides the owner with a market return on investment in the company, according to which return on equity is to correspond to the five-year government bond rate plus five percentage points after tax, over a business cycle. This is equivalent to the average long-term return on the stock exchange. In recent year, SBAB's return has exceeded this amount.

The Government has named SBAB as one of the company's that it intends to sell. The Board of Directors and the executive management have carried out intensive development work for a number of years, which makes SBAB, in my view, well-equipped for a sale of this kind.

Stockholm, March 2007

CLAES KJELLANDER
Chairman of the Board

The CEO's Review



During 2006, SBAB has retained its position as challenger in the Swedish residential mortgage market and reinforced its already strong position in the corporate market. It was also gratifying to see that SBAB succeeded, for the sixth consecutive year, in retaining its position in the market as the residential mortgage provider with the most satisfied customers, according to the Swedish Quality Index (SKI).

A year of extensive development projects

SBAB has carried out several extensive development projects arising from various changes in regulatory frameworks as well as investments in development projects. Internally, we have successfully reduced administrative expenses and personnel expenses during the year, which has created scope for investment in development projects while maintaining earnings. During 2007, a lot of the change-related work we have laid the foundation of in 2006 will have an impact by reducing expenses. We will, of course, continue to develop our core business – residential mortgages and property loans – and deliver more residential mortgage-related services and products.

Deposits

During 2007, we will take a further step. In accordance with the expanded mandate given to SBAB in December 2005, we will expand our activities and I hope that we will be able to offer customers a competitive savings product.

Lending

Competition in the residential mortgage market has been intensive at times during the year. Despite this, our retail market lending has developed positively during the year although at a slightly slower pace than last year. We have taken market shares in the corporate market in the second half of 2006 by providing a broad offering of services together with a very high level of service.

Funding

The high quality of SBAB's credit portfolio and our expertise relating to securitisation has enabled us, as first residential mortgage provider in Sweden to issue covered bonds during the year. The credit rating institutions Moody's and Standard & Poor's assigned a credit rating of Aaa/AAA for the covered bonds issued by the Swedish Covered Bond Corporation, SCBC, SBAB's wholly-owned subsidiary. At the same time, SBAB retained its rating for the parent company. The response from the capital market has been even better than expected and this has enabled us to gain access to more categories of investors, which has meant that we have further broadened our investor base.

Partners

Together with the insurance company If, we launched a complete house insurance during the year, tailor-made for the 2.3 million households in Sweden that own their house. We have also initiated cooperation with Hemverket.se during the year, which enables us to offer a financing solution to those who wish to buy or sell their home privately, without using an estate agent, in a secure and cost-efficient way. SBAB's strategic partners are at the same time an important part of SBAB's successes during the year. The savings banks Sparbankerna Finn and Gripen, Ikanobanken, ICA Banken, SalusAnsvar and Bank2 have all contributed to increased sales.

Staff and customers

Finally, I would like to express my gratitude to all of our staff here at SBAB. Our successes during the year would not have been possible without your combined efforts and commitment.

I would also like to thank our customers for choosing us. We will continue to challenge during 2007!

Stockholm, March 2007

A handwritten signature in black ink, which appears to read 'Eva Cederbalk'.

EVA CEDERBALK
Chief Executive Officer

Business Model

Vision

SBAB is the leading residential mortgage company – the customer's first choice. Our vision is for SBAB to be the leading provider that drives forward and develops the residential mortgage market for the benefit of the customer.

Business idea

We offer loan and savings services in areas where our ability to challenge and simplify makes our customers the most satisfied in the market.

- ▶ Our ability to keep prices down, our accessibility and our easily understandable terms and condition give us the market's most satisfied and loyal customers among private persons and tenant-owner associations.
- ▶ Our ability to understand and act on the basis of the conditions in which property companies operate, with efficient and attractively-priced solutions, make us the most reliable partner in the industry.
- ▶ Our efficiency and willingness to continuously improve creates profitability, enabling us to persistently challenge our competitors.

Core values

SBAB's activities are to be characterised by two core values, to challenge and to simplify.

- ▶ To challenge means that we at SBAB do not follow conventions and traditions but instead provide new things all the time in a new and simpler way. The challenger exceeds customer expectations all the time.

- ▶ To simplify means that we at SBAB do not make things more complicated than they need to be. This applies both to our dialogue with our customers and in our internal routines and IT solutions.

Values

SBAB's staff has together developed the company's values, which are commitment, innovation, a holistic approach, consideration and trust. These values govern our actions both internally and externally.

Goals

SBAB has set long-term goals to achieve profitable growth. A high return on equity is an important measure of value-creation and is crucial for long-term sustainable growth with financial stability. To grow profitably, we must be efficient both within the company and in relation to our customers and business partners. A further prerequisite is the commitment and competence of our staff.

Strategies

To succeed in achieving our vision, it is of key importance that SBAB creates growth both in the retail and the corporate market. Our strategies consist of business strategies for growth, customer satisfaction, the brand, development of services and competitive borrowing, and also strategies for productivity, and the development of staff competence.



Sustainable Development

SBAB shall contribute to sustainable development by carrying out its activities in a long-term and responsible way with a balance between social, economic and environmental considerations.

Social responsibility

SBAB is to engage in activities in such a way as to maintain the confidence of the general public and the financial market in the company and so that the activity can be considered as being sound. A sound activity requires, among other things, that it is pursued in an ethical way. The ethical policy creates a basis for a common approach to ethical issues for SBAB and its staff.

SBAB's efforts to improve the working environment are based on the Swedish Work Environment Authority's publication Systematiskt arbetsmiljöarbete (Systematic work with the working environment). For the employee, this means a positive exchange in the form of work satisfaction, community and personal development. For the company, it is essential for increased competitiveness and profitability. It is thus both in the employer's and the employee's interests to create a good working environment. SBAB has health-promotion activities with the opportunity to take part in keep-fit activities for an hour a week during working time and a special keep-fit grant.

Understanding, putting a value on and making use of staff diversity and competence develops both the individual and the company as a whole. Equality work is an integrated part of SBAB's activities and is taken into account in recruitment and when setting salaries. SBAB has an even distribution of men and women in leading positions.

Economic responsibility

SBAB's mandate from the owner is to work for diversity and competition in the Swedish residential mortgage market, where SBAB has assumed an important role in keeping down prices of retail residential mortgages. An activity such as SBAB's is regulated by extensive laws and regulations which primarily lead to requirements for a sound provision of credit on good long-term conditions and development. As well as a more traditional control of activities and follow-up, SBAB's activities are therefore covered by an internal regulatory framework with policies, instructions, committees and executive committees for, among other things, the provision of credit, funding and audit. With this as an important framework for SBAB's activities together with the business model applied, the opportunities are created for long-term sound economic development. SBAB's return complies with the requirements made on the activity by the owner.

Environment

SBAB's production and distribution of residential mortgage services and other financial services have a relatively low impact on the environment since parts of the activity are conducted on Internet, which reduces the use and transport of paper. The environmental work mainly pursued is focused on sorting the waste generated by the activity by sorting and collecting environmentally hazardous and recyclable waste. Scrapped computers are handed in for safe recycling. Furthermore, SBAB's company vehicles are to be in environmental class 2005 and all vehicles acquired or replaced are to be environmental vehicles.



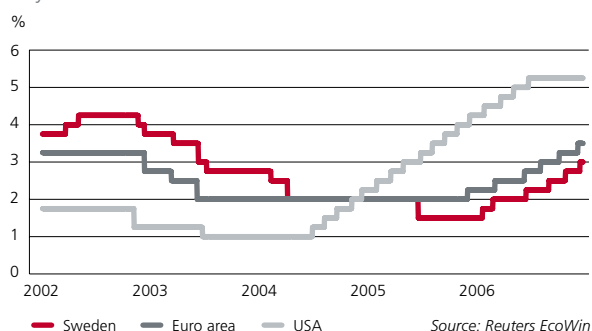
Economic Environment

The Swedish retail residential mortgage market has continued to expand strongly during 2006. Growth in Sweden was at a high level and the Riksbank increased the key rate from 1.5% to 3% during the year.

The level of economic activity and interest rates

Total output, GDP, is estimated to have increased by around 4.5% in 2006. A favourable interaction between a number of factors prepared the ground for this strong development; a high level of exports, high capacity utilisation and good profitability favoured investments, good income development and willingness to purchase by households led to a rise in private consumption and there was a sharp improvement in local government finances. Furthermore, there was a marked strengthening of the labour market from spring and onwards.

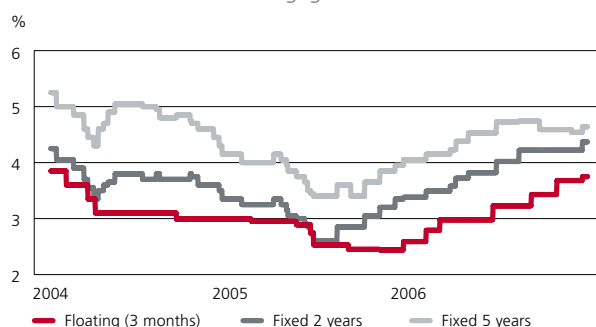
Key rates



In December 2005, the Riksbank gave clear indications that the key rate would start to be increased from its very low level of 1.5%. At the beginning of 2006, the key rate was raised to 2% in two steps. Another four increases followed during the summer and autumn bringing the key rate to 3% in December.

The floating mortgage rates followed the key rate upwards. At the beginning of 2006, a floating interest rate (3 months) at SBAB was 2.59%. By the end of the year, it had risen to 3.75%.

SBAB's retail residential mortgage rates



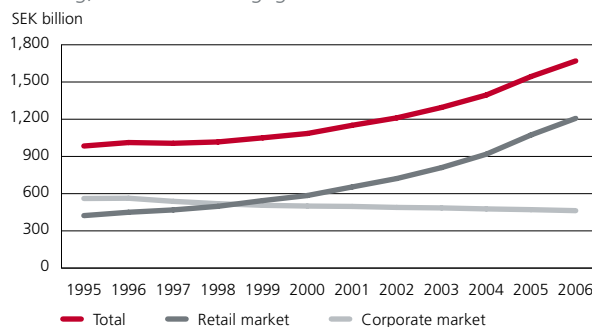
The long market interest rates, and thus residential mortgage rates with long fixation periods, are governed to a great extent by international movements. Reinforced optimism about the state of the international economy led international long interest rates to start to rise from the early autumn of 2005 and this increase then continued more or less without interruption until July 2006. The Swedish long interest rates also rose in turn.

Renewed concern about growth prospects in the United States led to a downward movement of interest rates in the United States in the autumn. The corresponding interest rates in Sweden and the rest of Europe also fell in turn although not to the full extent. The fall in interest rates provide SBAB with scope for reducing interest rates for longer fixation periods. At the end of the year, long market interest rates rose again and SBAB raised the fixed residential mortgage rates in December.

The residential mortgage market in 2006

The total residential mortgage market continued to increase strongly during 2006, to SEK 1,670 billion, an increase equivalent to approximately 8.2%. This was caused by the large increase in loans in the retail market. In the past five-year period, the total market has increased by approximately 48%, which corresponds to almost SEK 544 billion.

Lending, residential mortgage market



The retail market

During the year, the retail residential mortgage market has been characterised by further stiffening competition with downward pressure on prices. All major banks have reduced their list prices to better meet competition from niche players. This has meant a further squeeze on margins in the market.

The price increase on single-family dwellings and tenant-owned apartments has continued during 2006. The price trend for single-family dwellings amounted to approximately 9% and was strongest during the first half of the year. The trend for tenant-owned apartments remains stable and the total price increase was approximately 9%.

During the year, the retail market continued to grow strongly although the rate of increase did not quite reach the same level as in 2005.

Retail market

	2006 (SEK bn)	2005 (SEK bn)	Change (SEK bn) (%)	
Single-family dwellings	967.1	874.0	93.1	10.7
Tenant-owned apartments	240.1	198.9	41.2	20.7
Total	1,207.2	1,072.9	134.3	12.5
Of which securitised	0.9	8.2	-7.3	-89.0

Corporate market

	2006 (SEK bn)	2005 (SEK bn)	Change (SEK bn) (%)	
Multi-family dwellings	398.2	403.1	-4.9	-1.2
Commercial properties	27.5	28.0	-0.5	-1.8
Other	37.4	39.6	-2.2	-5.6
Total	463.1	470.7	-7.6	-1.6
Of which securitised	7.4	8.1	-0.7	-8.6

Source: Preliminary statistics from the Swedish Bankers Association as at December 2006

These statistics do not include Kommuninvest, foreign banks and funding with shares as collateral.

The corporate market

There has been a high level of interest in residential and commercial properties among both private and institutional investors, both nationally and internationally. A strong Swedish economy and a positive development of vacancy rates and rental levels has led to reduced required returns and thus rising property values. Lending to commercial property owners has continued to fall, however. This probably does not reflect reality but is explained by a large component of foreign finance and that it has become increasingly common to pledge shares instead of mortgage deeds. It is not possible to attribute this lending to properties in the statistics. Lending to municipalities and municipal companies also appears to have decreased in the official statistics. Lending to tenant-owner associations has been characterised in recent years by a stable annual growth of between 3-5 per cent with relatively small fluctuations between years.



The SBAB Brand	8	Administration Report
Lending	9	continued
Funding	12	Proposed Appropriation of Profit
Risk Management	14	52
Staff	18	
Result	20	
Five-Year Overview	23	

Administration Report

The SBAB Brand

In 2006, SBAB continued to challenge the residential mortgage market in its advertising campaigns. The "top-loan" hunters from SBAB released many Swedes from their top loans during the year. Market surveys have shown that the positive attitude to SBAB among customers and prospective mortgage-takers is stable.

Marketing

During the year, SBAB has continued to challenge Sweden's mortgage loan providers by uniform pricing and clear terms and

conditions for residential mortgages to private persons who own or wish to own their housing.

A consistent theme for this year's brand communication has been to offer residential mortgages for up to 95% of the market valuation of the house at the same low interest rate. The message in the advertising has been to free Swedes from top loans and an extensive campaign was carried out in spring 2006.

A combined recruitment and relaunch campaign for the Corporate Loans business area has been carried out with good results. Dedicated customer activities such as large fairs and seminars have taken place continuously throughout the year with great commitment from both existing and new potential customers.

The web application "Storstadsguiden" (the Metropolitan Guide) was launched and a campaign took place in autumn 2006. Storstadsguiden is a web-based map on SBAB's website which provides a price indication of the cost of tenant-owned apartments in Stockholm, Gothenburg and Malmö after the completion of the tendering process. This campaign was intended to share SBAB's market knowledge and great commitment for the interests of residential mortgage customers by making available up-to-date valuation information. The publication Resumé's web jury made the following assessment when they voted Storstadsguiden into second place in the website of the month competition: "It is simple to understand and overview and based on an equally simple idea".

Now that the Swedish parliament, the Riksdag, has expanded SBAB's mandate to offering the public savings products, new opportunities were created for SBAB to broaden communication to additional target groups. With the aim of becoming visible for more customers in future years, SBAB has started work to vitalise SBAB's communication platform.

Satisfied customers

For the sixth consecutive years, SBAB succeeded in retaining its position in the market as the provider with most satisfied customers, according to Swedish Quality Index's measurement of customer satisfaction for residential mortgages. This survey is based on asking Swedish residential mortgage customers about expectations, the company image, perceived quality, service and value for money. The total grade is called the "customer satisfaction index".



Lending

The year has been characterised by tougher competition and, consequently, a squeeze on prices. New lending for retail customers for financing of house purchases continues to be strong. A new focus on the corporate market has meant a broader offer to customers and an expansion of the organisation.

The year's lending operations

Retail market

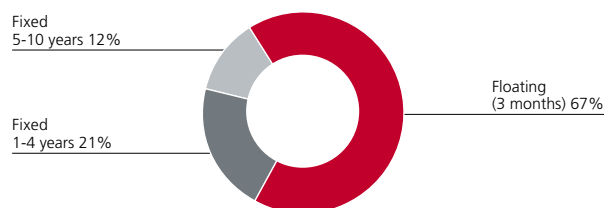
After a sharp rise in 2005, new lending fell in 2006 to SEK 27.7 billion (SEK 37.3 billion), which is still a higher level than in 2004. This decrease took place in new lending for exchange of lender for existing residential mortgages as well as in reduced new lending through SBAB's partners. The tougher competition and pressure on margins has led to a market with little difference in interest rates between the providers and thus less incentive for customers to change lender for their loan. New lending intended to finance house purchases continues to be strong. In a market that is continuing to expand, the lower rate of new lending means that SBAB's market share of the retail market has remained practically unchanged and ends the year at 9.3% (9.4%).

In May, SBAB expanded its range of additional insurances by launching a Home and House Insurance for SBAB's customers in collaboration with the insurance company If. This launch has been successful with the favourable "try it out" price and active work by customer services. A large proportion of SBAB's retail customers now take out this insurance or SBAB's loan cover insurance in connection with new lending.

During the year, there has continued to be a high level of interest in short fixed-interest periods in the retail market,

although with a sharp shift towards longer fixed-interest periods at the end of the year. The floating three-month rate has been a popular choice (67% of customers). Among the fixed interest rates, the two-year fixed-interest period has been most popular with a share of 8%.

Choice of fixed-interest term 2006



New lending (SEK billion)

Retail market	2006	2005	Change
Single-family dwellings and holiday homes	16.2	23.8	-7.6
Tenant-owned apartments	11.5	13.5	-2.0
Total retail market	27.7	37.3	-9.6
Corporate market			
Tenant-owner associations	3.2	3.0	+0.2
Private property companies	4.5	1.6	+2.9
Municipal property companies	0.0	0.2	-0.2
Commercial properties	2.6	0.2	+2.4
Total corporate market	10.3	5.0	+5.3
Total residential mortgage market	38.0	42.3	-4.3



Tenant-owner associations

Tenant-owner associations account for 19% of SBAB's total lending. The mortgaged properties consist of existing associations, newly built properties and associations at rented properties that have been reformed as tenant-owned property. At the beginning of the year, SBAB's market share was 17.2%, which fell to 15.7% by the end of the year. The share of loans that have been extended is 79% and the total new sales amounted to SEK 3.2 billion, which is SEK 0.2 billion more than last year. Lending to tenant-owner associations amounted to SEK 34.7 billion, including securitisations. The year has been characterised by continued tough competition with diminishing margins.

Sales have taken place from two regions: North/East with an office in Stockholm and South/West with offices in Gothenburg and Malmö.

In future years, new sales opportunities will be created by continued expansion in the metropolitan regions. New productions, refurbishment and extensions (ROT), in particular of buildings from the housing construction programme of the 1970s are expected to account for a large share of demand despite decisions on the abolition of interest subsidies. Re-formation is also expected to increase as municipalities sell their public housing.

Corporate market

SBAB's new focus on the corporate market has led to a powerful expansion of the organisation with eight customer teams in Stockholm, Gothenburg and Malmö. The offering has been broadened to include acquisition credits, framework agreements and construction credit loans as well as mortgage-related financing. Other collateral besides mortgages have also been accepted in connection with lending. The focus has been on a being an active partner for medium- and large-sized property companies and funds for financing of multi-family dwellings, commercial, retail and logistics properties.

New lending increased more than fourfold during the year but as a result of the sharply reduced volumes in the local government market and some large early redemptions, corporate lending amounted to SEK 31.6 billion at the turn of the year. The extension per cent for private property companies amounted to 86% and for the local government market 69%. The market share in the corporate market was 14.1% (14.8%)

Development of the portfolio

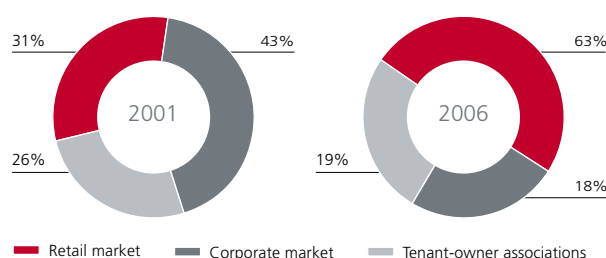
SBAB's loan portfolio increased during 2006 by SEK 7.5 billion and amounted to SEK 178.6 billion at the turn of the year, of which SEK 7.4 billion consisted of securitised loans.

SBAB's market share of the total residential mortgage market decreased by 0.4% to 10.6%.

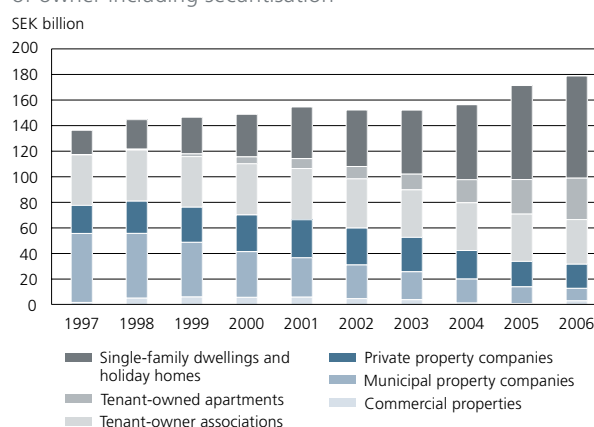
A reduction in lending has taken place to municipalities and municipal guarantees companies which is reflected in the composition of collateral in the loan portfolio, where the volume of municipal sureties is steadily decreasing.

During the year, there was an increase in volume of SEK 11.7 billion in the retail market and at the end of the year, retail market loans totalled SEK 112.3 billion, which is equivalent to 63% of SBAB's total loan portfolio. This can be compared with 2001 when the share of retail market loans was 31% and the volume SEK 48 billion.

