

INTERIM REPORT

1 JANUARY – 31 MARCH 2006
THE SWEDISH HOUSING FINANCE CORPORATION, SBAB

THE PERIOD IN BRIEF

- New lending to the retail market was 41% higher than the corresponding period last year.
- SBAB's market share for retail market lending has increased and now totals 9.5% (9.4%).
- Net operating income for the first quarter amounted to SEK 154 million (SEK 181 million).
- Net interest income increased to SEK 328 million (SEK 320 million).
- Expenses increased to SEK 153 million (SEK 127 million) due to more intensively pursued development projects. A company-wide efficiency programme has been initiated.

NET OPERATING INCOME

SBAB's net operating income for the first three months of 2006 amounted to SEK 154 million (SEK 181 million). The deterioration in income is primarily explained by increased expenses compared to the corresponding period last year.

NET INTEREST INCOME & OTHER OPERATING INCOME

Net interest income amounted to SEK 328 million compared with SEK 320 million for the same period in 2005. Stiffening competition and a squeeze on margins has contributed to income not increasing at the same rate as the portfolio. Net commission and other operating income amounted to a loss of SEK 26 million (SEK -15 million). Commission costs have increased as a consequence of growth in volumes with SBAB's business partners.

EXPENSES

During the first quarter, expenses totalled SEK 153 million (SEK 127 million). SBAB's development projects have been pursued more intensively compared with the corresponding period last year, which has increased expenses. Marketing expenses have also increased during the quarter compared with the same period last year.

LOAN LOSSES & DOUBTFUL LOAN CLAIMS

Net loan losses have continued to be low and have posted a positive result of SEK 5 million (SEK 3 million). The unsecured loan claims have been reduced during the quarter from SEK 144 million to SEK 136 million. The provision ratio regarding specific provisions for loan claims assessed individually was 67%. Total provisions at the end of March 2006 were SEK 220 million, of which SEK 111 million was for collective provisions for loan claims assessed individually.

Summary SBAB group

	Mar 2006	Mar 2005	Dec 2005
Net interest income, SEK million	328	320	1,296
Net operating income, SEK million	154	181	666
Net operating income after tax, SEK million	110	128	471
Lending, SEK million	156,634	132,165	156,020
Loans securitised, SEK million	14,446	24,708	15,108
Doubtful loan claims after specific provisions for loan claims assessed individually, SEK million	45	76	49
Volume of international borrowing, SEK million	97,648	62,538	90,563
Income/Expenditure ratio, excluding loan losses	2.0	2.4	2.1
Income/Expenditure ratio, including loan losses	2.0	2.5	2.2
Return on equity, %	8.2	9.2	8.7
Capital ratio, %	8.8	10.0	9.0
Primary capital ratio, %	7.0	8.4	7.1
Equity ratio, %	3.7	4.1	3.7
Rating, long-term borrowing Standard & Poor's Moody's	AA- Aa3	AA- A1	AA- Aa3
Rating, short-term borrowing Standard & Poor's Moody's	A-1+ P-1	A-1+ P-1	A-1+ P-1
Average number of employees during the period of which temporary employees	418 24	400 28	421 34

Loan portfolio and securitised loans

SEK billion	Mar 2006		Dec 2005	
	Total	Of which securitised loans	Total	Of which securitised loans
Retail market	104.6	6.9	100.5	7.0
Corporate market	66.5	7.5	70.6	8.1
Total	171.1	14.4	171.1	15.1

LENDING

During the first quarter, SBAB has increased lending to the retail market. The new lending to the retail market in the first three months of the year amounted to SEK 7,694 million (SEK 5,440 million). The portfolio now totals SEK 97,747 million (SEK 93,528 million) excluding securitisations. SBAB's market share for retail market lending has increased to 9.5% (9.4%). As before, SBAB's business partners are important distribution channels.

New lending in the corporate market was SEK 1,849 million (SEK 833 million). The corporate market portfolio, excluding securitisations, amounts to SEK 58,887 million (SEK 62,492 million). SBAB's market share for corporate market lending is 14.0% (14.8%).

FUNDING

Long-term funding in the first quarter was SEK 23,264 million (SEK 10,540 million) of which SEK 14,449 million (SEK 3,540 million) was borrowed on the international market and SEK 8,815 million (SEK 7,000 million) in the domestic bond market. The original short-term funding, defined as short-term at issue date, was SEK 47,856 million (SEK 46,094 million).

CAPITAL ADEQUACY

The capital ratio at the end of the quarter was 8.8% (9.0%). The primary capital ratio was 7.0% (7.1%) and included three months profit with tax and estimated dividend deducted. SBAB's capital base amounted to SEK 7,605 million (SEK 7,507 million). The capital ratio for the parent company was 9.3% (9.6%), the primary capital ratio 7.3% (7.4 %) and the capital base SEK 7,245 million (SEK 7,171 million).

INTEREST RATE RISK

A parallel shift in the yield curve of plus one percentage point at 31 March 2006 would have resulted in a reduction in the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions of around SEK 140.5 million.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the provisions of the Annual Accounts (Credit Institutions and Securities Companies) Act (ÄRKL) and complies with the regulations and general guidelines (FFFS 2002:22) issued by the Swedish Financial Supervisory Authority, Finansinspektionen, with supplements and adaptations in accordance with the transitional provisions for the provisions and general guidelines (FFFS 2005:33) of Finansinspektionen. Accounting principles have not changed since the Annual Report for 2005.

All listed companies in the EU are to apply IFRS from 2005 inclusive. The respective member state can make a decision to postpone implementation of IFRS until 2007 for those companies which are only listed with debt instruments. The Swedish parliament, the Riksdag, decided at the end of 2004 that Sweden would make use of this possibility. SBAB has only issued listed debt instruments and is preparing to introduce IFRS from 2007.

CURRENT EVENTS

- SBAB's wholly-owned subsidiary AB Sveriges Säkerställda Obligationer (publ) received consent from Finansinspektionen on 31 March 2006 to issue covered bonds pursuant to the Covered Bonds (Issuance) Act (2003:1223). The subsidiary was licensed as a credit market company at the same time.
- SBAB and If Skadeförsäkring have entered into a collaboration agreement which enables SBAB's customers to obtain what is perhaps the best house insurance in the market. Customers are given the opportunity of testing the insurance for six months at the lowest price in the market, after which they can extend it at a competitive price.
- SBAB and the estate agent RE/MAX have started to work together. The intention is to offer house buyers a complete package with financing and estate agency services.

FINANCIAL INFORMATION

SBAB's interim reports for the second and third quarter of 2006 will be published on 30 August 2006 and 30 October 2006 respectively.

Income statement

SEK million	GROUP		PARENT COMPANY	
	Jan-Mar 2006	Jan-Mar 2005	Jan-Mar 2006	Jan-Mar 2005
Interest income	1,397	1,396	1,369	1,375
Interest expenses	(1,069)	(1,076)	(1,074)	(1,081)
Net interest income	328	320	295	294
Commission income	10	12	25	24
Commission expenses	(35)	(27)	(16)	(13)
Net income from financial transactions	(1)	-	(1)	-
Other operating income	0	0	0	0
Total operating income	302	305	303	305
General administration expenses	(130)	(108)	(130)	(111)
Depreciation of tangible and intangible fixed assets	(6)	(5)	(4)	(4)
Other operating expenses	(17)	(14)	(17)	(14)
Total operating expenses	(153)	(127)	(151)	(129)
Operating income before loan losses	149	178	152	176
Loan losses, net (Note 1)	5	3	5	3
Net operating income	154	181	157	179
Allocations	-	-	(21)	(29)
Minority share in the period's result	1	(0)	-	-
Deferred taxes	(5)	(9)	-	-
Tax on profit for the period	(40)	(44)	(40)	(44)
Net profit for the period	110	128	96	106

Balance sheet

SEK million	GROUP			PARENT COMPANY	
	31 Mar 2006	31 Mar 2005	31 Dec 2005	31 Mar 2006	31 Dec 2005
ASSETS					
Cash in hand and balance at central banks	0	0	0	0	0
Repo eligible Treasury bills, etc.	3	3	3	3	3
Lending to credit institutions	175	235	157	15,523	14,799
Lending to the public (Note 2)	156,634	132,165	156,020	141,117	141,285
Bonds and other interest-bearing securities	3,656	-	-	3,656	-
Shares and participations	0	0	0	0	0
Shares and participations in group companies	-	-	-	432	357
Intangible fixed assets	51	44	48	22	17
Tangible assets	21	21	21	21	21
Other assets	3,141	4,960	5,175	3,140	5,173
Prepaid expenses and accrued income	401	456	404	410	425
TOTAL ASSETS	164,082	137,884	161,828	164,324	162,080
LIABILITIES AND EQUITY CAPITAL					
LIABILITIES					
Debt to credit institutions	4,855	8,595	4,525	4,767	4,490
Securities issued, etc.	146,021	119,352	145,400	146,771	146,100
Other liabilities	3,755	1,482	2,592	3,756	2,591
Accrued expenses and prepaid income	1,240	1,163	1,212	1,217	1,176
Provision for deferred tax	309	282	304	-	-
Subordinated debt	1,824	1,318	1,851	1,824	1,851
Total liabilities	158,004	132,192	155,884	158,335	156,208
Untaxed reserves	-	-	-	1,076	1,055
Minority shareholding	368	296	344	-	-
EQUITY CAPITAL					
Share capital	1,958	1,958	1,958	1,958	1,958
Restricted reserves/Legal reserve	1,188	1,117	1,174	392	392
Non-restricted reserves/Profit brought forward	2,454	2,193	1,997	2,467	2,074
Net profit for the period	110	128	471	96	393
Total equity capital	5,710	5,396	5,600	4,913	4,817
TOTAL LIABILITIES AND EQUITY CAPITAL	164,082	137,884	161,828	164,324	162,080