Distribution of loan portfolio including securitisation



The distribution of the loan portfolio by categories of owner including securitisation



The distribution of the loan portfolio by owner categories (SEK billion)

	2006	SEC	2005	SEC	Change incl. SEC
Single-family dwellings and holiday homes	79.9	–	69.3	4.2	+6.4
Tenant-owned apartments	32.4	–	24.2	2.8	+5.4
Tenant-owner associations	27.3	7.4	28.7	8.1	–2.1
Private property companies	18.8	–	19.8	–	–1.0
Municipal property companies	9.8	–	13.2	–	–3.4
Commercial properties	3.0	–	0.8	–	+2.2
Total	171.2	7.4	156.0	15.1	+7.5

SEC = Securitisation

Composition of collateral (SEK billion)

	2006	SEC	2005	SEC	Change incl. SEC
Municipal guarantees and direct loans municipalities	12.8	–	16.5	–	–3.7
Government guarantee	1.6	0.0	2.5	0.0	–0.9
Bank guarantee	0.0	–	0.0	–	+0.0
Mortgage deeds	124.4	7.4	112.7	12.3	+6.8
Tenant-owned apartments	32.4	–	24.2	2.8	+5.4
Total	171.2	7.4	156.0	15.1	+7.5

SEC = Securitisation

Concentration to metropolitan regions

The portfolio is concentrated to an increasing extent in the metropolitan regions. The demographic changes mean that the population has increased in the metropolitan regions with a resultant increased demand for housing. This has in turn led to a higher turnover in the property market and increased demand for residential mortgages. The existing lending is predominantly concentrated to the Stockholm region and secondly to the Öresund region (Malmö and Helsingborg regions). It is also in these regions that new lending is greatest.

The geographical distribution of the loan portfolio (SEK billion)

	2006	SEC	2005	SEC	Change incl. SEC
Stockholm region	74.1	3.0	64.9	8.2	+4.0
Gothenburg region	14.4	1.1	12.7	1.7	+1.1
Öresund region	36.6	0.9	31.6	1.7	+4.2
University and growth locations	16.2	1.4	16.1	1.9	-0.4
Other locations	29.9	1.0	30.7	1.6	-1.4
Total	171.2	7.4	156.0	15.1	+7.5

SEC = Securitisation

Development of SBAB's loan portfolio excluding securitised loans

	2006	2005	2004	2003	2002
Loan portfolio excl. securitisation, SEK billion	171	156	131	126	134
Average remaining term, years	1.5	1.5	1.4	1.7	1.6
Average interest rate, %	3.64	3.81	4.39	5.05	5.42
Number of loans, thousands	364	321	243	208	192
Proportion of loans with municipal or Government guarantee, %	8	12	19	22	25

Partners

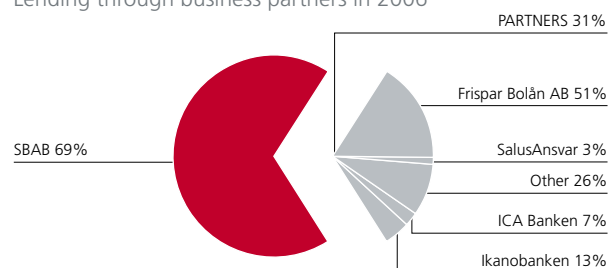
Lending via partners continues to be an important distribution channel for SBAB. The foremost growth from partners comes from SBAB's cooperation with its bank partners the savings banks Sparbankerna Finn and Gripen, ICA Banken, Ikanobanken, Bank2 and SalusAnsvar.

After 2005's very robust growth in new lending, volumes decreased in 2006 to SEK 7.4 billion (SEK 9.7 billion). As a consequence of a slightly lower new lending rate, the growth rate of the portfolio also decreased to 10% (19%). The foremost cause of this decrease is the increased price competition in the refinancing market.

The jointly owned company FriSpar Bolån AB, which is 51% owned by SBAB and 49% by the savings banks Sparbankerna Finn and Gripen, continues however to show a positive portfolio development. During the year, FriSpar has increased the portfolio by SEK 2,714 million to SEK 17,449 million.

During 2006, SBAB started working together with Hemverket.se. This enables SBAB to offer a financing solution for those persons who want to buy or sell their house privately, without using an estate agent, in a secure and cost-effective way.

Lending through business partners in 2006



Funding

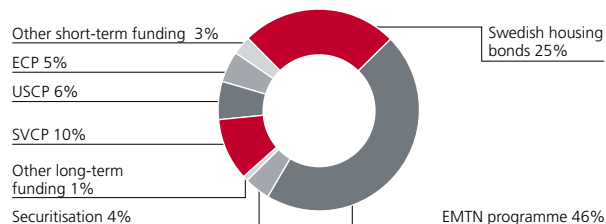
2006 was an important and eventful year for SBAB's funding in the international capital markets. During 2006, SBAB has continued its strategy of continuously creating new innovative solutions that lead to competitive borrowing. An important part of this development was the creation of the subsidiary, the Swedish Covered Bond Corporation (SCBC), for issues of covered bonds with the highest credit ratings.

A selection of the most important events of the year:

- ▶ The first Swedish residential mortgage institution to issue covered bonds
- ▶ Covered new issues in Swedish krona, Norwegian krona, euro and Swiss franc
- ▶ Public benchmark bonds in euro
- ▶ First financial institution to issue hybrid capital in Swedish krona

Sources of finance

Outstanding debt as at 31 December 2006: SEK 191.1 bn including SEC



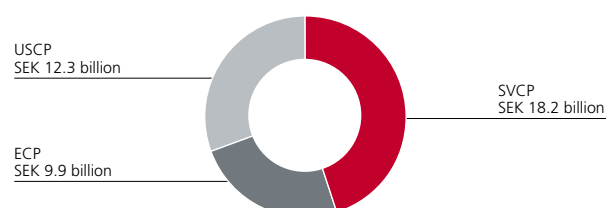
SBAB

Short-term funding

SBAB has been assigned the highest possible credit rating by Standard & Poor's A-1+ and Moody's P-1 and has three established commercial paper programmes for short-term borrowing:

	Limits
Swedish Commercial Paper Programme (SVCP)	SEK 25 bn
European Commercial Paper Programme (ECP)	USD 2 bn
US Commercial Paper Programme (USCP)	USD 4 bn

Outstanding volume, Commercial Paper Programme



Long-term funding

During the year, SBAB issued 28 transactions through the EMTN programme at an equivalent volume of SEK 39.1 billion.

During the year, SBAB issued its first subordinated debenture loan which complies with the special conditions for being included in the company's primary capital base, known as hybrid capital. The issue was documented in the EMTN programme and split into two tranches. The issue volume is SEK 1 billion and it was placed at Swedish institutional investors.

SBAB issued SEK 8.5 billion in Swedish housing bonds and bought back SEK 0.5 billion during 2006.

During the period 23 May – 7 June, an offer took place to exchange existing bonds for covered bonds and around 97% of outstanding bonds were exchanged. The bond loans covered by this offer were SBAB loans 118 and 121-123.

The EMTN programme

– Allocation of currencies, securities issued 2006



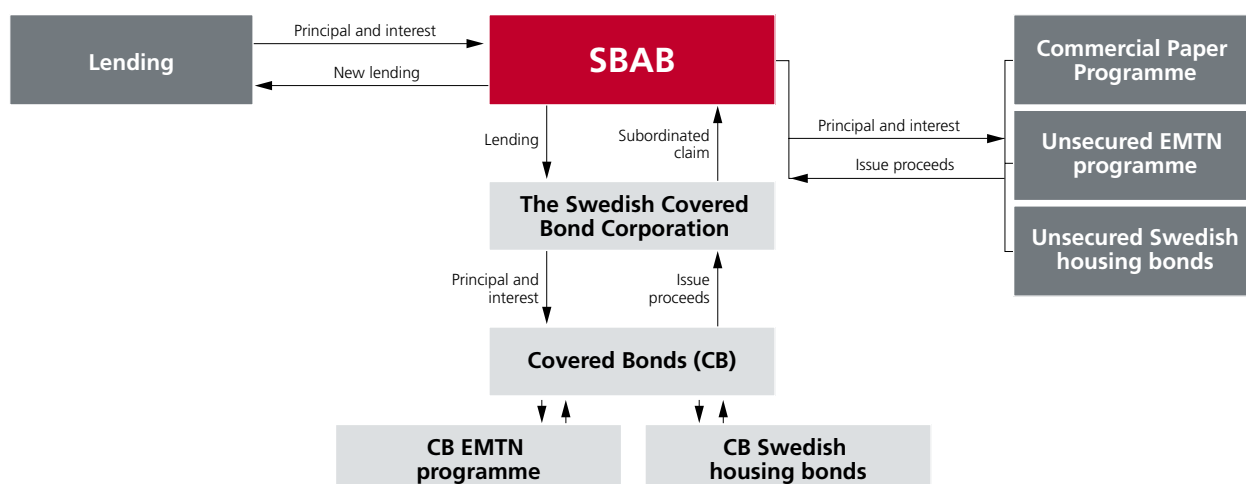
Long-term funding

	Limits
Euro Medium Term Covered Note Programme (EMTCN), SCBC	EUR 10 bn
Euro Medium Term Note Programme (EMTN), SBAB	USD 11 bn

SCBC

The Swedish Covered Bond Corporation, SCBC, is a wholly-owned subsidiary of SBAB. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market. To this end, the company currently uses two borrowing programmes; the housing bond programme in Sweden and preferably the EMTCN programme in the international market. These two programmes have both been assigned the highest possible credit rating Aaa/AAA by the rating institutions Moody's and Standard & Poor's.

SCBC does not carry out any lending activities itself but acquires loans from SBAB currently or when required. The intention of the acquisitions is for these loans to be wholly or partly included in the total collateral which is collateral for the investors who own SCBC's covered bonds. During May, SCBC acquired a loan stock of approximately SEK 64 billion. In addition, loans are also continuously acquired or divested between SBAB and SCBC. During September, SCBC acquired an additional credit stock from SBAB of approximately SEK 27 billion.



The arrangement and corporate structure chosen by SBAB for its issue of covered bonds together with the Swedish legislation on covered bonds has been appreciated by the market participants and rating institutions.

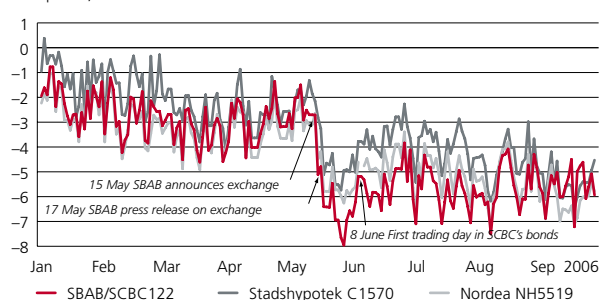
SCBC was the first to introduce covered bonds in Sweden. On 31 March 2006, SCBC was granted permission to issue covered bonds and, at the same time, received a licence as a credit market company.

The first trading day for SCBC's covered bonds was 8 June. The total outstanding stock after the exchanges carried out amounted to SEK 37.5 billion as at 30 June 2006.

The figure illustrates the market effect which SBAB's conversion to covered bonds gave rise to.

Asset swap spreads Swedish housing bond market – maturity 2010

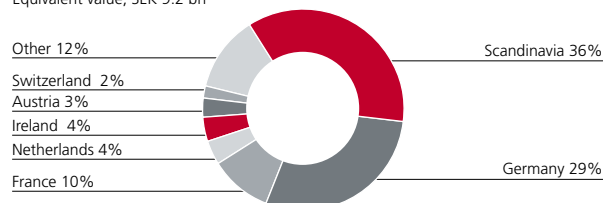
Base points, STIBOR



Source: SEB Merchant Banking

Geographical allocation, SCBC, EUR 1 billion/Five-year

Equivalent value, SEK 9.2 bn



Outstanding debt under the Swedish benchmark programme was SEK 47.8 billion as at 31 December 2006, excluding repos.

Several international issues have been made in SCBC during the year:

- ▶ EMTN issue, NOK 1 bn, 10-year maturity
- ▶ Public bond loan, EUR 1 bn, 5-year maturity
- ▶ Public bond loan, EUR 1 bn, 2-year maturity
- ▶ Public bond loan, CHF 400 m, 6-year maturity

SCBC has moreover issued a number of what are known as private placements under the EMTN programme.

A new website has been launched for SBAB's investor relations. Information about SBAB's subsidiary SCBC's total collateral is published monthly on the website www.scbc.se.

Securitisation

SBAB has carried out four securitisation transactions; Morfun No1 and SRM No 1-3. Of these, all except SRM No 3 have matured. SRM No 2 was repaid on 15 December 2006 (SEK 6.2 billion). As in earlier maturities, SBAB bought back loan claims in connection with this. Further information about SBAB's securitisation transactions is available on www.srmnv.com.

Risk Management

Successful risk management is a corner-stone for financial business. The focus on the concept of risk has been further intensified during the year and, in particular, with regard to the most important risk in the business, credit risk. During the year, SBAB has further developed models for handling risk and created new models for capital allocation according to risk.

Overall goals for risk management

- ▶ SBAB's risk management shall support the company's business activity and rating targets. Risk-taking is to be balanced, which is to be achieved by the total risk level being kept at such a level as to be compatible with SBAB's long-term financial goals for return, the size of risk capital and the rating aimed at.
- ▶ Relevant risks shall be identified, measured, controlled and checked.
- ▶ Allocation of capital is to take place based on the desired risk level and earning capacity within the company's different business areas.
- ▶ Operational risks are to be identified and handled within the respective process.
- ▶ SBAB's risk management shall be transparent and thus able to be presented to and followed by outside stakeholders.

Organisation and responsibility

The Board is ultimately responsible for risk management and makes decisions on risk propensity, risk policy and instructions for management and measurement of risk. In the financial directive, the Board sets limits for, for instance, market and liquidity risk. Delegation of decisions to SBAB's finance committee has been made in certain matters. The Board also decides on the powers granted to decision-makers to make credit and limit decisions at different levels in SBAB through decisions of the credit directive.

During the year, an "Asset and Liability Management Committee" (ALCO) has been established which deals with matters relating to risks dealt with by the executive management. The Head of Accounting and Risk Department is chairman of ALCO. The other members of the committee are the heads

of the respective business area, the Chief Credit Officer and the person in charge of the risk management section.

Risk is a section within the accounts department which is responsible for producing models and drawing up guidelines for risk management. The section is also responsible for allocation of capital and models for economic capital. A monthly report on the overall risk scenario is made to the Head of Accounting and Risk Department, the CEO and the Board accompanied by a description of the development of economic capital and risk-adjusted return.

The Financial Supervisory Authority's examination of methods for risk assessment

SBAB can be granted a licence to base its capital requirement for credit risk on internal risk classification methods (IRC methods). The Financial Supervisory Authority (Finansinspektionen) has examined the company's internal methods and considers that they are reliable. Finansinspektionen may grant the formal licences after the new capital adequacy legislation has come into effect, that is to say at the earliest on 1 February 2007.

Finansinspektionen has moreover examined SBAB's method to measure and manage operational risk. This method complies with the provisions in Finansinspektionen's regulations and Finansinspektionen considers the method to be reliable. After notification, SBAB may use the standard method to measure and manage operational risk.

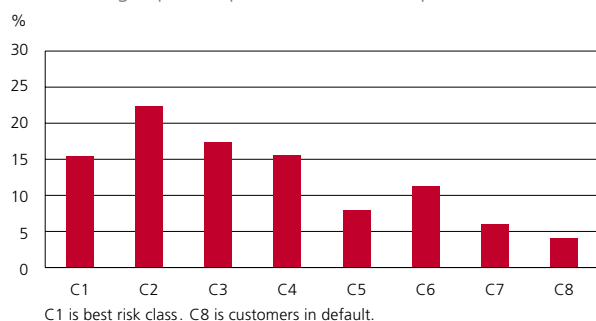
SBAB notified Finansinspektionen of the use of the standard method for operational risk and applied for a licence to calculate risk-weighted exposure amounts by an internal rating method for credit risk.

Risks

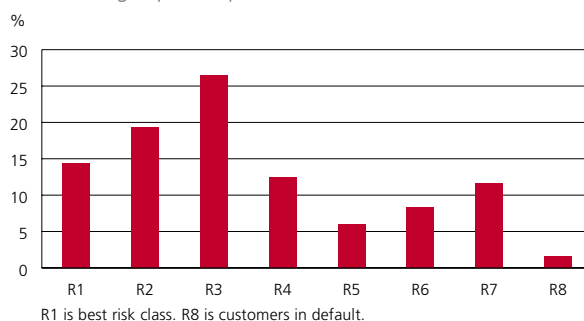
Credit risk

The credit risk is defined as the risk for loss due to the customer or counterparty being unable to pay interest and amortisation payments or otherwise comply with the loan agreement. Credit risk also arises in the event of changes in value of pledged assets so that these no longer cover the group's claims. The credit risk in lending activities is restricted by the limits set for the customer or customer group.

Outstanding exposure per risk class for corporate customers



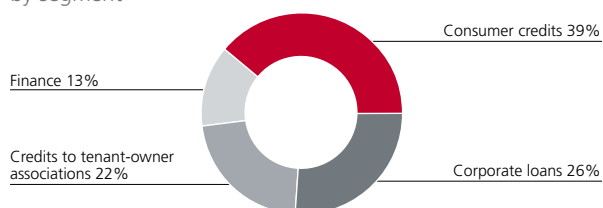
Outstanding exposure per risk class for retail customers



The credit risk is assessed in the group's credit models for every part of individual commitments to businesses or households, which only have a tenant-owned apartment or a mortgage in a residential property as collateral, which is the case for 90% of total lending. A standardised method is used in accordance with Basel II for quantification of credit risk for other types of commitments is used. In models for credit risk, the probability of default (PD) and the loss given default (LGD) is calculated. On the basis of these parameters together with the size of the commitment, customers can be ranked and the anticipated or unanticipated loss calculated. The commitment is assigned after assessment to one of eight risk classes for corporate or consumer credits respectively. The risk class is taken into consideration in credit decisions and portfolio management. The quality of the underlying data is of crucial importance for the IRC method's reliability. Quality assurance of data has taken place and takes place regularly at SBAB. The development for customers in poorer risk classes is monitored with especial care and, when necessary, the commitment is actively managed by credit monitors in the Credit Department.

Within financing activities, credit risk arises through the investments made within the framework of the company's liquidity risk management, including the price risk in investment repos, and the counterparty risk that all derivative transactions generate. Investments, entry into derivative contracts and repo contracts may only be made with counterparties for whom there is a valid limit and may be made in interest-bearing instruments issued by the counterparty, or in interest-bearing accounts/deposits at the counterparty. For all of these exposures, the credit risk is measured on the basis of the external rating. The credit risk limit is set by SBAB's finance committee for all counterparties in the financing business with the exception of the Swedish state. The limit is coordinated for counterparties who are also loan customers. The credit risk limit may, with the exception of certain Nordic counterparties, amount to at most 15% of SBAB's capital base. The level actually applied for the credit risk limit is limited by the counterparty's current rating assigned by Moody's and Standard & Poor's.

Allocation of economic capital derived from credit risk by segment



Market risk

The market risk consists of the risk of losses due to unfavourable market movements. The risk arises through variations in the general level of interest rates leading to a deterioration in profitability because future income and expenses have differing interest fixation periods or interest rate conditions. The risk is broken down into "trading risk" and "ALM risk". Trading risk means the risk in the trading stock. ALM risk refers to mismatch in the balance sheet of both capital and interest fixation period. Of the two risks,

the ALM risk predominates. The market risk is measured continuously by various risk measures, including the "Value at Risk models" (VaR models) and by the effect of the present value being calculated of a parallel shift of the yield curve by ± 1 percentage point. The risk is calculated on the basis of the market value and thus all contracted liquid flows. The result of VaR models is included in the company's model for economic capital.

The main principle for management of market risk is the application of matching with regard to the interest fixation period and the interest base. Alongside direct matching through the interest fixation periods for borrowing and lending respectively, matching takes place through use of derivative instruments. These may only be used or issued for the purpose of hedging.

The Board sets annual limits for the market risk which is allocated between strategic and operational interest rate risk. The strategic interest rate exposure is to correspond to the interest rate risk in the deviation from the benchmark for strategic risk decided upon by the Board and limited to \pm SEK 20 million. The operational interest rate risk corresponds to the net of interest rate risk in on the one hand the total of external lending and investments financed by external borrowing and on the other hand the total of external borrowing and derivative instruments. The operational interest rate risk may not exceed an absolute amount equivalent to 1% of SBAB's capital base.

Operational risk

Operational risk means the risk of losses due to inappropriate or unsuccessful internal processes, human error, incorrect systems or external events. The definition includes legal risk.

SBAB will notify Finansinspektionen of management according to the standard method when assessing new capital requirements. This method calculates the capital requirement on the basis of 12-18% of the average operating income of the business areas in the last three years. To use the method, the company must comply with the requirements on documentation, processes and structure.

SBAB uses the Opera model to handle operational risk. This model is based on the self-evaluation of operational risks for established processes, and for reporting incidents. As from 2007, annual scenario analyses are also to be included.

SBAB's Board has established a tolerance limit for operational risk at SEK 7.5 million per year.

Trading risk

Trading risk refers to the risk for unfavourable market movements, for instance, a falling market. The trading risk is calculated on the basis of a standardised assessment in the model for economic capital.

Liquidity risk

Liquidity risk refers to the risk of not being able to meet payment obligations on the due date without a considerable rise in the cost of obtaining funds for payment.

The liquidity risk is measured by totalling SBAB's maximum needs "Maximum Cumulative Outflow" (MCO) for new borrowing funds as at a stated number of days to come, from zero to 365 days. In this measurement, SBAB is expected to have to replace all maturing debt and to fund all existing assets, even those which are subject to interest rate adjustment. The risk

measure shall also include the net of known flows for incoming and outgoing interest payments. The liquidity risk measure is complemented with a number of stress tests which are regularly presented to SBAB's Finance Committee.

During the financial year, a liquidity portfolio, which is to serve as a buffer against liquidity risk, has started to be built up. Investments in the liquidity portfolio may only be made in instruments with a credit rating of AAA/Aaa. Borrowing with a view to invest in liquid interest-bearing securities may take place only up to an amount corresponding to at most 20% of total assets at the beginning of the year, but is limited over this by SBAB's Finance Committee, which is to give a mandate for the size of the portfolio based on the requirements of the liquidity risk. The term of the investment may be at most 10 years. Assets and financing in foreign currency must be 100% nominally matched at the end of each trading day. The liquidity portfolio consists of "Residential Mortgage Backed Securities" (RMBS) and covered bonds and amounted at the turn of the year to SEK 21 million.

Besides the liquidity portfolio, SBAB has a liquidity reserve to ensure access to liquid funds. The liquidity reserve consists of extendable borrowing, a liquidity facility at an external party and other assets that guarantee immediate liquidity regardless of SBAB's credit rating. Reserves are to be kept in SBAB's most important borrowing currencies, Swedish kronor, US dollars and euro. Among the liquidity facilities can be noted a guarantee to raise loans at Riksgälden (the Swedish National Debt Office) if required. The framework is being reduced annually by SEK 1 billion and amounted to SEK 6 billion in 2006.