Changes in equity capital

SEK million	GROUP			PARENT COMPANY	
	Jan-Mar 2006	Jan-Mar 2005	Jan-Dec 2005	Jan-Mar 2006	Jan-Mar 2005
Equity capital at the beginning of the period	5,600	5,268	5,268	4,817	4,563
Dividend	-	-	(139)	-	-
Net profit for the period	110	128	471	96	106
Equity capital at the end of the period	5,710	5,396	5,600	4,913	4,669

Cash flow analysis

SEK million	GROUP			PARENT COMPANY	
	Jan-Mar 2006	Jan-Mar 2005	Jan-Dec 2005	Jan-Mar 2006	Jan-Mar 2005
Liquid funds at the beginning of the period	157	2,406	2,406	157	2,406
Cash flow from current operations	2	(2,186)	(2,650)	101	(2,139)
Cash flow from investment operations	(9)	(10)	(32)	(83)	(32)
Cash flow from financing operations	25	25	433	-	-
Increase / Decrease in liquid funds	18	(2,171)	(2,249)	18	(2,171)
Liquid funds at the end of the period	175	235	157	175	235

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

Note 1 Loan losses, net

Group SEK million	Jan - Mar	
	2006	2005
<i>Specific provision for individually assessed loan claims</i>		
The period's write-off for actual loan losses	2	6
Reversal of previous provisions for probable loan losses reported as actual loan losses in the accounts for the period	(2)	(6)
The period's provision for probable loan losses	9	0
Recoveries in respect of actual loan losses in previous years	(4)	(1)
Reversal of provisions for probable loan losses no longer required	(6)	(0)
Net cost of loan losses for the period	(1)	(1)
<i>Collective provision for individually assessed loan claims</i>		
Allocation to/withdrawal from collective provisions	(2)	-
<i>Collectively assessed homogeneous groups of loan claims</i>		
The period's write-off for actual loan losses	1	0
Recoveries in respect of actual loan losses in previous years	(1)	(1)
Allocation to/withdrawal from provision for loan losses	(2)	(1)
Net cost for the period of collectively assessed homogeneous loan claims	(2)	(2)
Net cost for loan losses for the period	(5)	(3)

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

Note 2 Lending to the public

Group SEK million	31 Mar 2006		31 Dec 2005	
	Lending	Provision	Lending	Provision
Municipal multi-family dwellings	11,412	-	13,158	-
Tenant-owner associations	28,505	(161)	28,890	(166)
Privately-owned multi-family dwellings	18,252	(41)	19,880	(42)
Single-family dwellings and holiday homes	71,396	(16)	69,319	(18)
Tenant-owned apartments	26,369	(2)	24,229	(2)
Commercial properties	920	-	772	-
Provision for probable loan losses	(220)		(228)	
Total	156,634	(220)	156,020	(228)

Stockholm, 2 May 2006

Eva Cederbalk
Chief Executive Officer

AUDITORS' REPORT

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

Introduction

We have reviewed this interim report for the period 1 January 2006 - 31 March 2006. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report, based on our review.

Scope of review

We conducted this review in accordance with the Swedish Standard of Review Engagements SÖG 2410 *Review of Interim Financial Information performed by the Independent auditor of the company* issued by FAR. A review consists of making inquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less

Note 2 continued

<i>Doubtful and non-performing loan claims</i>	31 Mar 2006	31 Dec 2005
a) Doubtful loan claims	136	144
b) Non-performing loan claims which are included in doubtful loan claims	10	42
c) Non-performing loan claims on which interest is taken up as income and which are thus not included in doubtful loan claims	58	92
d) Specific provisions for individually assessed loan claims	91	95
e) Collective provisions for individually assessed loan claims	111	113
f) Provisions for collectively assessed homogeneous groups of loan claims	18	20
g) Total provisions (d+e+f)	220	228
h) Doubtful loan claims after specific provisions for individually assessed loan claims (a-d)	45	49
i) Provision ratio for specific provisions for individually assessed loan claims (d/a)	67%	66%

Note 3 Book and actual values of derivatives

Group SEK million	31 Mar 2006		31 Dec 2005	
	Book value	Actual value	Book value	Actual value
<i>Derivatives with positive values or zero value</i>				
Interest rate swaps	1,008	1,651	1,154	1,946
Interest rate and currency swaps	1,082	1,303	1,472	1,735
Equity-related derivative contracts	0	45	3	40
Total	2,090	2,999	2,629	3,721
<i>Derivative instruments with negative values</i>				
Interest rate swaps	1,533	2,518	1,526	2,921
Interest rate and currency swaps	960	984	975	971
Equity-related derivative contracts	0	1	0	3
Total	2,493	3,503	2,501	3,895

All funding in foreign currencies is hedged with interest rate and currency swaps and/or equity-linked contracts in order to eliminate risks for SBAB.

Stockholm, 2 May 2006

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

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



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