Financial risk

Financial risk means the risk caused by receivables and liabilities have different periods of tied-up capital. This means that the risk of funding opportunities becoming more expensive or not existing when lending is to be refinanced. The calculation of the financial risk is to be based on all contracted capital amounts with a remaining maturity of over a year, which have become liquid at SBAB (i.e. interest flows are not included). The financial risk shall be measured as a cost for achieving risk neutrality in the form of a full maturity-matched balance sheet and calculated as the cost of closing all of SBAB's net positions according to the internal price curve from time to time. The financial risk is also to be measured as the maximum future liquidity deficit calculated on the flows with a remaining term exceeding a year. Neutralising the financial risk position must not mean a cost greater than 3% of SBAB's capital base. SBAB's Finance Committee is responsible for regularly setting a limit within the framework of the maximum exposure permitted by the Board.

Currency risk

Currency risk means the risk of changes of the Swedish krona's exchange rate leading to changed profitability. In principle, SBAB shall not be exposed to exchange rate fluctuations. All international borrowing shall be immediately converted into Swedish kronor via the swap market. The currency risk is calculated as the effect on the present value of a change in exchange rate of +/- 10 percentage points per equivalent exchange rate. The currency risk is calculated according to the market value and thus all contracted liquid flows. The total currency exposure may not exceed a corresponding value of SEK 10 million.

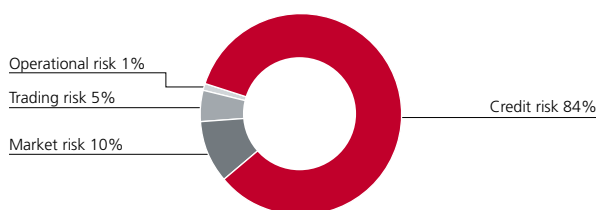
Option risk

At a borrower's or investor's request, loans or bonds may contain interest rate structures. As a main rule, the option risk thus arising is to be eliminated via the derivative market. The risk of loss in the open interest rate option position shall be calculated as the total maximum risk of loss in the event of a change in interest rates of +/- 1 percentage points and a volatility change of 50%. The risk of loss in the option position may amount to at most SEK 2 million.

Economic capital

The economic capital consists of the capital that the company considers is required to cover unexpected losses during the coming year. The expected losses shall be covered by the result of current operations. Consideration has been taken in the assessment of the economic capital to credit risk, market risk, operational risk and trading risk. The credit risk is the predominant risk in SBAB's activities. The figure "Economic capital per risk" shows economic capital after diversification effects within each risk segment and between segments. Diversification effects mean the reduction in risk obtained by taking into account the probability that a risk occurs at the same time as another risk.

Economic capital per risk, 31 December 2006



The model for economic capital is based on, among other things, the result of the group's models for quantification of credit risk. The aggregated result of the model is also used for monitoring activities, financial control and in strategic considerations.

Stress tests

Stress tests and scenario analyses are carried on on the basis of a number of variables in order that the economic capital shall also cover unexpected losses in economic conditions that are worse than at present. Special weight is given to interest rate development and market price changes of properties. The stress tests carried out show that, in the event of a substantial economic downturn, the greatest changes would take place between risks in the better segments, while the poorest segments are not affected to the same extent. This can be seen as a result of a decade of gradual improvement of the loan portfolios.

Internal credit assessment

The Internal Capital Adequacy Assessment Process (ICAAP) aims at ensuring that the company identifies, values, hedges and manages the risks it is exposed to and that the companies have a risk capital on a par with the chosen risk profile.

SBAB's assessment of the amount of risk capital is based on the estimate of economic capital with a supplement for the capital necessary due to the stress tests carried out. This capital is used when following up the return on the company's activities and the calculation of risk for the different business areas.

Capital adequacy

At the end of the year, the Group's capital ratio was 9.0% (9.0%). The capital ratio in the Group is at last year's level. The capital base was SEK 9,150 million (SEK 7,507 million). SBAB has carried out an issue of subordinated debt in the form of hybrid capital SEK 1,000 million (nominal amount).

The parent company's increased capital ratio from 9.6% to 19.1% and primary capital ratio from 7.4% to 15.3% is mainly due to transfers of the credit portfolio to SBAB's wholly-owned subsidiary SCBC. As at 31 December, the subsidiary's portfolio amounted to SEK 88,710 million.

Capital base (SEK million)	Group
Primary capital	7,443
Supplementary capital	1,982
Amount of the expanded capital base	–
Deductible items	(275)
Total capital base	9,150

Rating	Standard & Poor's	Moody's
Long-term borrowing, SBAB	AA-	Aa3
Long-term borrowing, SCBC	AAA	Aaa
Short-term borrowing, SBAB	A-1+	P-1



Staff

Committed and well-motivated staff are essential for SBAB's success. This requires competent management with a good ability to take the leadership in making swift changes.

During the year, SBAB's customer services unit was nominated in the Financial Services category in the competition for Sweden's best customer services, Grand Prix Customer Service Awards. The 11 criteria which were weighed together in a final assessment were response time, greeting, warmth of the reception, attention, ability to guide the conversation, product knowledge, ability to perceive purchasing signals, conclusion of the call, overall treatment, efficient treatment and prerequisites for a continued good relationship. The 100 largest customer service units in Sweden took part in the competition and SBAB was among the three competitors that reached the final.

Organisation

SBAB is continuing to develop the business with simplicity and challenging as the foremost driving forces. The focus on the Corporate Loans business area has led to an increase in staff at three sales offices, Malmö, Gothenburg and Stockholm. At these places, there are also staff who work with tenant-owner associations.

As part of SBAB's continuing role as a challenger, efficiency improvements have been made in operations. In connection with a review of activities, a number of process improvements were made and some redundancy was noted, which led to the decision to close the office in Uppsala. All activities concerning consumer credits were concentrated at SBAB's customer centre in Karlstad.

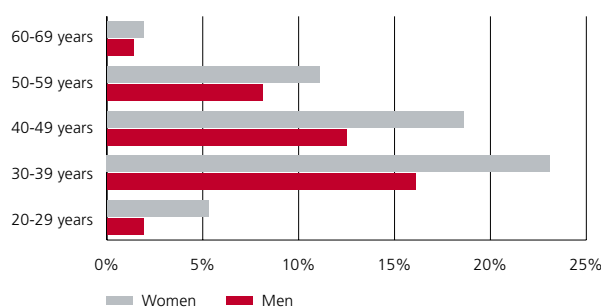
Efficiency improvements

During 2006, extensive work has taken place focused on time, quality and customer benefit. The intention is to create growth opportunities on a more competitive market by increasing efficiency and productivity at the same time as reducing costs. This work has taken place with a high level of participation from SBAB's staff who have prepared the process and improvement proposals that were implemented.

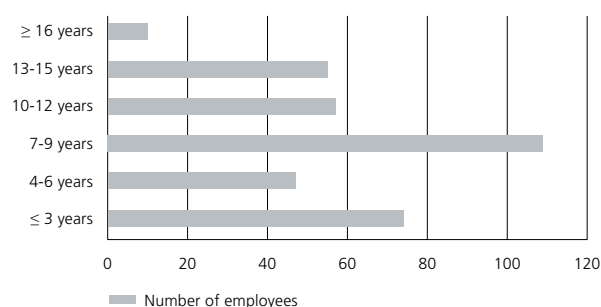
Staff

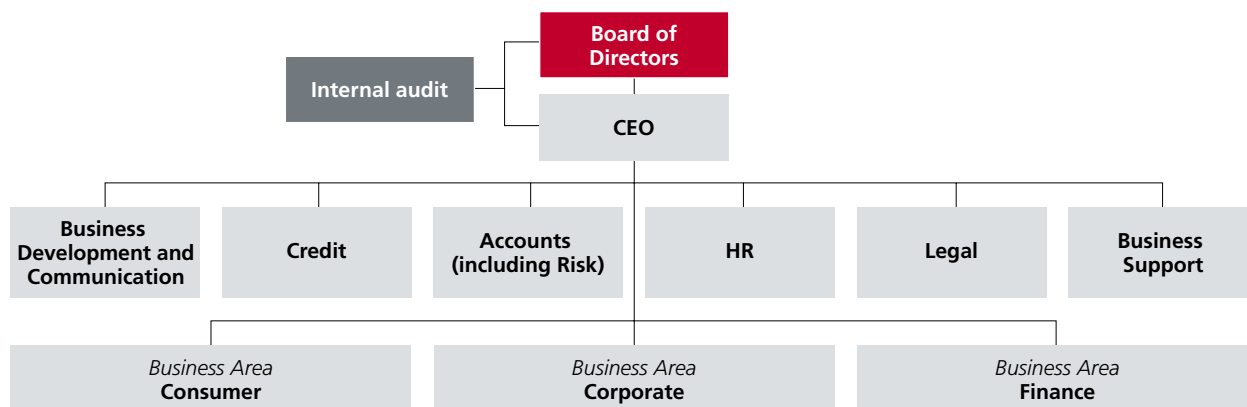
	2006	2005	2004	2003	2002
Average number of employees	410	421	391	384	388
No. of positions at year-end of which held by women	360 216	396 233	364 216	355 209	357 211
Sick leave, short-term, %	1.9	1.7	1.1	1.7	1.8
Sick leave, long-term, %	2.3	2.9	3.2	2.6	2.2
Total sick leave, %	4.2	4.6	4.3	4.3	4.0
Staff turnover, %	6	5	4	3	6
Average age	41	41	40	41	41
Staff costs, SEK million	245	280	225	227	239
Net operating income per employee (average), SEK million	1.6	1.6	1.7	1.9	1.6
Training days/employee (average)	2.1	2.0	1.5	2.5	4.5

Age distribution



Period of employment





Management by objectives

During the year, SBAB has increased the focus on management by objectives throughout the whole operation. The work of setting goals has taken place in workshops with all staff. The intention was to create participation, commitment and understanding for the company's vision and business idea. The work of management by objectives will continue to be part of the work on the business plan.

Competence development

It is of crucial importance that all staff have the opportunity of undergoing continuous competence development in order to be able to work towards the company's overall goals. The model for concretising the part played by staff in the whole is what is known as contribution interviews. Staff members make their contribution to the company's goals and clarify their needs of competence development or other support to be able to make their contribution.

Besides the individual development of competence, a number of management training courses have been held during the year with the focus on goal formulation and communication training. Courses have also been organised in conjunction with contribution and wage interviews.

In order to comply with the new legislation on the provision of insurance services, all customer service staff have undergone training in the provision of insurance services during the first quarter and been registered as approved insurance agents.

A special competence development programme has been started during the year in Corporate Loans with the aim of developing all staff in their respective roles.

Communication

During the year SBAB has continued to focus on internal communications and the dialogue between executive management and staff. Important components are to continuously inform, in among other ways through meetings and presentations, and to engage in dialogue at workplaces on the results and current events in SBAB.

Health and keep-fit activities

SBAB engages in active health and keep-fit activities with a keep-fit organiser who, together with a network of internal health leaders, engages and stimulates activities. SBAB has a keep-fit hour, when all staff are able to use one working hour a week for a keep-fit activity. Staff also receive a keep-fit grant.

During the year, SBAB has continued to focus on rehabilitation of those on sick leave as a long-term activity. SBAB wants to promote a fast and planned return to work by frequent follow-ups and many personal meetings. Total sick leave as a proportion of working hours amounted to 4.2% (4.6%). Long-term sick leave amounted to 2.3% (2.9%), mostly among women.

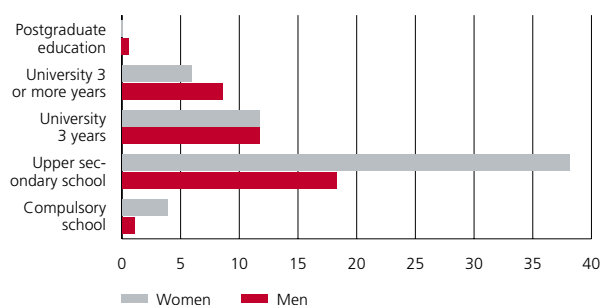
Equality

The company's long-term goal is to have an even gender distribution among senior executives. The proportion of women in executive management is 50% (50%). The proportion of female managers is 39% (37%). In all, 60% (59%) of the company's positions are held by women. The company compensates staff on parental leave for a year at 10% of their salary below 7.5 income base amounts and at 80% on wage portions above 7.5 income base amounts.

Guidelines for remuneration and incentive programme

The incentive programme covers all staff except the CEO and is in accordance with the owner's guidelines. Additional information about the incentive programme and the Board's proposed guidelines for remuneration to executive management is shown in note 6.

Educational level



Result

Result for the SBAB Group

The Group's net operating income amounted to SEK 652 million (SEK 666 million). Net operating income for 2006 is 2% lower in comparison with last year.

SBAB's return on equity expressed as an average for the five-year period 2002-2006 amounts to 9.4%. SBAB has a return on investment requirement imposed by the State that means that its operations over a business cycle should yield a return on equity corresponding to the yield on five-year government bonds plus five percentage points after tax. For the period 2002-2006, this means approximately 8.8%, which means that SBAB has achieved the owner's yield requirement. Profitability in 2006 amounted to 7.9%. The owner's yield requirement has been calculated at 8.5%.

Net interest income

Net interest income amounted to SEK 1,334 million (SEK 1,296 million) which is 3% higher than last year. This year's net interest income includes a positive item of non-recurring nature of SEK 30 million. Continued pressure on margins has meant that income has not increased at the same pace as the portfolio. Average interest on lending to the public has fallen from 3.81% for 2005 to 3.64% for 2006.

The investment margin (net interest income in relation to average total assets) decreased from 0.87% in 2005 to 0.75%, which is explained by the increase in total assets and the squeeze on margins.

Other income and expenses

Net commission amounted to SEK -98 million (SEK -70 million). Commission income decreased during the year by 20% to SEK 40 million. Commission expenses amounted to SEK 138 million, which is 15% higher than the previous year. This increase is explained by increased payments to our business partners as a result of continued good sales development of the partner portfolio.

Expenses

Expenses (total costs excluding loan losses) fell by 0.5% to SEK 593 million (SEK 596 million).

Staff costs have decreased to SEK 245 million (SEK 280 million). No payment (SEK 19 million) has been made from the incentive programme in 2006.

Marketing costs were SEK 42 million (SEK 53 million).

Depreciation and amortisation totalled SEK 26 million (SEK 22 million), this increase being mainly explained by amortisation of investments made in intangible assets. Other expenses totalled SEK 280 million (SEK 241 million). The increase in other expenses is mainly due to important development projects and investments in new products such as covered bonds.

Of total expenses, restructuring expenses have been charged to the result for 2006 at SEK 18 million (SEK 24 million).

IT development & Projects

2006 has been an intensive year for SBAB with a lot of large parallel change-related projects. In order to drive forward projects efficiently and reuse components, the projects have been based on the same IT architecture and operational model. This will lead to savings in administration expenses in coming years and lower operating expenses.

SBAB's method of solving IT architecture issues attracted a lot of attention in 2006. Among other things, SBAB has been nominated in two categories in the competition CIO Awards. This competition illustrates how IT can support and improve activities and in this way contribute to new commercial opportunities.

Major projects in process during 2006:

- ▶ **Savings project** - Extensive work to make possible in-house saving projects. Started during the year and is planned to be completed in 2007.
- ▶ **www.sbab.se** - Development started to renew the website.
- ▶ **Covered Bonds** - The SBAB Group's project to launch borrowing by covered bonds.
- ▶ **IFRS** - The transition to IFRS.
- ▶ **Information system support "ISX"** - Component development to reuse investments already made in systems and to develop common services with quality-assured information.
- ▶ **Basel II** - Adaptations for Basel II.
- ▶ **Economic capital** - To control and measure the organisation in accordance with the Economic capital measuring method.

Loan losses and doubtful loan claims

Loan losses continued to be low and amounted net to a positive result of SEK 4 million (SEK 36 million). Doubtful claims have decreased from SEK 144 million to SEK 125 million. The specific

Doubtful loan claims, non-performing loan claims and provisions

	2006	2005	2004
Doubtful loan claims, SEK million	125	144	214
Non-performing loan claims included in doubtful loan claims, SEK million	6	42	57
Non-performing loan claims on which interest is taken up as income and thus not included in doubtful loan claims, SEK million	193	92	145
Total provisions, SEK million	222	228	281
Provision ratio, loan portfolio, %	0.13	0.15	0.21
Loan losses, net, SEK million	4	36	7

provisions for individually valued claims have decreased slightly and totalled SEK 91 million (SEK 95 million). Doubtful claims after specific provisions for individually assessed loan claims amounted to SEK 34 million (SEK 49 million). The provision ratio for specific provisions for doubtful claims was 73% (66%).

Transition to the International Financial Reporting Standards (IFRS)

SBAB will apply IFRS (International Financial Reporting Standards) from 2007 as a consequence of the company issuing listed debt instruments. The transition to IFRS will be reported in accordance with IFRS 1. The first time IFRS is applied and the quantitative effects of the introduction of IFRS will be presented in conjunction with the first interim report in 2007.

The major changes in accounting principles in the consolidated accounts will be:

- ▶ Derivatives will be valued at their fair value in the balance sheet with changes in value in the income statement
- ▶ Application of hedge accounting in accordance with IAS 39
- ▶ A changed group definition
- ▶ Changes in how balance-sheet items are presented and classified

The following standards will have an important impact on the SBAB Group:

- ▶ IAS 27 Consolidated and Separate Financial Statements
- ▶ IAS 31 Interest in Joint Ventures
- ▶ IAS 39 Financial Instruments: Recognition and Measurement

IAS 27 Consolidated Financial Statements/ IAS 31 Joint ventures

Under the Annual Accounts Act and the guidelines of the Financial Supervisory Authority, group definitions are based on legal ownership. The introduction of IAS 27 will mean that the group definition is based on control, which will affect 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

The greatest change compared with before is that IAS 39 requires that derivative instruments to be reported in the balance sheet at fair value with changes in value in the income statement. Previously, derivatives have been reported at their acquisition value.

This means that the valuation principles for hedging instruments, i.e. derivatives, that are valued at fair value with changes in value in the income statement and the hedged item, loan liabilities and loan claims, which are reported at accrued acquisition, differ. If hedge accounting is not applied, this will entail a risk of large effects on results in particular periods.

SBAB has therefore decided to adopt hedge accounting for the hedging relations where the risks of substantial effects on results is greatest. However, SBAB will not apply hedge account-

ing to hedging relations where there is less risk of an impact on results, since hedge accounting requires extensive administration.

Hedge accounting

SBAB has applied hedge accounting with acquisition valuation for hedged interest-rate risks in financial assets and liabilities both on and off the balance sheet. Hedge accounting with acquisition value means that the recognition of unrealised gains and losses is postponed.

According to IAS 39, there are two models for hedge accounting that are appropriate for SBAB: fair value hedge and cash flow hedge.

In fair value hedge, the hedged item is valued, i.e. the asset or the liability, and the hedge instrument, i.e. the derivative, at fair value. Changes in value are reported in the income statement, which means that they will cancel one another.

In cash flow hedges, the hedge instrument, i.e. the derivative contract, is assessed 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 flow on a hedged item corresponds to the cash flow of the hedge instrument. The ineffective part of the derivative's change in market value is transferred directly to the income statement. The effective part of the changes in value of the derivative are transferred away from equity capital to the income statement at the rate that the cash flows from the hedged item are recognised as income.

Financial assets

An assessment of the need for group provision is made as before for events that have occurred but are not known which would have led to an individual provision if they had been known. In recent years, SBAB has worked with a new model for calculation of group provisions, which is based on the same models as in Basel II, i.e. the probability of default (PD) and the loss given default (LGD) are calculated for each commitment. This is a more sophisticated model than the one previously applied and means that every commitment is assigned to one of eight risk classes for corporate and retail loans respectively on the basis of observable information. The need for group provision is then assessed based on the risk classification, the estimated probability of default and the loss given default. When assessing the need, the expected future cash flows of a homogenous group of loan claims are calculated in relation to the initially expected cash flows despite the fact that the reduction cannot be identified with a particular claim. The preliminary indications from this new provision model is a higher provision than according to the previous model.

Interest compensation

In the event of early redemption of the loan, the customer will pay interest compensation which is intended to cover the cost that arises for SBAB. This payment is accrued in accordance with current principles over the remaining interest fixation period. According to IFRS, the interest compensation received is to be recognised as income directly. The corresponding applies to SBAB's repurchase of debt, when expenditure/income on repurchase is now accrued over the remaining maturity, while this is to be expensed directly according to IFRS.

Accrual of expenses

Transaction expenses in the form of sales commission to business partners attributable to acquisition of loans has previously been substantially expensed in connection with the performance.

According to IFRS, these commissions are transaction expenses which make up a part of the acquisition cost for the loan, which will be reported in the balance sheet and accrued as interest over the expected maturity of the loan.

Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ)

Net operating income (profit before tax and appropriations) for the parent company amounted to SEK 497 million (SEK 661 million). The capital ratio at the end of the year amounted to 19.1% (9.6%) and the capital base to SEK 8,607 million (SEK 7,171 million).

The Swedish Covered Bond Corporation

The company has been acquired to issue covered bonds. Net operating income was SEK 153 million. On 31 December, the capital ratio was 8.8% and the loan portfolio SEK 88,710 million.

FriSpar Bolån AB

SBAB owns 51% of FriSpar Bolån AB, the remainder being owned by the savings banks Sparbankerna Finn and Gripen. Net operating income was SEK -0.6 million (SEK -2.3 million). On 31 December 2006, the capital ratio was 9.2% (8.5%) and the loan portfolio was SEK 17,449 million (SEK 14,735 million).

Dividend principle and proposed appropriation of profit

The dividend principle decided upon by the owner of the wholly-owned state companies is that a third of the net profit should be distributed to the owner.

The Board proposes that the profit for 2006 is to be carried forward and that no dividend is to be paid. The reason for this is the capital requirement that SBAB has due to the strong growth that has taken place during 2006 in retail lending and future expansion and the ensuing capital requirement.



Five-Year Overview

SEK million	2006	2005	2004	2003	2002
Interest income	6,306	5,419	5,820	6,774	7,675
Interest expense	(4,972)	(4,123)	(4,606)	(5,521)	(6,500)
Net interest income	1,334	1,296	1,214	1,253	1,175
Other operating income	(93)	(70)	(38)	(28)	(12)
Total operating income	1,241	1,226	1,176	1,225	1,163
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	(26)	(22)	(18)	(12)	(12)
Other operating expenses	(567)	(574)	(487)	(469)	(459)
Total operating expenses	(593)	(596)	(505)	(481)	(471)
Operating income before loan losses	648	630	671	744	692
Loan losses including change in value of property	4	36	7	(23)	(74)
Net operating income	652	666	678	721	618
Loan portfolio	171,160	156,020	130,907	125,772	133,840
Other assets	24,437	5,808	4,194	6,082	3,978
Total assets	195,597	161,828	135,101	131,854	137,818
Securities issued etc.	174,423	145,400	119,025	118,018	122,970
Other liabilities	12,015	8,329	8,781	6,984	8,461
Provision for deferred tax	10	304	274	246	212
Subordinated debt	2,645	1,851	1,482	1,482	1,482
Equity capital including minority interest	6,504	5,944	5,539	5,124	4,693
Total liabilities and equity capital	195,597	161,828	135,101	131,854	137,818
<i>Lending</i>					
Securitised, SEK million	7,427	15,108	25,153	26,042	17,968
New lending, SEK million	38,008	42,235	28,572	21,888	15,144
Investment margin	0.75%	0.87%	0.91%	0.93%	0.83%
<i>Loan losses</i>					
Loan losses as a percentage of lending	0.00%	-0.02%	-0.01%	0.02%	0.06%
Doubtful loan claims after specific provision, SEK million	34	49	96	102	379
Provision ratio in relation to lending	0.13%	0.15%	0.21%	0.24%	0.29%
<i>Productivity</i>					
Income/Expenditure ratio excluding loan losses	2.1	2.1	2.3	2.5	2.5
Income/Expenditure ratio including loan losses	2.1	2.2	2.4	2.4	2.1
<i>Capital structure</i>					
Return on equity	7.9%	8.7%	9.5%	11.0%	10.1%
Capital ratio	9.0%	9.0%	10.0%	10.2%	10.0%
Primary capital ratio	7.3%	7.1%	8.4%	8.4%	7.8%
Equity ratio	3.3%	3.7%	4.1%	3.9%	3.4%
Consolidation ratio	3.3%	3.9%	4.3%	4.1%	3.6%
<i>Employees</i>					
Number of employees (annual average)	410	421	391	384	388

Definitions of key ratios

New lending	► gross lending	Income/Expenditure ratio including loan losses	► total income/total operating expenses
Investment margin	► net interest income in relation to average total assets	Return on equity	► net operating income after actual tax in relation to average equity capital
Loan losses as a percentage of lending	► loan losses in relation to lending at year-end	Capital ratio	► capital base/risk-weighted amount
Doubtful loan claims after specific provision	► doubtful loan claims after specific provision for loan claims assessed individually	Primary capital ratio	► primary capital/risk-weighted amount
Provision ratio in relation to lending	► total provision for probable loan losses in relation to lending	Equity ratio	► equity capital including minority interest in relation to total assets at year-end
Income/Expenditure ratio excluding loan losses	► total income/(total operating expenses less loan losses)	Consolidation ratio	► equity capital including minority interest and deferred tax in relation to total assets at year-end
		Number of employees	► permanent and temporary employees (annual average)

Financial Reports

Income Statement	24
Balance Sheet	25
Changes in Equity Capital	26
Cash Flow Analysis	26
Capital Adequacy Analysis	27
Accounting Principles	28
Notes	30

Income Statement

SEK million	Note	GROUP		PARENT COMPANY	
		2006	2005	2006	2005
Interest income		6,306	5,419	4,901	5,323
Interest expense		(4,972)	(4,123)	(4,018)	(4,142)
Net interest income	1	1,334	1,296	883	1,181
Dividend received		0	–	0	–
Commission income	2	40	50	99	101
Commission expenses	3	(138)	(120)	(56)	(53)
Net result of financial transactions	4	5	–	5	–
Other operating income	5	0	0	157	0
Total operating income		1,241	1,226	1,088	1,229
General administration expenses	6	(515)	(511)	(527)	(526)
Depreciation of tangible fixed assets and amortisation of intangible fixed assets	7	(26)	(22)	(16)	(15)
Other operating expenses	8	(52)	(63)	(52)	(63)
Total expenses before loan losses		(593)	(596)	(595)	(604)
Operating income before loan losses		648	630	493	625
Loan losses, net	9	4	36	4	36
Net operating income		652	666	497	661
Allocations	10	–	–	1,052	(103)
Minority share in the year's result		0	1	–	–
Tax on profit for the year	11	(190)	(196)	(441)	(165)
Net profit for the year		462	471	1,108	393

Balance Sheet

		GROUP		PARENT COMPANY	
SEK million	Note	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
ASSETS					
Cash in hand and balance at central banks		0	0	0	0
Repo eligible Treasury bills, etc.	12	3	3	3	3
Lending to credit institutions	13	791	157	28,087	14,799
Lending to the public	14	171,160	156,020	65,001	141,285
Bonds and other interest-bearing securities	15	21,847	–	21,847	–
Shares and participations		0	0	0	0
Shares and participations in group companies	16	–	–	4,459	357
Intangible fixed assets	17	55	48	21	17
Tangible assets	18	19	21	19	21
Other assets	19	1,131	5,175	1,028	5,173
Prepaid expenses and accrued income	20	591	404	445	425
TOTAL ASSETS		195,597	161,828	120,910	162,080
LIABILITIES AND EQUITY CAPITAL					
LIABILITIES					
Liabilities to credit institutions	21	5,415	4,525	605	4,490
Securities issued etc.	22	174,423	145,400	105,899	146,100
Other liabilities	23	5,485	2,592	5,387	2,591
Accrued expenses and prepaid income	24	1,115	1,212	446	1,176
Provisions for deferred tax	25	10	304	–	–
Subordinated debt	26	2,645	1,851	2,645	1,851
Total liabilities		189,093	155,884	114,982	156,208
Untaxed reserves	27	–	–	3	1,055
Minority interest		442	344	–	–
EQUITY CAPITAL					
Share capital	28	1,958	1,958	1,958	1,958
Restricted equity/Legal reserve		418	1,174	392	392
Non-restricted equity/Profit brought forward		3,224	1,997	2,467	2,074
Net profit for the year		462	471	1,108	393
Total equity capital		6,062	5,600	5,925	4,817
TOTAL LIABILITIES AND EQUITY CAPITAL		195,597	161,828	120,910	162,080
MEMORANDUM ITEMS					
Assets pledged for own liabilities	29				
Other security pledged		None	None	None	None
Contingent liabilities		None	None	None	None
Commitments	30				

Changes in Equity Capital

	GROUP		PARENT COMPANY	
SEK million	2006	2005	2006	2005
Equity capital at the beginning of the year	5,600	5,268	4,817	4,563
Dividend	–	(139)	–	(139)
Net profit for the year	462	471	1,108	393
Equity capital at the end of the year	6,062	5,600	5,925	4,817

Cash Flow Analysis

	GROUP		PARENT COMPANY	
SEK million	2006	2005	2006	2005
Liquid funds at the beginning of the year	157	2,406	157	2,406
CURRENT OPERATIONS				
Interest and commission received	6,114	5,540	4,982	5,494
Interest and commission paid	(5,937)	(4,416)	(4,937)	(4,387)
Dividend received on shares and similar securities	0	–	0	–
Receipts in respect of earlier written-off loans	6	5	6	5
Payments to suppliers and employees	(582)	(530)	(593)	(545)
Income tax paid	(124)	(163)	(124)	(164)
Change in subordinated claims	–	–	(9,931)	–
Change in lending till the public	(15,145)	(25,088)	76,279	(21,388)
Change in securities, current assets	(21,847)	222	(21,847)	222
Change liabilities to credit institutions	908	(2,093)	(3,885)	(2,093)
Issue of long-term borrowing	79,025	67,458	49,643	67,873
Repayment of long-term borrowing	(44,367)	(55,718)	(84,554)	(55,983)
Issue of short-term borrowing	190,536	176,370	190,536	176,370
Repayment of short-term borrowing	(189,421)	(164,379)	(189,421)	(164,379)
Changes in other assets and liabilities	407	142	(2,394)	(3,540)
Cash flow from current operations	(427)	(2,650)	3,760	(2,515)
INVESTMENT OPERATIONS				
Sale of tangible fixed assets	0	0	0	0
Investments in tangible and intangible fixed assets	(31)	(32)	(19)	(17)
Investments in subsidiaries	–	–	(4,101)	(77)
Acquisition of subsidiaries	–	–	–	0
Cash flow from investment operations	(31)	(32)	(4,120)	(94)
FINANCING OPERATIONS				
Subordinated debenture loans	994	499	994	499
Dividend paid	–	(139)	–	(139)
Minority shareholders' contribution	98	73	–	–
Cash flow from financing operations	1,092	433	994	360
Increase/Decrease in liquid funds	634	(2,249)	634	(2,249)
Liquid funds at the end of the year	791	157	791	157

Liquid funds are defined as cash in hand and lending to credit institutions with a tenor of at most three months according to note 13.

Capital Adequacy Analysis

SEK million	GROUP		PARENT COMPANY	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
CAPITAL BASE				
Equity capital	6,062	5,600	5,925	4,817
Untaxed reserves, after deduction for tax	–	–	2	760
Minority interest	442	344	–	–
Primary capital contribution	994	–	994	–
Less intangible assets	(55)	(48)	(21)	(17)
Total primary capital¹	7,443	5,896	6,900	5,560
Fixed term subordinated debenture loan	1,260	1,260	1,260	1,260
Perpetual subordinated debenture loans	722	722	722	722
Total supplementary capital	1,982	1,982	1,982	1,982
Claims on securitisation companies	(275)	(371)	(275)	(371)
Total capital base	9,150	7,507	8,607	7,171

¹ No dividend is proposed for 2006. It was decided that no dividend would be paid for 2005.

RISK-WEIGHTED AMOUNT

GROUP (SEK million)	Balance sheet items	Off-balance sheet items	Total investments	Risk-weighted amount 31 Dec 2006	Risk-weighted amount 31 Dec 2005
Risk group					
A = 0%	14,709	660	15,369	0	0
B = 20%	6,983	1,374	8,357	1,671	852
C = 50%	120,046	167	120,213	60,107	55,478
D = 100%	37,204	–	37,204	37,204	26,727
Total risk-weighted amount for credit risks				98,982	83,057

	Specific risk	General risk	Risk-weighted amount 31 Dec 2006	Risk-weighted amount 31 Dec 2005
Interest rate risks	2,791	62	2,853	–
Counterparty risks and other risks			6	–
Total risk-weighted amount for market risks		62	2,859	–

PARENT COMPANY (SEK million)	Balance sheet items	Off-balance sheet items	Total investments	Risk-weighted amount 31 Dec 2006	Risk-weighted amount 31 Dec 2005
Risk group					
A = 0%	35,371	660	36,031	0	0
B = 20%	6,977	889	7,866	1,573	852
C = 50%	42,942	167	43,109	21,555	48,968
D = 100%	19,091	–	19,091	19,091	25,005
Total risk-weighted amount for credit risks				42,219	74,825

	Specific risk	General risk	Risk-weighted amount 31 Dec 2006	Risk-weighted amount 31 Dec 2005
Interest rate risks	2,791	62	2,853	–
Counterparty risks and other risks			6	–
Total risk-weighted amounts for market risks		62	2,859	–

CALCULATION OF CAPITAL RATIO

SEK million	GROUP		PARENT COMPANY	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Primary capital	7,443	5,896	6,900	5,560
Capital base	9,150	7,507	8,607	7,171
Risk-weighted amount	101,841	83,057	45,078	74,825
Primary capital ratio, %	7.3	7.1	15.3	7.4
Capital ratio, %	9.0	9.0	19.1	9.6

Accounting Principles

The annual report and accounts of Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) have been prepared in accordance with the provisions of the Annual Accounts Act concerning Credit Institutions and Securities Companies (ÅRKL), and the directives and general guidelines issued by the Swedish Financial Supervisory Authority, Finansinspektionen (FFFS 2002:22).

All amounts are shown in million Swedish kronor (SEK million).

New accounting principles 2006

The accounting principles are unchanged from previous years.

Transition to new reporting standards, IFRS, from 2007

SBAB will apply the International Financial Reporting Standards (IFRS) from 1 January 2007.

General accounting principles

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with the acquisition accounting method and consist of the parent company, Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) and the subsidiaries The Swedish Covered Bond Corporation and FriSpar Bolån AB, which is 51% owned, in accordance with the regulations of Finansinspektionen and the Annual Accounts Act concerning Credit Institutions and Securities Companies (ÅRKL).

The securitisation companies are not consolidated in the SBAB group, since "Group" as defined in Finansinspektionen's regulations and in the Annual Accounts Act concerning Credit Institutions and Securities Companies includes an ownership requirement. As SBAB does not own any participations in the securitisation companies, these are not included in the group definition. The recommendations of the Swedish Financial Accounting Standards Council regarding consolidated financial statements (RR1:00) contain no ownership requirement, instead the group definition is based on the concept of controlling influence.

The effects of a consolidation of the securitisation companies are shown in note 39.

Securitisation of loan claims

Securitized loan claims are not reported in SBAB's balance sheet.

Securitized loan claims are transferred at the nominal value of the transferred claims and do not therefore generate any income. However, a deferred purchase price is paid to SBAB on an ongoing basis over the term of the securitisation transaction, based on the profit earned by the securitisation companies. SBAB therefore takes up such deferred purchase price as income as and when earned, reporting it under interest income.

Claims that SBAB may have on the company to which the loans have been transferred are deducted from the capital base if such claims are considered as credit enhancement.

Trade date accounting

Securities both issued and acquired, including all derivative transactions, are reported at their historical cost on trade date, i.e. at the time when the essential risks and rights have passed between the parties. Lending and liabilities to credit institutions are accounted for as at settlement date.

Hedge accounting

SBAB consistently applies hedge accounting with acquisition valuation of hedged interest rate risks in financial assets and liabilities, both on and off balance sheet. Hedge accounting with acquisition valuation means that accounting for unrealised gains and losses is postponed.

Income accounting

Income is reported in accordance with the Swedish Financial Accounting Standards Council's recommendation Income (RR11). Interest income is accounted for in accordance with the effective yield method. Interest income on doubtful loan claims is taken up as income on a cash basis.

Commission income is taken up as income on a current basis in accordance with the terms of agreement.

Financial instruments

SBAB applies the recommendations issued by the Swedish Financial Accounting Standards Council on Financial instruments: Disclosure and presentation (RR27) when reporting financial instruments.

Financial fixed assets

Loan claims are classified as financial fixed assets and reported in the balance sheet from their moment of lending at their historical costs, i.e. the amount lent to the borrower. Loan claims are thereafter reported at historical cost after deductions for amortisation and of provisions for probable loan losses. Probable loan losses are provided for according to the principles below.

Provision for probable loan losses

Provision for probable loan losses is made if the claim is doubtful, i.e. if based on occurrences and circumstances existing as at the balance sheet date, it seems probable that obligations will not be fulfilled according to contract conditions. A loan claim is not normally considered doubtful if there is collateral which provides a satisfactory margin both for capital and interest, including compensation for possible delays.

Actual losses during the year, provisions for probable loan losses and reversals of interest etc., which were taken up as income at the previous year's closing, are reported as loan losses.

Actual losses are losses where the amounts are defined or can almost certainly be determined.

Individually assessed loan claims

The corporate market portfolio is individually assessed. Provision against probable losses is accounted for both by the difference between the acquisition loan amount and the amount deemed likely to be recovered.

Collective valuation of individually assessed loan claims

Where it is considered probable that loan losses have occurred in a group of loan claims, which should be assessed individually, but where losses still cannot be classified as individual claims, a collective group provision against these loan losses has been made. Within SBAB this provision is primarily aimed at covered yet unidentified risks in the corporate customer portfolios smaller loans in locations assessed as weak by SBAB.

Collective valuation of homogenous groups of loan claims

The loans in the retail market portfolio consist of a large number of loans, each relatively limited in value and with similar credit risk. Provisions for probable loan losses in this portfolio are partly based on non-performing loans at the balance sheet date and partly on a component designed to compensate for the risk of misjudgements being made due to the automatic analysis of payment ability and of property valuations taking place at a distance.

Restructured loan claims

A restructured loan claim is a claim where SBAB has given some sort of concession due to a shortfall in the borrower's ability to pay.

Interest compensation on prepayment of loans

Borrowers who prepay loans pay interest compensation intended to cover the cost SBAB incurs. The interest compensation is distributed over the remaining term.

Financial current assets

Lending to credit institutions and financial instruments that are not intended to be held until maturity are classified as financial current assets.

Assets in trading stocks are valued at fair value. Realised income and unrealised changes in value of these instruments are reported in the income statement under the heading Net result of financial transactions.

For other financial instruments included in interest and currency hedged transactions, hedge accounting is applied with acquisition valuation, in accordance with the rules on hedge accounting, which in this case means valuation at the accrued acquisition value. Realised income

on these instruments is accrued in the income statement over the remaining original tenor of the instrument.

Accrued acquisition value means the present value of future payments discounted by the effective acquisition interest rate. This method takes account of acquisitions above and below par by spreading them over the remaining term of the instrument. Interest payments received plus the change in the accrued acquisition value during the year is reported as interest income.

Financial liabilities

Financial liabilities are reported at their accrued acquisition value. Any premium or discount at the time of issue of a bond is distributed over the tenor of the bond in such a manner as to obtain an effective annual interest rate.

Realised capital gains and losses from repurchases of SBAB benchmark bonds are distributed over the repurchased bond's remaining interest fixation period when repurchases are made as part of the management of interest rate risks in funding operations or as an exchange of debt. Otherwise, realised capital gains and losses from repurchases are reported directly in the income statement.

Bond issues with connected repurchase agreements, "repos", are regarded as short-term borrowing, with the price differential constituting the interest expense for the period.

Derivative instruments

SBAB uses derivatives with the aim of eliminating interest and currency risks in lending and borrowing at fixed interest rates.

Derivatives included in the trading stocks are valued at fair value and realised and unrealised changes in value are reported in the income statement under the heading Net result of financial transactions.

Other derivatives are part of the hedge accounting and are therefore reported at the historical cost or where appropriate at accrued acquisition value. The result of forward transactions is distributed over the remaining interest fixation period of the hedged asset or liability. Exchange gains and exchange losses on derivatives that have occurred on premature liquidation of hedge relations are reported directly in the income statement.

Derivative transactions with a positive value on closing date are reported in the item Other assets and transactions with a negative value are reported in the item Other liabilities.

Miscellaneous

Valuation of claims, liabilities and derivatives in foreign currencies

SBAB applies the Swedish Financial Accounting Standards Council's recommendations on the Reporting of the Effects or Changes in Exchange Rates (RR8). Receivables and liabilities in foreign currency are valued at the closing-day rate.

Tangible assets

SBAB applies the Swedish Financial Accounting Standards Council's recommendation, Accounting of Tangible Assets (RR12). Tangible assets are reported as an asset in the balance sheet if it is probable that future financial benefits will benefit the company and the acquisition value of the asset can be valued in a reliable way. Tangible assets are reported at acquisition value less accumulated depreciation and any write-downs.

Depreciation of tangible assets

The depreciable amount is calculated as the acquisition value of the asset with a deduction for the estimated residual value at the end of its economic life.

Straight-line depreciation is applied over the estimated economic life. The economic life is estimated at four years for computer equipment and five years for other equipment.

Assessment of the residual value and economic life of assets is made continuously.

Properties repossessed to protect claims

Property repossessed in order to protect claims is treated as a current asset and valued at the lower of acquisition value and fair value. The fair value is determined annually by individual valuation.

The outcome of the property management is reported net of rental income and operating costs, maintenance and property tax under the heading of "Other operating income" or under the heading "Other operating expenses".

Intangible fixed assets

SBAB applies the Swedish Financial Accounting Standards Council's recommendation on Accounting of Intangible Assets (RR15). Investments in purchased and/or internally produced software are valued at acquisition value reduced by accumulated amortisation and any write-downs. A prerequisite for capitalisation to take place is that:

- The resource is controlled by the company and is deemed to give economic advantages in the future.
- Expenditure outlays are directly attributable to the development of the programme.

Additional outlays for capitalised intangible assets are reported as an asset in the balance sheet only when they increase the future economic benefits for the specific asset to which they relate. All other expenditures are expensed as they arise.

Capitalised development costs are reported in the consolidated accounts only.

Amortisation of intangible fixed assets

Straight-line amortisation is applied over the estimated economic life of the assets. The economic life is estimated to four or five years.

Write-downs

SBAB applies the Swedish Financial Accounting Standards Council's recommendation Write-downs (RR17). To establish if there is a need of write-down, the asset's recovery value is determined. An asset's recovery value is established when there is an indication that points to a possible drop in value. The asset is written down when the reported value is greater than the recovery value. The amount of write-down burdens the period's result.

Furthermore, the recovery value is calculated at the end of each financial year for intangible assets which are not yet ready for use.

Taxes

SBAB applies the Swedish Financial Accounting Standards Council's recommendation Income Taxes (RR9). Total tax consists of current tax and deferred tax. Current tax includes tax which is to be paid or received for the present year and adjustments of current tax for previous years. Deferred tax is estimated according to the balance sheet method based on temporary differences between the reported and taxable values of assets and liabilities. Deferred tax attributable to tax loss carry forwards has been reported as an asset in the balance sheet since it has been considered that it will be possible to deduct the losses from future surpluses.

Pensions

SBAB applies the Swedish Financial Accounting Standards Council's recommendation Employee Benefits (RR29). SBAB has defined contribution pension schemes and defined benefit pension schemes. The cost of defined contribution pension schemes is charged to the result for the period the premium concerns.

The defined benefit pension schemes are predominantly in collectively agreed employer schemes (BTP), which are secured through insurance with SPP. According to RR29 and a statement from the Swedish Financial Accounting Standards Council's emerging issues task force, URA42, these are defined benefit schemes that encompass several employers.

According to URA45, the information that can be provided on defined benefit pension schemes is not designed according to the requirements made in RR29. The design of the BTP scheme means that it is not possible to calculate surpluses or deficits within the scheme and their possible impact on future premiums. As long as the basic design of the scheme is not changed, it is not possible to report these as defined contribution schemes. In accordance with URA45, these schemes are reported for the 2006 financial year as defined contribution schemes.

A pension liability is reported in the balance sheet for other defined benefit schemes. The calculation is made on the basis of actuarial assumptions and in accordance with the method provided for in RR29.

Segment reporting

SBAB applies the Swedish Financial Reporting Standards Council's recommendation Segment Reporting (RR25). SBAB provides similar products, which are exposed to similar risks and opportunities. For this reason, only one sector of operations is presented, Lending, in one geographical area, Sweden.

Notes to the Income Statement and Balance Sheet

Note 1 Net interest income	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
<i>Interest income</i>				
Lending to credit institutions	45	30	997	405
Lending to the public	5,848	5,307	3,491	4,836
Securitised loans	50	80	50	80
Interest-bearing securities	363	2	363	2
Total	6,306	5,419	4,901	5,323
<i>Interest expense</i>				
Liabilities to credit institutions	176	149	71	149
Borrowing from the public	7	0	7	0
Interest-bearing securities	4,633	3,851	3,784	3,870
Subordinated debt	112	79	112	79
Other	44	44	44	44
Total	4,972	4,123	4,018	4,142
Net interest income	1,334	1,296	883	1,181

The average interest on lending to the public during the year was 3.64% (3.81%), excluding deferred purchase price from securitisation companies.

In the parent company, the average interest rate on lending to the public was 3.62% (3.82%). Of the parent company's interest income, SEK 952 million (SEK 375 million) relates to group companies.

Average balances for the items above	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Lending to credit institutions	2,186	1,564	31,852	14,294
Lending to the public	160,484	139,347	96,388	126,578
Interest-bearing securities	9,237	40	9,237	40
Liabilities to credit institutions	7,864	8,375	3,626	8,375
Borrowing from the public	336	17	336	17
Interest-bearing securities	156,470	127,676	128,838	128,294

Note 2 Commission income	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Commission on lending	15	17	74	68
Administration of securitisation companies	19	29	19	29
Other commissions	6	4	6	4
Total	40	50	99	101

Note 3 Commission expenses	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Commission on securities	27	20	27	20
Commission for provision of loans	111	100	29	33
Total	138	120	56	53

Note 4 Net result of financial transactions	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
<i>Unrealised changes in value</i>				
Interest-bearing securities	5	–	5	–
Total	5	–	5	–

Note 5 Other operating income

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Administrative services for subsidiaries	–	–	157	–
Capital gain on disposal of tangible assets	0	0	0	0
Other operating income	0	0	0	0
Total	0	0	157	0

Note 6 General administration expenses

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Staff costs				
– salaries and other remuneration	159	182	159	182
– cost of pension premiums	26	29	26	29
– other social security expenses	60	69	60	69
IT costs	124	81	136	96
Rents and other costs for premises	37	26	37	26
Other administration expenses	109	124	109	124
Total	515	511	527	526

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Average number of employees				
Women	246	254	246	254
Men	164	167	164	167
Total average number of employees	410	421	410	421

Breakdown by gender among senior executives

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Board of Directors				
Women	4	4	2	3
Men	12	16	6	6
Total number of Board Members	16	20	8	9

The Group includes the board members of the subsidiaries FriSpar Bolån AB and The Swedish Covered Bond Corporation.

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Executive management				
Women	5	5	5	5
Men	7	7	5	5
Total number of persons in executive management	12	12	10	10

The Group includes the CEO of the subsidiaries FriSpar Bolån AB and The Swedish Covered Bond Corporation.

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Salaries and other remuneration				
The Board of Directors, CEO and Deputy CEO	7	5	7	5
Other persons in the parent company's executive management	10	9	10	9
Other employees	142	168	142	168
Total salaries and other remuneration	159	182	159	182

Salaries and other remuneration to the CEO Eva Cederbalk amounted to SEK 2.8 million (SEK 2.6 million). No car is provided and no fringe benefits have been paid. Salaries and other remuneration to Deputy CEO Peter Gertman total SEK 3.3 million (SEK 1.6 million). Car and fringe benefits have been provided at SEK 0.1 million (SEK 0.0 million).

Salaries and other remuneration to other members of the executive management amounted to SEK 10.5 million (SEK 8.6 million). Other fringe benefits to executive management (subsidised interest rate and sickness benefit) have been paid at SEK 0.1 million (SEK 0.1 million). Salary and other benefits to executive management which have mainly consisted of the following functions: Chief Credit Officer SEK 1.5 million (SEK 1.4 million), Chief Legal Counsel SEK 0.9 million (SEK 0.5 million), Chief Information Officer SEK 1.4 million (SEK 1.3 million), Head of Accounting and Risk Department SEK 1.2 million (SEK 1.1 million), Chief Communication Officer SEK 1.4 million (SEK 1.3 million), Chief Financial Officer SEK 1.4 million (SEK 1.9 million) and Head of Corporate Loans SEK 1.6 million (SEK 0.1 million from 1 December 2005) and Human Resources Manager SEK 1.1 million (SEK 1.0 million).

Pension costs for the whole company including special employers' contribution, totalled SEK 31.9 million (SEK 36.1 million).

Pension costs, including special employers' contribution, to CEO Eva Cederbalk SEK 0.8 million (SEK 0.7 million) and for Deputy CEO Peter Gertman SEK 1.5 million (SEK 0.7 million).

Pension costs including special employers' contribution have been paid for other members of the executive management at SEK 3.4 million (SEK 3.1 million). Pension cost, including special employers' contribution, for executive management has consisted

continued
Note 6

of the following functions: Chief Credit Officer SEK 0.6 million (SEK 0.6 million), Chief Legal Counsel SEK 0.2 million (SEK 0.2 million), Chief Information Officer SEK 0.5 million (SEK 0.5 million), Head of Accounting and Risk Department SEK 0.4 million (SEK 0.4 million), Chief Communication Officer SEK 0.4 million (SEK 0.5 million), Chief Financial Officer SEK 0.5 million (SEK 0.5 million), Head of Corporate Loans SEK 0.4 million (SEK 0.0 from 1 December 2005) and Human Resources Manager SEK 0.4 million (SEK 0.4 million).

The Board of Directors considers matters relating to remuneration of executive management in the Board's remuneration committee.

Remuneration to Board Members in the parent company has been paid at SEK 0.8 million (SEK 0.8 million) and at SEK 0.2 million (SEK 0.2 million) for work in executive committees, councils and committees. A fee of SEK 0.2 million (SEK 0.2 million) was paid to the Chairman of the Board and SEK 0.1 million (SEK 0.1 million) each to the ordinary Board Members. The trade union representative on the Board does not receive a fee. Board Members that serve on a committee, council or executive committee receive SEK 3,000 per meeting attended.

	GROUP		PARENT COMPANY	
Sick leave	2006	2005	2006	2005
Total sick leave	4.2%	4.6%	4.2%	4.5%
– women	5.9%	6.8%	5.9%	6.8%
– men	1.8%	1.4%	1.8%	1.4%
– younger than 29 years old	2.0%	1.8%	2.0%	1.8%
– 30-49 years old	4.3%	5.5%	4.3%	5.5%
– 50 years old and older	5.0%	4.3%	5.0%	4.3%
Proportion of long-term sick leave, i.e. sick leave with a duration of over 60 days	53.1%	63.6%	53.1%	63.6%

Agreements on severance pay, pensions, etc.

SBAB employees are covered by a pension scheme that covers illness, survivor's coverage, a retirement pension, a supplementary pension, and, in some cases, a family pension. The pension scheme also covers those on high incomes, where the recipient can choose an alternative investment for a portion of the premium.

SBAB applies the Swedish Financial Accounting Standards Council's recommendation on Employee Benefits (RR29). SBAB has defined contribution and defined benefit pension schemes. The defined benefit schemes are predominantly collectively agreed employer schemes (BTP), secured through insurance with SPP. According to RR29 and a statement from the Emerging Issues Task Force, URA 42, these defined benefit schemes cover several employers. SBAB has not had access to the information for the 2006 financial year, which would make it possible to report these as defined benefit schemes. SBAB's cost for fixed benefit employer schemes is SEK 26.7 million (SEK 31.1 million).

The CEO has a contract of employment that complies with government guidelines for management fulfilling comparable roles in state-owned enterprises (October 2003). The period of notice is six months for both parties. If the company terminates the contract and thereby severs the CEO from her employment in the company, the company shall make a severance payment corresponding to 18 months' salary in addition to salary during the notice period.

An agreement has also been reached with the CEO on mutual right to request retirement, at the earliest from the month after the CEO has attained the age of 62. The company pays a premium-defined pension insurance equivalent to 25% of the CEO's pensionable salary although at the latest to the age of 62.

An agreement has been reached with the Deputy CEO on termination of employment with six months' notice and 18 months' severance pay with a deduction for new income in accordance with the pension agreement.

An agreement has been reached with the Head of Corporate Loans on a defined benefit pension premium corresponding to 20% of the pensionable salary.

There are no other pension agreements that differ from the general rules followed in the collective agreements in the banking industry. In the cases when individual agreements on severance pay exist, these guidelines comply with the guidelines for state-owned companies. In the event of notice being given by the company, payment is made for at most two years including the period of notice. Payment received from new employment or other activity is deducted from this payment.

The Board's proposed guidelines for remuneration to the executive management

Remuneration to the executive management shall consist of a fixed basic salary and, in appropriate cases, remuneration which the Board has decided shall be included in the incentive programme, which is not only targeted on senior management staff. Remuneration in the incentive programme shall not be paid at an amount exceeding two monthly salaries. The CEO is not to be included in an incentive programme.

As regards pension conditions, period of notice and severance pay, it is proposed that the principles reported in the Government's guidelines for senior managers (October 2003) shall apply, with the exception of pension conditions for defined benefit pensions for a few senior managers for whom the current conditions in the collective agreement shall apply, in accordance with the conditions in the existing contract of employment.

Incentive programme

SBAB's incentive programme covers all employees (although with a stipulated period of employment) with the exception of the CEO and complies with the government guidelines for incentive schemes for employees in state-owned companies (October 2003). The prerequisite for payment of an incentive salary is that the yield requirement is met. The maximum payment is two monthly salaries for all employees. The incentive programme for 2006 consists of two parts, one part based on overall company targets and one based on unit targets.

No incentive payments are to be made for 2006 (SEK 19 million).

Fees and cost payments to auditors

Fees and cost payments to KPMG total SEK 3.4 million, of which SEK 2.0 million is for audit.

Fees and cost payments to SET authorised auditors total SEK 0.3 million, of which SEK 0.2 million is related to audit.

continued
Note 6

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Future rental fees				
Agreed rental fees that fall due for payment:				
– within a year	17.1	19.3	17.1	19.3
– between one and five years	51.7	41.4	51.7	41.4
– after five years	9.5	1.1	9.5	1.1

Note 7 Depreciation of tangible fixed assets and amortisation of intangible fixed assets

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Equipment	9	10	9	10
– of which computing equipment	6	7	6	7
Intangible fixed assets	17	12	7	5
Total	26	22	16	15

Note 8 Other operating expenses

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Marketing	42	53	42	53
Other operating expenses	10	10	10	10
Total	52	63	52	63

Note 9 Loan losses, net

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
SPECIFIC PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY				
The year's write-off for actual loan losses	8	25	8	25
Reversal of previous provisions for probable loan losses reported as actual loan losses in this year's financial statements	(3)	(20)	(3)	(20)
The year's provision for probable loan losses	14	9	14	9
Recoveries in respect of actual loan losses in previous years	(4)	(3)	(4)	(3)
Reversal of previous provisions for probable loan losses no longer required	(17)	(15)	(17)	(15)
Net cost for the year	(2)	(4)	(2)	(4)
COLLECTIVE PROVISIONS FOR INDIVIDUALLY ASSESSED LOAN CLAIMS				
Allocation to/withdrawal from collective provision	(11)	(31)	(11)	(31)
COLLECTIVELY ASSESSED HOMOGENOUS GROUPS OF LOAN CLAIMS				
The year's write-off for actual loan losses	2	3	2	3
Recoveries in respect of actual loan losses in previous years	(2)	(2)	(2)	(2)
Allocation to/withdrawal from provision for loan losses	9	(2)	9	(2)
Net cost for the year for collectively valued homogenous loan claims	9	(1)	9	(1)
Net cost for the year for loan losses	(4)	(36)	(4)	(36)

Both the write-offs regarding actual loan losses and reversal of previous years' write-offs as specified above related to claims on the public.

Note 10 Allocations

	PARENT COMPANY	
	2006	2005
Deprecation over plan	0	(0)
Transfer to tax allocation reserve	–	(197)
Transfer from tax allocation reserve	1,052	94
Total	1,052	(103)

Note 11 Tax on profit for the year

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Profit before tax	652	666	1 549	558
Non-deductible expenses	3	4	3	4
Non-taxable income	(0)	–	(0)	–
Taxable items not attributable to income	24	27	24	27
Taxable income	679	697	1 576	589
Current tax rate	28%	28%	28%	28%
Tax on profit for the year	190	196	441	165
– of which tax cost for the period	484	165	441	165
Deferred tax	(294)	31	–	–
– of which change in untaxed reserves	(295)	29	–	–
– of which taxable temporary difference in intangible fixed assets	1	2	–	–

Note 12 Repo eligible Treasury bills, etc.

	GROUP						PARENT COMPANY					
	2006			2005			2006			2005		
	Ac- rued acqu. value	Fair value	Book value	Ac- rued acqu. value	Fair value	Book value	Ac- rued acqu. value	Fair value	Book value	Ac- rued acqu. value	Fair value	Book value
CURRENT ASSETS												
Swedish Treasury bills	3	3	3	3	3	3	3	3	3	3	3	3
Total eligible Treasury bills, etc.	3	3	3	3	3	3	3	3	3	3	3	3
<i>Holding of repo eligible Treasury bills etc. by remaining term, book value</i>												
At most 1 year			3			3			3			3
Total			3			3			3			3
Average remaining term, years			0.2			0.1			0.2			0.1
Average remaining interest fixation period, years			0.2			0.1			0.2			0.1

Note 13 Lending to credit institutions

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
<i>Outstanding claims distributed by remaining term, net book value</i>				
Payable on demand	93	157	93	157
At most 3 months	698	–	698	–
Longer than 3 months but at most 1 year	–	–	–	–
Longer than 1 year but at most 5 years	–	–	–	–
Longer than 5 years	–	–	–	–
Total credit institutions	791	157	791	157
Average remaining term, years	0.0	0.0	0.0	0.0
Group companies	–	–	27,296	14,642
Total	791	157	28,087	14,799

Of the parent company's lending to credit institutions, SEK 9,931 million relates to a receivable from the wholly-owned subsidiary The Swedish Covered Bond Corporation. These receivables are subordinated, which means that payment is received only after the other creditors of the subsidiary have been paid.

Note 14 Lending to the public

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Opening balance	156,248	131,188	141,513	120,153
Lending for the year	38,008	42,238	33,691	36,969
Transferred to subsidiaries	–	–	(104,806)	–
Securitisation, net	4,906	9,035	4,906	9,035
Amortisation, write-offs, redemption, etc.	(27,780)	(26,213)	(10,081)	(24,644)
Closing balance	171,382	156,248	65,223	141,513
Provision for probable loan losses	(222)	(228)	(222)	(228)
Closing balance	171,160	156,020	65,001	141,285
– of which subordinated assets	–	–	–	–
<i>Claims outstanding distributed by remaining terms, net book value</i>				
Payable on demand	–	–	–	–
At most 3 months	21,961	26,531	7,611	24,667
Longer than 3 months but at most 1 year	82,443	69,198	33,001	62,621
Longer than 1 years but at most 5 years	60,374	52,464	21,661	47,273
Longer than 5 years	6,382	7,827	2,728	6,724
Total	171,160	156,020	65,001	141,285
Average remaining term, years	1.5	1.5	1.6	1.5

GROUP

DISTRIBUTION OF LENDING BY
CATEGORY OF LENDER

	2006				2005			
	FriSpar Bolån AB	The Swedish Covered Bond Corporation	The Swedish Housing Finance Corporation, SBAB	Total	FriSpar Bolån AB	The Swedish Covered Bond Corporation	The Swedish Housing Finance Corporation, SBAB	Total
Municipal multi-family dwellings	–	8,365	1,416	9,781	–	–	13,158	13,158
Tenant-owner associations	134	14,399	12,967	27,500	166	–	28,724	28,890
Private multi-family dwellings	126	9,203	9,530	18,859	151	–	19,728	19,879
Single-family dwellings and holiday homes	15,037	40,900	23,964	79,901	12,697	–	56,623	69,320
Tenant-owned apartments	2,152	15,843	14,388	32,383	1,721	–	22,508	24,229
Commercial properties	–	–	2,958	2,958	–	–	772	772
Provision for probable loan losses	–	–	(222)	(222)	–	–	(228)	(228)
Total	17,449	88,710	65,001	171,160	14,735	–	141,285	156,020
Proportion of lending covered by municipal guarantees in per cent	–	13	5	8	–	–	13	12
Average interest fixation period, years	1.5	1.3	1.2	1.3	1.5	–	1.3	1.3

If prepayment occurs between interest-rate adjustment dates, SBAB has the right to receive compensation. The size of the compensation in the case of retail market loans is based on the interest rate on the loan compared with the interest rate on government bonds/treasury bills with a comparable remaining term up to the interest adjustment date +1%. For other loans, the re-investment interest rate for comparable government securities is the applicable interest rate. In other cases, the comparable interest rate is shown by current loan conditions.

In addition to mortgage security in pledged property, SBAB has received a municipal or government guarantee as collateral for the borrower's commitments in certain cases. The proportion of loans covered by this type of guarantee is shown in the table above.

SEK 84.336 million of the loan portfolio in the Swedish Covered Bond Corporation is collateral for covered bonds of SEK 69,424 million.

Loans granted but not yet advanced amounted to SEK 3,351 million (SEK 5,386 million) for the Group and SEK 3,175 million (SEK 5,145 million) for the parent company.

At the end of the year, the Group's loans to Board Members amounted to SEK 3.2 million and loans to senior executives to SEK 1.0 million. These loans are covered by bank-standard security.

continued
Note 14

	GROUP		PARENT COMPANY	
DOUBTFUL AND NON-PERFORMING LOAN CLAIMS	2006	2005	2006	2005
a) Doubtful loan claims	125	144	125	144
b) Non-performing loan claims included in doubtful claims	6	42	6	42
c) Non-performing loan claims for which interest is recognised as income and which are thus not included in doubtful loan claims	193	92	182	86
d) Specific provisions for individually assessed loan claims	91	95	91	95
e) Collective provisions for individually assessed loan claims	101	113	101	113
f) Provisions for collectively assessed homogenous groups of loan claims	30	20	30	20
g) Total provisions (d+e+f)	222	228	222	228
h) Doubtful loan claims after specific provisions for individually assessed loan claims (a-d)	34	49	34	49
i) Provision ratio for specific provisions for individually assessed loan claims (d/a)	73%	66%	73%	66%

GROUP

DOUBTFUL AND NON-PERFORMING LOAN CLAIMS DISTRIBUTED BY CATEGORY OF BORROWER

	2006					2005				
	Tenant-owner associations	Private multi-family dwellings	Single-family dwellings & holiday homes	Tenant-owned apartments	Total	Tenant-owner associations	Private multi-family dwellings	Single-family dwellings & holiday homes	Tenant-owned apartments	Total
Non-performing loan claims	5	93	72	29	199	–	66	56	12	134
Doubtful loan claims, gross	88	37			125	96	48			144
Specific provisions for individually assessed loan claims	(76)	(15)			(91)	(78)	(17)			(95)
Collective provisions for individually assessed loan claims	(78)	(23)			(101)	(88)	(25)			(113)
Provisions for collectively assessed homogenous groups of loan claims			(21)	(9)	(30)			(18)	(2)	(20)
Doubtful loan claims after specific provisions for individually assessed loan claims					34					49

	GROUP		PARENT COMPANY	
RESTRUCTURED LOAN CLAIMS	2006	2005	2006	2005
Restructured loan claims during the financial year				
– before restructuring	5	87	5	87
– after restructuring	5	87	5	87
Doubtful loan claims which reverted to normal status during the year	10	20	10	20

Note 15 Bonds and other interest-bearing securities

This balance-sheet items consists of investments in trading stocks, and other investments where the interest rate and currency risks are hedged, either through derivatives or by matching borrowing.

	GROUP						PARENT COMPANY					
	2006			2005			2006			2005		
	Ac-crued acqu. value	Fair value	Book value	Ac-crued acqu. value	Fair value	Book value	Ac-crued acqu. value	Fair value	Book value	Ac-crued acqu. value	Fair value	Book value
Trading stocks	15,790	15,767	15,767	–	–	–	15,790	15,767	15,767	–	–	–
Hedged investments	6,080	6,046	6,080	–	–	–	6,080	6,046	6,080	–	–	–
Total bonds and other interest-bearing securities	21,870	21,813	21,847	–	–	–	21,870	21,813	21,847	–	–	–

Since the hedged investments are reported at accrued acquisition value, the book value may be less than the fair value. A corresponding, non-reported, surplus value then exists in these derivative or borrowing transactions.

continued
Note 15

	GROUP						PARENT COMPANY					
	2006			2005			2006			2005		
	Ac- crued acqu. value	Fair value	Book value	Ac- crued acqu. value	Fair value	Book value	Ac- crued acqu. value	Fair value	Book value	Ac- crued acqu. value	Fair value	Book value
<i>Holding distributed by issuer etc.</i>												
CURRENT ASSETS												
Listed securities												
<i>Issued by public bodies</i>												
The Swedish state	4	6	4	–	–	–	4	6	4	–	–	–
<i>Issued by other borrowers</i>												
Swedish mortgage institutions	1,879	1,860	1,879	–	–	–	1,879	1,860	1,879	–	–	–
Other foreign issuers												
(Covered housing bonds)	18,987	18,935	18,952	–	–	–	18,987	18,935	18,952	–	–	–
Other foreign issuers												
(with state guarantee)	1,000	1,012	1,012	–	–	–	1,000	1,012	1,012	–	–	–
Total listed securities	21,870	21,813	21,847	–	–	–	21,870	21,813	21,847	–	–	–
Unlisted securities	–	–	–	–	–	–	–	–	–	–	–	–
Total bonds and other interest-bearing securities	21,870	21,813	21,847	–	–	–	21,870	21,813	21,847	–	–	–
<i>– of which subordinated assets</i>	–	–	–	–	–	–	–	–	–	–	–	–
<i>Holding distributed by remaining term book value</i>												
At most 1 year			1,012			–			1,012			–
Longer than 1 year but at most 5 years			8,860			–			8,860			–
Longer than 5 years but at most 10 years			9,133			–			9,133			–
Longer than 10 years			2,842			–			2,842			–
Total			21,847			–			21,847			–
Average remaining term, years			6.9			–			6.9			–

Note 16 Shares and participations in group companies

PARENT COMPANY	The Swedish Covered Bond Corporation		FriSpar Bolån AB	Total 2006	Total 2005
Swedish credit institutions					
Acquisition value at beginning of the year	0		357	357	280
New issue	50		–	50	0
Shareholders' contribution	3,950		102	4,052	77
Acquisition value at end of the year	4,000		459	4,459	357

	2006		2005	
PARENT COMPANY	The Swedish Covered Bond Corporation		The Swedish Covered Bond Corporation	
	556645-9755	FriSpar Bolån AB 556248-3338,	556645-9755,	FriSpar Bolån AB 556248-3338,
Swedish credit institutions	Stockholm	Stockholm	Stockholm	Stockholm
Number of shares	500,000	6,120	1,000	6,120
Capital share, %	100%	51%	100%	51%
Book value	4,000	459	0	357

Note 17 Intangible fixed assets

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Acquisition value at the beginning of the year	68	47	25	19
– Acquisitions during the year	24	21	11	6
– Divestments during the year	(0)	–	(0)	–
Acquisition value at the end of the year	92	68	36	25
Depreciation at the beginning of the year	(20)	(8)	(8)	(3)
– Amortisation for the year according to plan	(17)	(12)	(7)	(5)
– Divestments during the year	0	–	0	–
Accumulated amortisation according to plan	(37)	(20)	(15)	(8)
Net book value	55	48	21	17

Note 18 Tangible assets

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
EQUIPMENT				
Acquisition value at the beginning of the year	101	103	101	103
– Acquisitions during the year	7	10	7	10
– Divestments during the year	(1)	(12)	(1)	(12)
Acquisition value at the end of the year	107	101	107	101
Depreciation at the beginning of the year	(80)	(82)	(80)	(82)
– Depreciation for the year according to plan	(9)	(10)	(9)	(10)
– Divestments during the year	1	12	1	12
Accumulated depreciation according to plan	(88)	(80)	(88)	(80)
Net book value	19	21	19	21

Note 19 Other assets

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Clearing reserve	–	2,082	–	2,082
Past due interest	86	37	38	35
Claims- securitisation company	307	426	307	426
Derivatives	737	2,629	643	2,629
Other	1	1	40	1
Total	1,131	5,175	1,028	5,173

Of the securitisation company claims, SEK 275 million (371 million) in claims depend, among other things, on the development of the portfolio transferred. The claims do not become payable until the claims of other creditors in the securitisation transactions have received payment.

Note 20 Prepaid expenses and accrued income

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Prepaid expenses	27	33	27	33
Accrued interest income	550	351	374	345
Other accrued income	14	20	44	47
Total	591	404	445	425

Note 21 Liabilities to credit institutions

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
<i>Outstanding liabilities distributed by remaining term, book value</i>				
Payable on demand	–	–	–	–
At most 3 months	5,415	4,525	605	4,490
Total	5,415	4,525	605	4,490
Average remaining term, years	0,0	0,0	0,0	0,0

Note 22 Securities issued etc.

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Swedish commercial paper programmes	18,180	14,183	18,180	14,183
Foreign commercial paper programmes	22,214	26,402	22,214	26,402
Total	40,394	40,585	40,394	40,585
Swedish bonds	46,934	41,052	1,734	41,752
– of which Swedish covered bonds	46,100	–	–	–
Accrued price differences on issued Swedish bonds	905	954	45	954
Total	47,839	42,006	1,779	42,706
Foreign bonds	86,295	62,819	63,783	62,819
– of which foreign covered bonds	22,512	–	–	–
Accrued price differences on issued foreign bonds	(105)	(10)	(57)	(10)
Total	86,190	62,809	63,726	62,809
Total securities issued, etc.	174,423	145,400	105,899	146,100
– of which group companies	–	–	900	700
<i>Securities issued etc. distributed by remaining term, book value</i>				
At most 1 year	91,384	80,885	76,693	81,585
Longer than 1 year but at most 5 years	77,838	61,416	27,954	61,416
Longer than 5 years but at most 10 years	4,568	2,930	1,166	2,930
Longer than 10 years	633	169	86	169
Total	174,423	145,400	105,899	146,100
Average remaining term, years	1.6	1.3	0.8	1.2
Average remaining fixed-interest term, years	1.3	0.9	0.4	1.0

Note 23 Other liabilities

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Creditors	19	8	19	8
Employees' income tax	5	6	5	6
Tax liabilities	374	7	331	8
Liabilities to borrowers	342	43	130	41
Liabilities to securitisation companies	19	13	19	13
Derivatives	4,713	2,501	4,870	2,501
Other	13	14	13	14
Total	5,485	2,592	5,387	2,591

Note 24 Accrued expenses and prepaid income

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Accrued interest expense	969	1,040	350	1,048
Other accrued expenses	146	172	96	128
– of which incentive programme	–	19	–	19
– of which re-organisation	16	24	16	24
Total	1,115	1,212	446	1,176

Note 25 Provisions for deferred tax

	GROUP	
	2006	2005
Provisions for deferred tax for temporary differences in:		
– Additional depreciation	1	295
– Intangible fixed assets	9	9
Total	10	304

Note 26 Subordinated debt

GROUP AND PARENT COMPANY							
LOAN DESIGNATION	Nominal amount	Outstanding nominal amount	First possible right to redeem for SBAB	Interest rate, % 31 Dec 2006	Due-date	Book value 2006	2005
Subordinated debenture loan JPY 1	10,000,000,000	10,000,000,000	2008	6.20	Perpetual	576	676
Subordinated debenture loan JPY 2	10,000,000,000	10,000,000,000		5.23	16 Nov 2015	576	676
Subordinated debenture loan SEK 1	500,000,000	500,000,000	2011	3.60	14 Jun 2016	499	499
Subordinated debenture loan SEK 2	700,000,000	700,000,000	2016	5.22	Perpetual	694	–
Subordinated debenture loan SEK 3	300,000,000	300,000,000	2016	3 M STIBOR+0.93	Perpetual	300	–
Total						2,645	1,851
Accrued price differences on own issued subordinated debenture loans						–	–
Total						2,645	1,851
– of which group companies:						–	–

Subordinated debenture loans are subordinate to the company's other debts, which mean that they carry an entitlement to payment only when other creditors have received payment. Subordinated debenture loans SEK 2 and SEK 3 are subordinated to the other subordinated debenture loans, known as primary capital contributions, and may be included in primary capital.

The outstanding subordinated debenture loans have been taken up under conditions approved by Finansinspektionen. Permission has been obtained from Finansinspektionen to include these in the company's capital base for the purpose of calculating the company's capital ratio.

Subordinated debt concerns the following five loans.

JPY 1

The loan is undated.

Interest rate: For the period 30 September 1992 – 29 March 2008: 6.20%. For the period 30 March 2008 – 29 March 2013, the highest of 8.20% and "long-term prime rate" for JPY with a supplement of 2%. For the period from 30 March 2013 and thereafter, the highest of the interest rates set for the period 30 March 2008 – 29 March 2013 and "long-term prime rate" for JPY for the current period with a supplement of 3%.

JPY 2

Term: 16 November 1995 – 16 November 2015

Interest rate: SBAB can decide to pay the interest in USD, EUR or JPY. Interest totals 5.23% of the respective currency.

SEK 1

Term: 14 December 2005 – 14 June 2016

Interest rate: For the period 14 December 2005 – 14 June 2011: 3.60%. For the period from 14 June 2011: Variable interest corresponding to three months' STIBOR plus 1.71% is to be paid quarterly in arrears.

SEK 2

The loan is undated.

Interest rate: For the period 30 June 2006 – 30 June 2016: 5.22%. For the subsequent period: Floating interest equivalent to three months STIBOR plus 1.93% is to be paid quarterly in arrears.

SEK 3

The loan is undated.

Interest rate: Floating interest equivalent to three months STIBOR plus 0.93%. For the subsequent period: Floating interest equivalent to three months STIBOR plus, 1.93% to be paid quarterly in arrears.

Circumstances that may lead to early redemption of the subordinated debenture loans

SBAB may call in the loans for early redemption if SBAB, in certain conditions as a result of amendments to tax legislation. SBAB also has the right to call JPY1 for early redemption as of 30 March 2008 and thereafter every fifth year on the interest payment date that falls due in March. SBAB is also entitled, until 14 June 2011, to call in the loan SEK 1 for early redemption from 14 June 2011 inclusive and every subsequent interest payment date, which falls quarterly. The loans SEK 2 and SEK 3 can be called in for early redemption from 30 June 2016 and on all subsequent interest payment dates. The loan can be terminated by the lenders as a result of events of default such as non-payment of interest due to the commencement of receivership or debt readjustment proceedings in respect of SBAB. Early redemption of perpetual subordinated debenture loans and fixed period subordinated debenture loans issued after 1 January 1996 (on another day than that on which the issuer is entitled to early redemption) requires the permission of Finansinspektionen. Early redemption of subordinated debenture loans with fixed maturity issued before 1 January 1996 should be advised to Finansinspektionen as soon as possible after the loan has been redeemed. Notice of early termination of loans SEK 2 and SEK 3 can also be given by SBAB if the conditions change for including these loans in primary capital.

Conditions concerning subordination

In the event of the company being declared bankrupt or liquidation, lenders holding subordinated notes have the right to payment from the company's assets after other creditors. Lenders holding subordinated notes of fixed maturity have the right to payment before holders of undated subordinated loans but have equal right to other holders of fixed maturity subordinated notes. Lenders holding undated subordinated loans have equal right with other holders of undated subordinated loans. The subordinated loans, which are undated, may be converted to equity capital. This may be done to meet losses in order cover losses in order to avoid bankruptcy or liquidation.

Note 27 Untaxed reserves

	PARENT COMPANY	
	2006	2005
Additional depreciation	3	3
Tax allocation reserve, tax assessment year:		
– 2001	–	108
– 2002	–	167
– 2003	–	186
– 2004	–	199
– 2005	–	195
– 2006	–	197
Total	3	1,055

Note 28 Equity capital

The share capital amounts to SEK 1,958,300,000 divided into 19,583 shares. All shares are owned by the Swedish State. Restricted reserves in the consolidated accounts consist of non-distributable capital in the form of the legal reserves and the part of untaxed reserves which is reported in the consolidated accounts as equity capital.

Dividend is proposed by the Board in accordance with the provisions of the Companies Act and is determined by the Annual General Meeting. No dividend is proposed for 2006. It was decided not to pay dividend in 2005.

GROUP	Share capital	Restricted reserves	Non-restricted reserves	Profit for the year	Total equity capital
Equity capital at the beginning of the year	1,958	1,174	1,997	471	5,600
Profit brought forward for 2005	–	–	471	(471)	–
Dividend	–	–	–	–	–
Transfer between restricted and non-restricted reserves	–	(756)	756	–	–
Profit for the year	–	–	–	462	462
Equity capital at the end of the year	1,958	418	3,224	462	6,062
PARENT COMPANY	Share capital	Legal reserve	Profit brought forward	Profit for the year	Total equity capital
Equity capital at the beginning of the year	1,958	392	2,074	393	4,817
Profit brought forward for 2005	–	–	393	(393)	–
Dividend	–	–	–	–	–
Profit for the year	–	–	–	1,108	1,108
Equity capital at the end of the year	1,958	392	2,467	1,108	5,925

Note 29 Assets pledged for own liabilities

	GROUP				PARENT COMPANY			
	2006		2005		2006		2005	
	Nominal amount	Book amount	Nominal amount	Book amount	Nominal amount	Book amount	Nominal amount	Book amount
Mortgages	–	–	–	–	–	–	–	–
Securities	3	3	3	3	3	3	3	3
Other collateral	–	–	–	–	–	–	–	–
Total	3	3	3	3	3	3	3	3

Of the total loan portfolio in the subsidiary The Swedish Covered Bond Corporation SEK 84,336 million is collateral for covered bonds of SEK 69,424 million.

Note 30 Off balance-sheet commitments

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
	Nominal amount	Nominal amount	Nominal amount	Nominal amount
<i>Future commitments</i>				
– Agreements on purchase and sales of forward securities contracts	–	–	–	–
– Other commitments on future payments	–	–	–	–
<i>Interest rate, share and exchange-rate related contracts</i>				
– Interest rate futures	–	–	–	–
– Interest rate swaps	177,197	139,974	297,253	139,974
– Interest rate and currency swaps	90,760	79,306	67,890	79,306
– Share-related derivative contracts	144	240	144	240
<i>Other commitments</i>				
– Loans granted but not released	3,351	5,386	3,175	5,145
– Unused portion of granted credit facilities	–	–	–	–
– Other commitments	–	–	–	–

To limit the potential counterparty risk in derivative transactions, SBAB has entered into a number of security agreements, which means that the parties have agreed beforehand on providing acceptable collateral for exposures exceeding a certain threshold value.

Note 31 Book and fair values
of items both on and off
the balance sheet

THE BALANCE SHEET																
	GROUP				PARENT COMPANY				GROUP				PARENT COMPANY			
	2006								2005							
	CURRENT ASSETS		FIXED ASSETS		CURRENT ASSETS		FIXED ASSETS		CURRENT ASSETS		FIXED ASSETS		CURRENT ASSETS		FIXED ASSETS	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS																
Cash in hand and balance at central banks	0	0	–	–	0	0	–	–	0	0	–	–	0	0	–	–
Repo eligible Treasury bills, etc.	3	3	–	–	3	3	–	–	3	3	–	–	3	3	–	–
Lending to credit institutions	791	791	–	–	28,087	28,204	–	–	157	157	–	–	14,799	15,046	–	–
Lending to the public	–	–	171,160	172,049	–	–	65,001	65,395	–	–	156,020	158,452	–	–	141,285	143,467
Bonds and other interest-bearing securities	21,847	21,813	–	–	21,847	21,813	–	–	–	–	–	–	–	–	–	–
Shares and participations etc.	–	–	0	2	–	–	0	2	–	–	0	2	–	–	0	2
Shares and participations in group companies	–	–	–	–	–	–	4,459	4,459	–	–	–	–	–	–	357	357
Intangible fixed assets	–	–	55	55	–	–	21	21	–	–	48	48	–	–	17	17
Tangible assets	–	–	19	19	–	–	19	19	–	–	21	21	–	–	21	21
Other assets	856	1,488	275	275	753	1,725	275	275	4,804	5,896	371	371	4,802	5,894	371	371
Prepaid expenses and accrued income	591	591	–	–	445	445	–	–	404	404	–	–	425	425	–	–
Total assets	24,088	24,686	171,509	172,400	51,135	52,190	69,775	70,171	5,368	6,460	156,460	158,894	20,029	21,368	142,051	144,235
LIABILITIES	Book value	Fair value			Book value	Fair value			Book value	Fair value			Book value	Fair value		
Liabilities to credit institutions	5,415	5,415			605	605			4,525	4,525			4,490	4,490		
Securities issued, etc.	174,423	173,688			105,899	105,816			145,400	143,807			146,100	144,508		
Other liabilities	5,485	5,891			5,387	5,578			2,592	3,986			2,591	3,985		
Accrued expenses and prepaid income	1,115	1,115			446	446			1,212	1,212			1,176	1,176		
Provisions	10	10			–	–			304	304			–	–		
Subordinated debt	2,645	2,839			2,645	2,839			1,851	2,043			1,851	2,043		
Total liabilities	189,093	188,958			114 982	115 284			155,884	155,877			156,208	156,202		
DURATION																
Assets, years		1.2				1.1				1.2				1.2		
Liabilities, years		1.5				0.9				1.3				1.3		

Note 32 Book, fair and nominal values of derivative instruments

GROUP DERIVATIVE INSTRUMENTS WITH POSITIVE OR ZERO VALUES						
	2006			2005		
	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value
<i>– taken up in the balance sheet in whole or in part</i>						
< 1 year interest rate swaps	154	14,721	103	511	26,468	559
> 1 year interest rate swaps	448	57,907	987	643	41,124	1,387
< 1 year interest rate and currency swaps	56	4,432	73	1,139	30,282	1,211
> 1 year interest rate and currency swaps	79	1,820	160	333	12,662	524
< 1 year equity-linked derivative contracts	–	–	–	3	36	3
> 1 year equity-linked derivative contracts	0	115	47	0	29	37
Total	737	78,995	1,370	2,629	110,601	3,721

GROUP DERIVATIVE INSTRUMENTS WITH NEGATIVE VALUES						
	2006			2005		
	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value
<i>– taken up in the balance sheet in whole or in part</i>						
< 1 year interest rate swaps	250	41,427	297	515	25,867	695
> 1 year interest rate swaps	1,029	63,142	1,368	1,011	46,516	2,226
< 1 year interest rate and currency swaps	2,269	49,362	2,179	514	22,143	468
> 1 year interest rate and currency swaps	1,164	35,146	1,275	461	14,219	503
< 1 year equity-linked derivative contracts	–	–	–	–	–	–
> 1 year equity-linked derivative contracts	1	29	0	0	175	3
Total	4,713	189,106	5,119	2,501	108,920	3,895

Derivative instruments for hedge accounting, see accounting principles – Derivative instruments.

PARENT COMPANY DERIVATIVE INSTRUMENTS WITH POSITIVE OR ZERO VALUES						
	2006			2005		
	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value
<i>– taken up in the balance sheet in whole or in part</i>						
< 1 year interest rate swaps	115	19,401	137	511	26,468	559
> 1 year interest rate swaps	393	76,304	1,198	643	41,124	1,387
< 1 year interest rate and currency swaps	56	4,432	73	1,139	30,282	1,211
> 1 year interest rate and currency swaps	79	1,820	161	333	12,662	524
< 1 year equity-linked derivative contracts	–	–	–	3	36	3
> 1 year equity-linked derivative contracts	0	115	47	0	29	37
Total	643	102,072	1,616	2,629	110,601	3,721

PARENT COMPANY DERIVATIVE INSTRUMENTS WITH NEGATIVE VALUES						
	2006			2005		
	Book value	Nominal value	Fair value	Book value	Nominal value	Fair value
<i>– taken up in the balance sheet in whole or in part</i>						
< 1 year interest rate swaps	322	52,077	358	515	25,867	695
> 1 year interest rate swaps	1,433	149,471	1,641	1,011	46,516	2,226
< 1 year interest rate and currency swaps	2,269	49,362	2,179	514	22,143	468
> 1 year interest rate and currency swaps	845	12,276	883	461	14,219	503
< 1 year equity-linked derivative contracts	–	–	–	–	–	–
> 1 year equity-linked derivative contracts	1	29	0	0	175	3
Total	4,870	263,215	5,061	2,501	108,920	3,895

Derivative instruments for hedge accounting, see accounting principles – Derivative instruments.

Note 33 Fixed-interest terms for financial assets and liabilities

GROUP	2006							2005						
	Without fixed interest term	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without fixed interest term	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
ASSETS														
Cash in hand and balance at central banks	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Repo eligible Treasury bills, etc.	–	3	–	–	–	–	3	–	3	–	–	–	–	3
Lending to credit institutions	–	791	–	–	–	–	791	–	157	–	–	–	–	157
Lending to the public	–	83,613	8,856	14,760	57,549	6,382	171,160	–	77,687	7,989	11,175	51,342	7,827	156,020
Bonds and other interest-bearing securities	–	12,425	1,157	1,012	2,339	4,914	21,847	–	–	–	–	–	–	–
Other assets	489	(17,192)	1,772	11,693	10,231	(5,271)	1,722	3,735	(22,412)	998	1,676	24,559	(2,977)	5,579
– of which derivatives	26	(17,541)	1,768	11,687	10,231	(5,434)	737	785	(22,412)	998	1,676	24,559	(2,977)	2,629
Total financial assets	489	79,640	11,785	27,465	70,119	6,025	195,523	3,735	55,435	8,987	12,851	75,901	4,850	161,759
LIABILITIES														
Liabilities to credit institutions	–	5,415	–	–	–	–	5,415	–	4,525	–	–	–	–	4,525
Securities issued, etc.	–	84,206	6,052	24,312	55,059	4,794	174,423	–	98,157	8,279	3,678	33,700	1,586	145,400
Other liabilities	921	(11,161)	5,201	1,126	10,503	20	6,610	2,634	(50,156)	5,681	6,119	37,342	2,488	4,108
– of which derivatives	–	(11,314)	5,198	982	9,869	(22)	4,713	1,331	(50,156)	5,681	6,119	37,038	2,488	2,501
Subordinated debt	–	300	–	576	1,075	694	2,645	–	676	–	–	676	499	1,851
Total financial liabilities	921	78,760	11,253	26,014	66,637	5,508	189,093	2,634	53,202	13,960	9,797	71,718	4,573	155,884
Difference between assets and liabilities	(432)	880	532	1,451	3,482	517	6,430	1,101	2,233	(4,973)	3,054	4,183	277	5,875
Cumulative interest rate sensitivity	(432)	448	980	2,431	5,913	6,430		1,101	3,334	(1,639)	1,415	5,598	5,875	

The fixed-term rate for assets and liabilities that are amortised is calculated as the period up to the date the respective amortisation is due.

PARENT COMPANY	Without fixed interest term							Without fixed interest term						
	Without fixed interest term	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without fixed interest term	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
ASSETS														
Cash in hand and balance at central banks	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Repo eligible Treasury bills, etc.	–	3	–	–	–	–	3	–	3	–	–	–	–	3
Lending to credit institutions	–	18,690	764	1,209	6,848	576	28,087	–	7,155	585	843	5,120	1,096	14,799
Lending to the public	–	35,801	2,906	4,481	19,085	2,728	65,001	–	70,645	7,400	10,327	46,189	6,724	141,285
Bonds and other interest-bearing securities	–	12,425	1,157	1,012	2,339	4,914	21,847	–	–	–	–	–	–	–
Other assets	5,189	11,541	1,769	331	(7,411)	(5,487)	5,932	4,117	(22,418)	998	1,676	24,559	(2,977)	5,955
– of which derivatives	26	11,416	1,768	331	(7,411)	(5,487)	643	785	(22,412)	998	1,676	24,559	(2,977)	2,629
Total financial assets	5,189	78,460	6,596	7,033	20,861	2,731	120,870	4,117	55,385	8,983	12,846	75,868	4,843	162,042
LIABILITIES														
Liabilities to credit institutions	–	605	–	–	–	–	605	–	4,490	–	–	–	–	4,490
Securities issued, etc.	–	84,507	6,052	9,320	5,175	845	105,899	–	98,857	8,279	3,678	33,700	1,586	146,100
Other liabilities	614	(52,883)	5,199	4,763	44,198	3,942	5,833	2,597	(50,156)	5,681	6,119	37,038	2,488	3,767
– of which derivatives	–	(53,031)	5,198	4,719	44,066	3,918	4,870	1,331	(50,156)	5,681	6,119	37,038	2,488	2,501
Subordinated debt	–	300	–	576	1,075	694	2,645	–	676	–	–	676	499	1,851
Total financial liabilities	614	32,529	11,251	14,659	50,448	5,481	114,982	2,597	53,867	13,960	9,797	71,414	4,573	156,208
Difference assets and liabilities	4,575	45,931	(4,655)	(7,626)	(29,587)	(2,750)	5,888	1,520	1,518	(4,977)	3,049	4,454	270	5,834
Cumulative interest rate sensitivity	4,575	50,506	45,851	38,225	8,638	5,888		1,520	3,038	(1,939)	1,109	5,564	5,834	

The fixed-term rate for assets and liabilities that are amortised is calculated as the period up to the date the respective amortisation is due.

Note 34 Tenor of financial assets and liabilities

GROUP	2006							2005						
	Without tenor	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without tenor	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
ASSETS														
Cash in hand and balance at central banks	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Repo eligible Treasury bills, etc.	–	3	–	–	–	–	3	–	3	–	–	–	–	3
Lending to credit institutions	–	791	–	–	–	–	791	–	157	–	–	–	–	157
Lending to the public	–	21,961	28,324	54,119	60,374	6,382	171,160	–	26,531	24,414	44,784	52,464	7,827	156,020
Bonds and other interest-bearing securities	–	–	–	1,012	8,363	12,472	21,847	–	–	–	–	–	–	–
Other assets	715	(6,492)	1,030	1,329	4,923	217	1,722	2,617	(10,972)	2,690	3,836	6,847	561	5,579
– of which derivatives	26	(6,781)	1,029	1,323	4,923	217	737	–	(11,290)	2,681	3,830	6,847	561	2,629
Total financial assets	715	16,263	29,354	56,460	73,660	19,071	195,523	2,617	15,719	27,104	48,620	59,311	8,388	161,759
LIABILITIES														
Liabilities to credit institutions	–	5,415	–	–	–	–	5,415	–	4,525	–	–	–	–	4,525
Securities issued, etc.	–	35,792	19,043	36,549	77,838	5,201	174,423	–	52,437	7,233	21,215	61,416	3,099	145,400
Other liabilities	922	1,103	1,048	667	2,450	420	6,610	266	1,256	294	146	1,881	265	4,108
– of which derivatives	–	950	1,045	524	1,816	378	4,713	–	671	251	107	1,242	230	2,501
Subordinated debt	–	–	–	–	–	2,645	2,645	–	–	–	–	–	1,851	1,851
Total financial liabilities	922	42,310	20,091	37,216	80,288	8,266	189,093	266	58,218	7,527	21,361	63,297	5,215	155,884
PARENT COMPANY														
ASSETS														
Cash in hand and balance at central banks	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Repo eligible Treasury bills etc.	–	3	–	–	–	–	3	–	3	–	–	–	–	3
Lending to credit institutions	–	12,580	2,797	5,265	6,869	576	28,087	–	2,009	2,124	4,412	5,158	1,096	14,799
Lending to the public	–	7,611	10,496	22,505	21,661	2,728	65,001	–	24,667	22,277	40,344	47,273	6,724	141,285
Bonds and other interest-bearing securities	–	–	–	1,012	8,363	12,472	21,847	–	–	–	–	–	–	–
Other assets	5,189	(6,656)	1,030	1,284	4,870	215	5,932	2,642	(10,978)	2,690	3,836	6,847	918	5,955
– of which derivatives	26	(6,781)	1,029	1,284	4,870	215	643	–	(11,290)	2,681	3,830	6,847	561	2,629
Total financial assets	5,189	13,538	14,323	30,066	41,763	15,991	120,870	2,642	15,701	27,091	48,592	59,278	8,738	162,042
LIABILITIES														
Liabilities to credit institutions	–	605	–	–	–	–	605	–	4,490	–	–	–	–	4,490
Securities issued, etc.	–	35,842	19,193	21,658	27,954	1,252	105,899	–	52,822	7,448	21,315	61,416	3,099	146,100
Other liabilities	614	1,098	1,046	639	2,093	343	5,833	221	1,264	294	146	1,577	265	3,767
– of which derivatives	–	950	1,045	595	1,961	319	4,870	–	671	251	107	1,242	230	2,501
Subordinated debt	–	–	–	–	–	2,645	2,645	–	–	–	–	–	1,851	1,851
Total financial liabilities	614	37,545	20,239	22,297	30,047	4,240	114,982	221	58,576	7,742	21,461	62,993	5,215	156,208

The fixed-term rate for assets and liabilities that are amortised is calculated as the period up to the date the respective amortisation is due.

Note 35 Distribution of collateral for balance sheet and off-balance sheet items

GROUP DISTRIBUTION OF COLLATERAL	2006							
	Municipal guarantees	Municipal responsibility for losses	Government credit guarantee	Bank guarantee	Mortgage	Tenant- owned apartment	Total	Of which off-balance sheet
Corporate								
– Tenant-owner associations	2,024	1	882	16	24,823		27,746	401
– Private multi-family dwellings	683	3	521	3	18,312		19,522	701
– Commercial properties					2,958		2,958	
Households								
– Single-family dwellings and holiday homes	10	986	168		79,879		81,043	1,163
– Tenant-owned apartments						33,311	33,311	937
Public sector								
– Municipal multi-family dwellings	9,248	0		1	682		9,931	149
Total	11,965	990	1,571	20	126,654	33,311	174,511	3,351

GROUP DISTRIBUTION OF COLLATERAL	2005							
	Municipal guarantees	Municipal responsibility for losses	Government credit guarantee	Bank guarantee	Mortgage	Tenant- owned apartment	Total	Of which off-balance sheet
Corporate								
– Tenant-owner associations	2,333	1	1,457	30	25,532		29,353	629
– Private multi-family dwellings	784	4	851	14	19,006		20,659	821
– Commercial properties					772		772	
Households								
– Single-family dwellings and holiday homes	10	1,183	213		70,375		71,781	2,480
– Tenant-owned apartments						25,621	25,621	1,394
Public sector								
– Municipal multi-family dwellings	12,277	0		2	941		13,220	62
Total	15,404	1,188	2,521	46	116,626	25,621	161,406	5,386

PARENT COMPANY DISTRIBUTION OF COLLATERAL	2006							
	Municipal guarantees	Municipal responsibility for losses	Government credit guarantee	Bank guarantee	Mortgage	Tenant- owned apartment	Total	Of which off-balance sheet
Corporate								
– Tenant-owner associations	619	1	429	12	12,153		13,214	401
– Private multi-family dwellings	251	0	211	1	9,731		10,194	701
– Commercial properties					2,958		2,958	
Households								
– Single-family dwellings and holiday homes	3	322	90		24,556		24,971	1,029
– Tenant-owned apartments						15 274	15,274	895
Public sector								
– Municipal multi-family dwellings	1,465			0	100		1,565	149
Total	2,338	323	730	13	49,498	15 274	68,176	3,175

continued
Note 35

PARENT COMPANY DISTRIBUTION OF COLLATERAL								2005
	Municipal guarantees	Municipal responsibility for losses	Government credit guarantee	Bank guarantee	Mortgage	Tenant- owned apartment	Total	Of which off-balance sheet
Corporate								
– Tenant-owner associations	2,333	1	1,457	30	25,366		29,187	629
– Private multi-family dwellings	784	4	851	14	18,855		20,508	821
– Commercial properties					772		772	
Households								
– Single-family dwellings and holiday homes	10	1,183	213		57,472		58,878	2,274
– Tenant-owned apartments						23,865	23,865	1,359
Public sector								
– Municipal multi-family dwellings	12,277	0		2	941		13,220	62
Total	15,404	1,188	2,521	46	103,406	23,865	146,430	5,145

Note 36 Genuine repurchase transactions

	GROUP		PARENT COMPANY	
	2006	2005	2006	2005
Amount borrowed by sale of securities with subsequent repurchases of corresponding assets included in the following items in the balance sheet:				
– Liabilities to credit institutions	5,415	4,371	605	4,371
– Borrowing from the public	–	–	–	–
Amount lent through purchases of securities with subsequent sale of corresponding assets included in the following items in the balance sheet:				
– Lending to credit institutions	–	–	–	–
– Lending to the public	–	–	–	–

Note 37 Risk mandate and utilised limits

	GROUP/PARENT COMPANY			
	2006-12-31		2005-12-31	
	Limit	Utilised limit	Limit	Utilised limit
<i>Interest rate risk</i>				
– Operational interest rate risk*	88	(72)	52	(32)
– Strategic interest rate risk*	280	(105)	263	(94)
of which exposures within 12 months	70	(18)	65	(16)
– Target value strategic interest rate risk	91 (+/-20)	(105)	89 (+/-20)	(94)
– Reverse spread positions	20	–	20	–
Total	388	(177)	335	(126)
<i>Currency risk</i>	10	1	10	0
<i>Option risk</i>	2	–	2	–
<i>Liquidity and refinancing risk</i>				
– Reverse spread positions	5,000	–	5,000	–
– Unfinanced swaps	–	–	6,000	4,800
– Liquidity portfolio	32,366	20,897	27,020	–
<i>Credit facilities**</i>	9,086	–	11,880	–

* The limit is stated in absolute terms.

** Of the credit facilities, SEK 6,000 million (SEK 7,000 million) has been granted by the Swedish National Debt Office, which is reduced by SEK 1,000 million annually.

continued
Note 37

Interest Rate Risk

– Operational and strategic interest rate risk

The operational interest rate risk exposure corresponds to the net interest risk of on the one hand the total of external lending and investments financed by external borrowing, and, on the other hand, the sum of external borrowing and derivative instruments. The operational interest rate risk may not exceed an absolute amount corresponding to 1% of SBAB's capital base in the most recent quarterly accounts. The strategic interest rate risk exposure corresponds to the total of interest rate risk in equity capital and the interest rate risk in the float (by float is meant the surplus liquidity that arises due to interest rate payments for lending and borrowing in certain cases not always being in step). The strategic interest rate risk may not exceed an absolute amount corresponding to 5% of equity capital at the beginning of the year, of which the interest rate risk concerning the coming 12 months' exposure may amount, at the most, to an absolute amount corresponding to 25% of the total limit.

The Finance Committee of the Board stipulates, within the limit for the strategic interest rate risk, a target value for the strategic risk. The actual strategic risk may differ from the target value by no more than SEK +/- 20 million.

The interest rate risk is calculated as the effect on the present value of a parallel shift in the yield curve of +/- one percentage point. The calculation is based on market values and thus all contracted cash flows.

– Interest rate risk in reverse spread positions

Reverse spread positions, where interest rate hedging is initially achieved by sales of forward transactions in government securities may amount, at the most, to a maximum amount of SEK 5 billion. The risk at a spread change of +/- 0.25 percentage points may at most amount to SEK 20 million.

Previous mandates concerning pre-financing have been removed in connection with decisions on the introduction of a liquidity portfolio (see below).

– Total interest rate risk

The total interest rate risk, the total of operational and strategic interest-rate risk and spread risks, may amount to at most SEK 300 million.

Currency and option risk

The currency risk is calculated as the effect on the present value of an exchange rate change of +/-10 percentage points on the corresponding exchange rate. The total currency exposure may not exceed the equivalent value to SEK 10 million.

The risk of loss in the open interest rate position is to be calculated as the total maximum risk of loss in the event of a change in interest rate of +/-1 percentage point and a volatility change of 50%. The loss risk in the option position may amount at most to SEK 2 million.

Liquidity and financing risk

During the year, the Board has decided that SBAB shall further strengthen its liquidity reserve to reduce the liquidity risk. This risk is measured by totalling SBAB's maximum needs ("MCO", Maximum Cumulative Outflow) for new borrowing funds for a number of days to come, from 0 to 365 days. In this definition, SBAB is expected to replace all debt fallen due and to finance all existing assets. The liquidity reserve is to consist of liquid securities (the "liquidity portfolio"), renewable borrowing, liquidity facilities at external parties, and other assets that guarantee immediate liquidity regardless of SBAB's credit rating. Reserves are to be kept in SBAB's most important borrowing currencies SEK, USD and EUR.

– Liquidity portfolio

Borrowing aimed at investing in liquid interest-bearing securities may occur up to an amount corresponding to 20% of the balance sheet total at the beginning of the year. Above this amount, it is subject to restriction by the Finance Committee, which is to give its approval for the size of the portfolio based on the requirements of the liquidity risk. The term of the investment may be at most 10 years. The Finance Committee may, in the case of RMBS investments included in the liquidity portfolio, establish special rules for the term of the borrowing and investment. Decisions on this shall be made in special directives on credit limits etc. for investments included in the liquidity portfolio.

The liquidity portfolio must be 100% nominally matched at the end of every trading day for assets and financing in foreign currency. Realised margin that arises between financing and borrowing is to be transferred to SEK.

At least 50 per cent of the financing of the liquidity portfolio shall consist of borrowing with an original term of one year or longer.

– Financing risk

The calculation of the financing risk is to be based on all contracted future capital amounts with a remaining term of more than a year, which have become liquid at SBAB (i.e. interest flows are not included). Equity capital is to be included in the calculation and is expected from the point of view of financial liquidity to have the same term as SBAB's longest mortgage assets or any other investments in SBAB's equity capital portfolio. The float is also included in the calculation although is calculated from the point of view of financial risk as having the same term as mortgage assets and any other investments that it finances. The risk is calculated as a cost to achieve risk neutrality, and as an amount for future liquidity deficit. The assets in the liquidity portfolio are estimated as having a remaining term of 30 days.

The financing risk shall be measured as a cost to achieve risk neutrality in the form of a fully matched balance sheet and is calculated as a cost to close all net positions at SBAB's internal price curve as applicable from time to time. For this calculation, SBAB can both purchase and sell financing at the interpolated internal price curve. The financing risk shall be measured as the maximum future liquidity deficit calculated on the flows with a remaining term exceeding a year. Neutralising the financing position may not entail a cost larger than the equivalent of 3% of SBAB's capital base. It is the responsibility of the Board's Finance Committee to continuously set a limit within the framework of the maximum exposure permitted by the Board.

Note 38 Counterparty risks

	GROUP/PARENT COMPANY			
	31 Dec 2006		31 Dec 2005	
	Limit	Utilised limit	Limit	Utilised limit
<i>Counterparties with rating</i>				
– AAA	1,955	73	1,555	368
– AA	11,650	1,852	8,206	1,873
– A	3,670	698	4,430	714
Total	17,275	2,623	14,191	2,956

Limits for counterparties are set for all investments (excluding the liquidity portfolio), derivatives and repo contracts. The limit is set by the Board's Finance Committee. For those counterparties who are also loan customers, the limit should be coordinated with the credit limit. Investments, entering into derivative contracts and repo contracts may only take place with counterparties for whom there is a valid limit and may take place in interest-bearing instruments issued by the counterparty or alternatively with an interest bearing account/deposit with the counterparty.

Limits can be set for a period of one year at most, calculated from the date of the Finance Committee's decision, before a new review takes place and may, with the exception of certain Nordic counterparties, reach an amount corresponding to 15% of SBAB's capital base. The actual applicable level for limits is offered by the counterparties' present rating from Moody's and/or Standard & Poor's.

The risk is calculated as the market value of financial derivative instruments and investments.

Note 39 SBAB including securitisation companies

The securitisation companies (SEC) are not consolidated in the SBAB Group, which is in accordance with Finansinspektionen's regulations and the Annual Accounts Act concerning Credit Institutions and Securities Companies (ÅRKL). The effects of a consolidation of the securities companies are shown below.

GROUP	2006						
	SBAB excl. SEC	Morfun	SRM No 1	SRM No 2	SRM No 3	Elimination	SBAB incl. SEC
<i>Income Statement</i>							
Net interest income	1,334	0	0	42	27	(50)	1,353
Other income and expenses	(93)	0	0	(41)	(26)	50	(110)
Expenses	(593)	(0)	–	(1)	(1)	–	(595)
Loan losses	4	–	–	–	–	–	4
Profit before tax	652	(0)	0	0	0	–	652
<i>Balance Sheet</i>							
ASSETS							
Repo eligible Treasury bills, etc.	3	–	–	–	–	–	3
Lending to credit institutions	791	–	–	9	662	–	1,462
Lending to the public	171,160	–	–	–	7,427	–	178,587
Bonds and other interest-bearing securities	21,847	–	–	–	–	–	21,847
Other assets	1,796	–	–	–	54	(372)	1,478
Total assets	195,597	–	–	9	8,143	(372)	203,377
LIABILITIES AND EQUITY CAPITAL							
Liabilities to credit institutions	5,415	–	–	–	–	–	5,415
Securities issued incl. subordinated debenture loans	177,068	–	–	–	7,766	–	184,834
Other allocations and liabilities	6,610	–	–	9	377	(372)	6,624
Minority	442	–	–	–	–	–	442
Equity capital	6,062	–	–	0	0	–	6,062
Total liabilities and equity capital	195,597	–	–	9	8,143	(372)	203,377

continued
Note 39

GROUP

2005

Income Statement	SBAB excl. SEC	Morfun	SRM No 1	SRM No 2	SRM No 3	Elimination	SBAB incl. SEC
Net interest income	1,296	2	41	45	23	(80)	1,327
Other income and expenses	(70)	(1)	(40)	(44)	(22)	80	(97)
Expenses	(596)	(1)	(1)	(1)	(1)	–	(600)
Loan losses	36	–	–	–	–	–	36
Profit before tax	666	(0)	0	0	0	–	666
Balance Sheet	SBAB excl. SEC	Morfun	SRM No 1	SRM No 2	SRM No 3	Elimination	SBAB incl. SEC
ASSETS							
Repo eligible Treasury bills etc.	3	–	–	–	–	–	3
Lending to credit institutions	157	0	2	270	394	–	823
Lending to the public	156,020	–	–	7,008	8,099	–	171,127
Other assets	5,648	0	–	20	35	(505)	5,198
Total assets	161,828	0	2	7,298	8,528	(505)	177,151
LIABILITIES AND EQUITY CAPITAL							
Liabilities to credit institutions	4,525	–	–	–	–	–	4,525
Securities issued incl. subordinated debenture loans	147,251	–	–	7,166	8,144	–	162,561
Other allocations and liabilities	4,108	0	2	132	384	(505)	4,121
Minority	344	–	–	–	–	–	344
Equity capital	5,600	0	0	0	0	–	5,600
Total liabilities and equity capital	161,828	0	2	7,298	8,528	(505)	177,151

Proposed Appropriation of Profit

The Group's non-restricted equity capital, according to the group balance sheet amounts to SEK 3,686 million of which the result for the year is SEK 462 million.

The Board and the Chief Executive Officer propose that the funds, which, according to the balance sheet of the parent company, are at the disposal of the Annual General Meeting, namely profits brought forward, SEK 2,467 million, and the year's result of SEK 1,108 million, be carried forward.

The annual accounts have, to the best knowledge of the Board of Directors and the Chief Executive Officer, been prepared in accordance with generally accepted accounting practice for credit market companies, the information provided is in accordance with actual conditions and nothing of material importance has been omitted, which could affect the picture of the company presented.

Stockholm, 13 March 2007

Claes Kjellander
Chairman

Gunilla Asker

Jan Berg

Leif Jakobsson

Helena Levander

Lars Linder-Aronson

Michael Thorén

Anders Bloom
Employee representative

Marcus Eklind
Employee representative

Eva Cederbalk
Chief Executive Officer

Our audit report has been submitted on 15 March 2007

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

Lars-Ola Andersson
Authorised Public Accountant
Appointed by the Swedish Financial Supervisory Authority
(Finansinspektionen)

Audit Report

To the Annual General Meeting of the Swedish Housing Finance Corporation, SBAB, reg. no. 556253-7513

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of the Swedish Housing Finance Corporation, SBAB for 2006. The annual report and the consolidated accounts are included in the printed version of the report on p. 8-52. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Chief Executive Officer. They are also responsible for ensuring compliance with the Annual Accounts Act concerning Credit Institutions and Securities Companies. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted the audit in accordance with generally accepted accounting principles in Sweden. Those standards require that we plan and perform the audit to obtain a high level but not absolute certainty that the annual accounts and the consolidated accounts are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer, as well as evaluating the important estimations made by the Board and the Chief Executive Officer when drawing up the annual accounts and evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board Member or the Chief Executive Officer. We also examined whether any Board Member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and, thereby, give a true and fair view of the Company's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The Administration Report is in accordance with other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 15 March 2007

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

Lars-Ola Andersson
Authorised Public Accountant
Appointed by the Swedish Financial Supervisory Authority
(Finansinspektion)

Corporate Governance Report

The State's owner management and the Swedish Code of Corporate Governance

SBAB is a Swedish public limited company that is 100% owned by the Swedish state. SBAB's registered office is in Stockholm. The owner controls SBAB through the general meeting of shareholders, the Board of Directors and the CEO in accordance with the Companies Act, the articles of association and the instructions in the form of guidelines and other owner policy decided upon by the Government. The Swedish Code of Corporate Governance (The Code) which has been applied by Stockholm stock exchange, Stockholmsbörsen, since July 2005 has been stated by the owner to be part of the Government's framework for corporate governance that complements the state's owner policy. The Government Offices have found reason in certain respects to supplement or interpret the rules of the Code in a way described in more detail in the Government Communication State Ownership Policy 2006. SBAB complies with the Code in accordance with the Government Office's interpretation from the date on which the respective code regulation came into question on the first occasion after the Code came into effect, with the exception of the following differences, however.

The company's auditors have examined this corporate governance report.

The Annual General Meeting

The Annual General Meeting of SBAB was held on 19 April 2006 in Stockholm. The Annual General Meeting was open and the public was invited to attend through advertising in the daily press together with other specially invited persons from business partners, members of parliament, customers and other stakeholders. Most of the Board Members, the CEO and persons nominated for election to the Board, as well as the company auditors, attended the meeting. Claes Kjellander, Chairman of the Board, chaired the Annual General Meeting.

At the Annual General Meeting, Board Members Claes Kjellander (Chairman), Gunilla Asker, Jan Berg, Helena Levander, Lars Linder-Aronson and Michael Thorén were re-elected. Leif Jakobsson and Jan Larsson were elected as new Board Members. (Jan Larsson resigned at his own request on 5 October 2006). Per Erik Granström and Kerstin Grönwall had declined re-election before the meeting.

The fees of the Board Members were decided upon at the Annual General Meeting. Decisions were also made to grant the Board of Directors discharge from liability, on the appropriation of profit and to adopt the annual accounts for 2005. The CEO Eva Cederbalk, held a speech on SBAB's activities in 2005. Auditor Per Bergman

reported at the Annual General Meeting on his examination in the audit report and, in this connection, gave an account of his work on the audit of SBAB during the past year.

The record of proceedings of the Annual General Meeting is available at SBAB and on the company's website.

Nomination process

The Nomination Committee is primarily a body for shareholders to prepare decisions on appointments. In wholly-owned state companies, the following principles replace the rules of the Code concerning preparation of decisions on appointments of Board Members:

- ▶ Uniform and common principles are applied for a structured nominations process for the state-owned companies. This is intended to ensure an effective provision of competence to the company boards.
- ▶ The Minister for Enterprise and Energy has been given special responsibility for board nominations in all companies managed by the Government Offices.
- ▶ The nomination process is driven and co-ordinated by the unit for state ownership at the Ministry of Enterprise, Energy and Communications.
- ▶ A working group analyses the competence requirements on the basis of the composition of the respective board and the company's activity and situation. Recruitment needs are then established and recruitment work commenced.
- ▶ The selection of Board Members is to be made on a broad basis of recruitment.

When the process is completed, nominations are to be published in accordance with the Code's guidelines. The quality of the whole nomination work is ensured through this uniform and structured method of work. A more detailed description of the nomination process is contained in the above-mentioned Government Communication State Ownership Policy 2006.

The Board of Directors and its forms of work

According to the articles of association, the Board is to consist of at least five and at most ten members. The members of the Board are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. As stated above, two new Board Members were elected at the Annual General Meeting, after which SBAB's Board for the greater part of 2006 consisted of eight members elected by the Annual General Meeting and one member appointed by the

employee organisation the Financial Sector Union of Sweden. (After 5 October 2006 when Jan Larsson resigned, the Board consisted of seven members elected by the Annual General Meeting). The CEO is not a member of the Board. The newly-elected Board Members have participated in a short introductory training.

All Board Members with the exception of the employee representative are independent in relation to SBAB and the executive management. The state's owner policy explicitly states that nominations to the Board are published in accordance with the guidelines of the Code with the exception of reporting of independents in relation to major owners. The reason for a company having at least two Board Members who are independent in relation to major shareholders and a report to be made on the independence of all Board Members in relation to major owners, according to the Code, is principally to protect minority owners in companies with a number of owners. According to the owner's guidelines, these reasons for reporting independence are lacking in wholly-owned state-owned companies and in partly-owned companies with few shareholders.

A presentation of Board Members is contained on page 58 of the annual report.

The Board is ultimately responsible for the organisation and administration of the company. The work of the Board takes place in accordance with the formal work plan adopted annually at the first meeting of the Board following the Annual General Meeting. The formal work plan regulates decision-making within the company, the arrangements for Board meetings, and the division of work between the Board, the Chairman of the Board and the Board committees.

In 2006, the Board had seven ordinary Board meetings and four extraordinary meetings. The work of the Board takes place in accordance with an annual reporting plan which aims at meeting the Board's need for information. SBAB's Board makes decisions in matters concerning SBAB's strategic direction, investments, financing, organisational issues, policies and more important instructions. The Board considers the company's quarterly interim reports and decides on their adoption and publication. Issues relating to control are discussed by the Board as a whole and by specially appointed committees. The company's internal and external auditors also report their observations to the Board every year from their examination and their assessments on how control is maintained within the company. Other executives in SBAB attend Board meetings as reporter or secretary.

Besides the meetings of the Board, the Board follows the ongoing work and financial development of SBAB through the CEO making a written report every month. Among other things, the report contains a report on the net operating income, changes in the loan portfolios, interest rate margins, loan losses and problem loans, funding activity as well as the capital ratio situation and risks.

The Board continuously evaluates its work by open discussions and between the Chairman of the Board and individual Board Members. In addition, an annual structured evaluation of the work of the Board and the CEO is made in accordance with the owner's instructions. The work of the Board and the CEO have been evaluated in connection with the Board meeting of 12 December 2006.

Fees are paid to the Chairman of the Board and the Board Members in accordance with the decision taken at the Annual

General Meeting. More information on fees to the Board is shown in note 6 to the income statement and balance sheet.

None of the Board Members or the CEO holds shares or financial instruments issued by SBAB.

Committees of the Board

The Board has deepened its work through the participation of elected Board Members in the following executive committees established by the Board. The executive committee meetings are minuted and all minutes are circulated to all Board Members and notified at Board meetings.

Credit Committee

The tasks of the Credit Committee are to decide on credit limits and loans in accordance with established credit instructions. The Credit Committee further has the task of preparing changes in credit policy and the credit instructions, evaluating portfolio strategies, increasing the transparency of the loan portfolio, evaluating valuation, decision and risk models, evaluating existing or new delegation rights and pricing issues on the basis of market prerequisites for strategic discussions in the Board.

The Credit Committee consists of at least three Board Members appointed by the Board, one of which is chairman. The CEO is also a member of the Credit Committee. The Chief Credit Officer or another specially appointed officer acts as reporter.

The members of the Credit Committee during the year have been: Claes Kjellander (Chairman), Gunilla Asker, Jan Berg and Jan Larsson (from 2 May to 5 October 2006), Helena Levander (until 2 May 2006) and Eva Cederbalk (CEO).

The Credit Committee has had 19 meetings during the year.

Finance Committee

The task of the Finance Committee is to make decisions in accordance with the financial instructions adopted by the Board for credit risk limits for financial activities and, in the event of exceeded limits, due to changes in the exchange rate or interest rate position, to take a position on measures, instructions concerning handling of credit risk limits, uses of new financial instruments and the benchmark for interest rate risk in the company's equity capital and float in accordance with the principles established by the Board.

In addition, the Finance Committee shall monitor risks in financial activities. The Finance Committee is to prepare changes in financial policy and financial instructions and other matters relating to financial activity for Board decisions.

The Finance Committee consists of at least three Board Members appointed by the Board, one of which is the chairman of the committee, and SBAB's CEO. The Board can furthermore appoint members who are not Board Members, with a suitable background for the work of the committee. The Chief Financial Officer or another person from the company's financial activities acts as reporter in the respective issue and, to the extent applicable, SBAB's Risk Manager.

The members of the Finance Committee during the year have been: Lars Linder-Aronson (Chairman), Helena Levander, Bo Marking (co-opted member), Claes Kjellander (from 2 May 2006) and Eva Cederbalk (CEO).

The Finance Committee has had eight meetings during the year.

Audit Committee

The main task of the Audit Committee is, to examine, on the basis of the owner's instructions, the governance of the company, internal controls and the financial information and to prepare issues within these areas for decision by the Board.

The Audit Committee consists of three Board Members appointed by the Board, one of which is chairman. The head of Internal Audit acts as convenor and secretary at the committee's meetings. The company's Head of Accounting and Risk Department participates in the committee's meetings. The auditor elected at the Annual General Meeting participates in certain predetermined meetings during the year.

During the year, the Audit Committee consisted of Kerstin Grönwall (Chairman until 2 May 2006), Jan Berg (until 2 May 2006) and Per Erik Granström (until 2 May 2006), Michael Thorén (Chairman from 2 May 2006), Leif Jakobsson (from 2 May 2006) and Helena Levander (from 14 June 2006).

The Audit Committee has had five meetings during the year.

Remuneration Committee

The task of the Remuneration Committee is to prepare and make proposals in matters relating to compensation and other conditions for the company's leading executives. Questions relating to the CEO's conditions of employment, remuneration and benefits are decided upon by the Board. The Remuneration Committee is in addition to monitor the total wage development in the company and to prepare matters relating to SBAB's remuneration system and incentive programme.

The Remuneration Committee consists of two Board Members appointed by the Board, one of which is the chairman of the committee.

The members of the Remuneration Committee during the year have been: Claes Kjellander (Chairman) and Michael Thorén.

The Remuneration Committee has had two meetings during the year.

More information about remuneration to the CEO and other members of the executive management is shown in note 6 to the income statement and balance sheet.

Board Members' attendance at Board and committee meetings during 2006

	Board	Credit committee	Audit committee	Finance committee	Remuneration committee
Number of meetings	11	19	5	8	2
<i>Attendance</i>					
Claes Kjellander	11	18		4	2
Gunilla Asker	9	12			
Jan Berg	10	16	1		
Leif Jakobsson*	9		3		
Jan Larsson*	4				
Helena Levander	9		3	6	
Lars Linder-Aronson	10			8	
Michael Thorén	11		4		2
Anders Bloom	7				

* Appointed to the Board in connection with the Annual General Meeting on 19 April 2006.

Participation in committees only relates to part of the year in certain cases. The attendance of members who left the Board at the Annual General Meeting is not reported. During the first quarter of 2007, the Financial Sector Union of Sweden has had one additional employee representative who was not a member of the Board during 2006.

Other supervisory bodies

Auditors

The owner is responsible for appointment of auditors for state-owned companies. SBAB's Audit Committee evaluates the contribution of the auditors and assists the owner in producing proposals for auditors and fees. The officials at the Government Offices monitor all the steps of the procurement process from tendering criteria to selection and evaluation. When the process is concluded, proposals for appointment of auditors are published in accordance with the guidelines of the Code. The final decision is made by the owner at the Annual General Meeting.

The Annual General Meeting appoints an auditor or a firm of auditors to audit SBAB every fourth year. The auditor is to be an authorised public accountant or an authorised public accountancy firm which appoints an auditor-in-charge. In 2003, the Annual General Meeting appointed KPMG Bohlins AB as auditor. The auditor in charge is Per Bergman. In addition, an auditor is appointed by Finansinspektionen. Finansinspektionen has appointed Lars-Ola Andersson, SET Revisionsbyrå AB, as auditor in SBAB. A more detailed presentation of the auditors and fees and cost compensation is included on page 59 and note 6 to the annual report.

The auditors examine the administration of the company by the Board and the CEO and the quality of the company's accounting documents. The auditors report on the result of their examination to the shareholder through their audit report, which is submitted to the Annual General Meeting. In addition, the auditors make a review of the company's interim reports and submit detailed accounts to the Audit Committee at the ordinary Audit Committee meetings and to the Board once a year.

Internal audit

The internal audit in SBAB is an internally independent inspection function in accordance with Finansinspektionen's regulations (FFFS 2005:1, chapter 6). The main tasks of the internal audit is thus to examine and evaluate the internal control for companies in the SBAB group. The internal audit is organisationally subordinate to the CEO although it reports directly to the Board and to the Audit Committee. The work of scrutiny of the internal audit takes place in accordance with an audit plan, which is annually prepared by the Audit Committee and decided upon by the Board. At least twice a year, the Head of Internal Audit makes an oral and written report to the audit committee and the Board on the result of the work of the internal audit.

Internal control of financial reporting

With reference to the statement from the Swedish Corporate Governance Board of 5 September 2006, a description is provided of how the internal control is organised with regard to financial reporting.

Control environment

The basis for the internal control with regard to financial reporting consists of the control environment, with the organisation, decision-making paths, powers, communication and reporting paths, which are documented in regulatory frameworks, in the form of policies, instructions, guidelines and manuals.

Decision-making in individual credit and finance matters in SBAB takes place in the decision-making bodies, the Board, the Credit Executive Committee, the Credit Committee and Finance

Committee in accordance with a regulatory framework adopted by the Board through policies and instructions. The activity is conducted guided by documented routines and with the support of various IT systems.

Risk assessment and control activities

The company has a central risk unit that analyses and controls the aggregate risks of the company. The risk unit reports to the Board and the CEO on the basis of available risk information. The unit is to follow up and ensure at an overall level that the company identifies, measures, guides and has control over all risks.

Information and communication

SBAB's regulatory framework is available for the persons concerned in the company's intranet and is updated continuously. Among the most important documents are the attestation instructions, credit policy, credit instructions, financial policy, financial directives, and provision and risk classification directives.

Follow-up

The Board receives monthly economic reports and the economic situation of the company and Group is taken up at every Board meeting. Moreover, the Board's various committees perform important functions in the Board's follow-up. The work of the committees is described under the heading "Committees of the Board" on pages 55-56.

Financial reporting 2006

SBAB published the following financial reports in 2006.

Announcement of SBAB's result for 2005	31 January
Interim report January-March	3 May
Interim report January-June	30 August
Interim report January-September	30 October
The Annual Report 2005 was published on 19 April 2006.	

Audit Report

As an expansion of our audit assignment, we have, at the request of the Board, examined the corporate governance report for The Swedish Housing Finance Corporation, SBAB for 2006. The corporate governance report has been drawn up in accordance with the guidelines stated in the Swedish Code of Corporate Governance.

Stockholm, 15 March 2007

KPMG Bohlins AB

Per Bergman

Authorised Public Accountant



Board of Directors


Claes Kjellander

Chairman of the Board
Former CEO Jones Lang LaSalle AB
Bachelor of Science
Born 1945
Elected to the Board 2003
Member of SBAB's Credit Committee, Finance Committee and Remuneration Committee
Other Board assignments: Board Member of Cordial Business Advisers AB, Board Member of Megacon AB, Board Member of Nordum Asset Management AB, Board Member of Specialfastigheter AB, Deputy Board Member of Fastighetsägarna Stockholm
Past experience: CEO Jones Lang LaSalle AB, CEO Stenvalvet Fastighets AB, Deputy CEO and Acting CEO Vasakronan AB, Deputy CEO ABB Environmental Control AB, CFO Fläkt AB


Gunilla Asker

Market and Sales Director
Svenska Dagbladet
Master of Business Administration and Economics
Born 1962
Elected to the Board 2005
Member of SBAB's Credit Committee
Past experience: Unit Manager at Research International, Marketing and Communications Director at SJ, Marketing Manager, Head of CRM and other appointments at Unilever


Jan Berg

Jan Berg Affärsutveckling AB
Master of Science in Engineering
Born 1953
Elected to the Board 2001
Member of SBAB's Credit Committee
Other Board assignments: Board Member of Agenta Investment Management AB
Past experience: Chairman of the Board Securum International, Chief Credit Officer Venantius, Project Manager Securum, Business Controller Gamlestaden


Leif Jakobsson

Member of Parliament
Engineer
Born 1955
Elected to the Board 2006
Member of SBAB's Audit Committee
Other Board assignments: Board Member of SABO


Helena Levander

Partner & Chairman Nordic Investor Services AB
Master of Business Administration and Economics
Born 1957
Elected to the Board 2004
Member of SBAB's Finance Committee and Audit Committee
Other Board assignments: Board Member of Geveko AB, Board Member of Mandator AB, Board Member of Stampen AB, Board Member of AB Svensk Exportkredit (SEK), Board Member of Transatlantic AB
Past experience: CEO Neonet Securities AB, CEO Odin Fonder, Senior Fund Manager Nordea Asset Management, SEB Asset Management


Lars Linder-Aronson

Chairman Ventshare AB
Master of Business Administration and Economics
Born 1953
Elected to the Board 2000
Member of SBAB's Finance Committee
Other Board assignments: Board Member of the Seventh Swedish Pension Fund, Board Member of Tanglin Asset Management AB
Past experience: CEO Enskilda Securities, Deputy CEO SEB


Michael Thorén

Desk Officer, Ministry of Enterprise, Energy and Communications
Master of Business Administration and Economics
Elected to the Board 2003
Member of SBAB's Audit Committee and Remuneration Committee
Other Board assignments: Board Member of AB Bostadsgaranti, Board Member of Försäkrings AB Bostadsgaranti, Board Member of Venantius AB (publ)
Past experience: Analyst ABN Amro Bank, Project Manager Retrixa Kredit AB


Anders Bloom

Employee representative since 2004
Appointed by the Financial Sector Union of Sweden (Finansförbundet)
Born 1955


Marcus Eklind

Employee representative since 2007
Appointed by the Financial Sector Union of Sweden (Finansförbundet)
Born 1971

Changes in the Board during 2006

Board Members Per Erik Granström (elected in 1995) and Kerstin Grönwall (elected in 2002) declined re-election at the Annual General Meeting in 2006. Leif Jakobsson and Jan Larsson were appointed as members of the Board.

Jan Larsson resigned from SBAB's Board at his own request on 5 October 2006.

Executive Management & Auditors



Eva Cederbalk
 CEO
 Master of Business Administration and Economics
 Born 1952
 Year of employment 2004
 Board assignments: Chairman of the Board of S:t Eriks Ögonsjukhus AB, Board Member of Bilia AB, Board Member of AB Bostadsgaranti, Board Member of Försäkrings AB Bostadsgaranti
 Past experience: CEO Netgiro International, Head of e-business If skadeförsäkring AB, CEO Dial Försäkringar AB, various posts in the SEB Group, amongst other Head of Internet and telephone bank, Head of Banking Products, Head of SEB Kort, CEO Eurocard AB



Per Balazsi
 Head of Accounting and Risk Department
 Master of Business Administration and Economics
 Born 1966
 Year of employment 2002
 Board assignments: Board Member of The Swedish Covered Bond Corporation
 Past experience: Risk Analyst the Swedish National Debt Office, Deputy Assistant Undersecretary Ministry of Finance



Johanna Clason
 Chief Financial Officer
 Master of Business Administration and Economics
 Born 1965
 Year of employment 2005
 Board assignments: Board Member of FriSpar Bolån AB, Board Member of The Swedish Covered Bond Corporation
 Past experience: IR Brummer & Partners, Executive Director, Treasurer AB Svensk Exportkredit, Trader ABB Treasury Center (Sweden) AB



Per O. Dahlstedt
 Head of Corporate Loans
 Master of Business Administration and Economics
 Born 1953
 Year of employment 2005
 Past experience: Senior Advisor Strategic and Operational Development Askus Consulting, Senior positions within SEB



Christine Ehnström
 Chief Legal Counsel
 Master of Laws (LLM)
 Born 1973
 Year of employment 1999
 Board assignments: Board Member of Maricon Marinconsult AB:s pensionstiftelse
 Past experience: Legal Counsel Volvo Treasury AB (publ)



Lena Hedlund
 Chief Communication Officer
 Master of Business Administration and Economics
 Born 1961
 Year of employment 1994
 Board assignments: Board Member of Vasallen AB
 Past experience: Sales and Credit Ratings at Stadshypotek AB (publ)



Catharina Kandel
 Human Resources Manager
 B.A. Personnel and Working Life Programme
 Born 1965
 Year of employment 2004
 Past experience: HR positions at Försäkringsaktiebolaget Skandia, HR manager SkandiaBanken



Bengt-Olof Nilsson Lalér
 Chief Credit Officer
 Economist
 Born 1957
 Year of employment 2000
 Board assignments: Board Member of The Swedish Covered Bond Corporation
 Past experience: Deputy Group Credit Manager Föreningsbanken AB, Deputy CEO Föreningsbanken Kredit AB, Operations Manager HSB Bank



Ulf Tingström
 Chief Information Officer
 Master of Science (Physics), Executive MBA
 Born 1960
 Year of employment 2001
 Past experience: Sales manager IBM, Division Manager SPP, CIO Icon Medialab International

Peter Gertman has been a member of the executive management during 2006. He left his employment at SBAB on 31 March 2007. Fredrik Bergström will be employed by SBAB from 3 May 2007 as head of the Consumer business area and will be a member of the executive management.

Auditors

KPMG Bohlins AB have been SBAB's auditors since 1985.

Per Bergman
 Authorised Public Accountant
 KPMG Bohlins AB
 Born 1946
 Auditor in charge in SBAB since 1996
 Other assignments: Axel Johnson AB, Axfood AB, Cashguard AB, Enea AB, KF Ek förening, KF Fastigheter AB, KP Pension, NCC AB, Sardus AB and AB Svensk Exportkredit

Lars-Ola Andersson
 Authorised Public Accountant
 SET Revisionsbyrå AB
 Born 1954
 Appointed by Finansinspektionen in SBAB since 2003
 Other assignments: Appointed by Finansinspektionen for around 15 other companies in the financial sector, including Länsförsäkringskoncernen and Stockholmsbörsen AB

Addresses

Head Office

SBAB

Box 27308
SE-102 54 Stockholm
(Visiting address: Löjtnantsgatan 21)
Tel: +46 8 771 45 30 00
Fax: +46 8 611 46 00
E-mail kundcenter@sbab.se
Reg. no. 556253-7513
www.sbab.se

Loans to single-family dwellings, tenant-owned apartments and holiday homes

SBAB

Box 1012
SE-651 15 Karlstad
(Visiting address: Tingvallagatan 11)
Tel: +46 771 45 30 00
Fax: +46 54 17 71 10
E-mail kundcenter@sbab.se

Loans to companies and tenant-owner associations

SBAB

Kungssportsavenyen 31-35
SE-411 36 Gothenburg
Tel: +46 771 45 30 00
Fax: +46 31 743 37 10
E-mail goteborg@sbab.se

SBAB

Rundelsgatan 16
SE-211 36 Malmö
Tel: +46 771 45 30 00
Fax: +46 40 664 53 58
E-mail malmo@sbab.se

SBAB

Box 27308
SE-102 54 Stockholm
(Visiting address: Löjtnantsgatan 21)
Tel: +46 771 45 30 00
Fax: +46 8 614 38 60 / +46 8 614 38 63
E-mail stockholm@sbab.se

DESIGN & PRODUCTION: WILDECO

PHOTOGRAPHY: JOHAN OLSSON

PRINTED ON ENVIRONMENTALLY APPROVED PAPER AT TROSA TRYCKERI 2007

www.sbab.se
+ 46 771 45 30 00



Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ)
The Swedish Housing Finance Corporation, SBAB

Visiting address: Löjtnantsgatan 21 • Postal address: Box 27308, SE-102 54 Stockholm • Tel. int: +46 771 45 30 00 • Fax int: +46 8 611 46 00
Internet: www.sbab.se • E-mail: kundcenter@sbab.se
Reg. no. 556253-7513