

ANNUAL REPORT 2003





Contents

| | |
|---|----|
| The Year in Brief | 1 |
| The Chairman's Comments | 2 |
| The CEO's Review | 3 |
| Economic Environment | 8 |
| The Total Balance Sheet | 12 |
| Customer Value | 13 |
| Staff Value | 20 |
| Structural Value | 24 |
| Public Value | 26 |
| Financial Capital | 28 |
| Administration Report | 39 |
| Income Statement | 40 |
| Balance Sheet | 41 |
| Changes in Equity Capital | 42 |
| Cash Flow Analysis | 42 |
| Capital Adequacy | 43 |
| Accounting Principles | 44 |
| Notes | 46 |
| Five Year Overview | 61 |
| Proposed Appropriation of Profit | 62 |
| Audit Report | 63 |
| Board of Directors | 64 |
| Board of Directors' Activities | 65 |
| Board of Directors, Auditors and Executive Management | 66 |
| Executive Management | 67 |
| Addresses | 68 |

Mandate from the Owner

SBAB is owned by the Swedish State. The mandate from its owner is to contribute to competition in the housing mortgage market by conducting an efficient and profitable mortgage lending operation.

The Year in Brief

- Operating profit for 2003 improved by 17 per cent to SEK 721 million (618 million) compared to last year, corresponding to a return on equity capital employed of 11.0 per cent.
- Loan losses (net) at SEK 28 million for the year continue to be low.
- New lending amounted to SEK 21.9 billion.
- SBAB strengthened its role as challenger by being first out in the market in lowering the interest rate for tenant-owner apartments and holiday homes to the same level as for private homes. In addition, brand recognition increased during the year from 43 per cent to 51 per cent in Stockholm and from 17 per cent to 39 per cent in Gothenburg.
- The upper limit for a mortgage loan was increased to 75 per cent of the market value. The product range was widened and SBAB can now offer top loans and down payment loans.
- A further securitisation transaction, SRM 3, for EUR 1 billion was undertaken during the year. The portfolio contained loans to tenant-owner co-operatives and received an 89.5 per cent AAA rating from Moody's and Standard & Poor's.
- SBAB has the most satisfied retail customers in the housing loan market according to Svenskt Kvalitetsindex (SKI).
- A change was made to the terms and conditions of SBAB bond loans 117-119 as part of harmonising the general conditions in SBAB's international and domestic funding.
- SBAB has been officially awarded a staff health diploma as an employer during the year and came sixth in the competition covering the best working places in Sweden.
- On 1st October 2003 there was a merger within the SBAB group between the parent company and the two wholly owned subsidiaries. The new company's name is Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ).



Summary for the SBAB Group

| | 2003 | 2002 |
|---|-------------|------|
| Net operating profit, SEK million | 721 | 618 |
| Loan losses (net), SEK million | 28 | 74 |
| Capital ratio, % | 10.2 | 10.0 |
| Primary capital ratio, % | 8.4 | 7.8 |
| Equity ratio, % | 3.9 | 3.4 |
| Return on equity, % | 11.0 | 10.2 |
| Doubtful loans receivables after specific provisions, SEK million | 102 | 379 |
| Provision ratio in relation to, lending, % | 0.24 | 0.29 |
| Income/expenditure ratio, excluding loan losses | 2.5 | 2.5 |
| Income/expenditure ratio, including loan losses | 2.4 | 2.1 |

| | 2003 | 2002 |
|---|----------------|---------|
| Rating long-term debt | | |
| Standard & Poor's | AA- | AA- |
| Moody's | A1 | A1 |
| Rating short-term debt | | |
| Standard & Poor's | A-1+ | A-1+ |
| Moody's | P-1 | P-1 |
| Lending, SEK million | 125,772 | 133,840 |
| Securitisation, SEK million | 26,042 | 17,968 |
| Average number of employees during the year | 384 | 388 |
| of which temporary employees | 31 | 36 |



SBAB, THE OBVIOUS CHOICE FOR THE CUSTOMER



Chairman of the Board
Claes Kjellander.

SBAB should be a price leader in the Swedish housing mortgage market

SBAB's role is to be a price leader in the Swedish housing mortgage market while maintaining good profitability.

SBAB's main strategy is to increase market share within the retail loan market and simultaneously widen the company's geographical customer base in the face of increasingly stiff competition.

It is very gratifying that SBAB should have succeeded for several years in expanding operations in this segment while simultaneously improving the company's profitability to today's very competitive levels.

The Board has been very active during the year. The Board has devoted a great deal of time to discussing and deciding upon SBAB's future strategy, with a more distinct concentration on retail customers. Other important questions for the Board to consider have been the Basel II requirements (new capital adequacy regulations), IAS-preparations (new accounting rules),

the possibility of Sweden adopting the Euro and questions associated with the securitisation transaction undertaken during 2003. In addition, questions were also dealt with regarding increased lending boundaries, the basis for limit management, interest rate setting on loans to owners of tenant-owner apartments and new products in the form of top loans and down payment loans. Furthermore the owner's guidelines with regard to salaries and other benefits to the management were followed.

Stockholm, February 2004

CLAES KJELLANDER
Chairman of the Board

Successes after many investments both tangible and intangible

The financial result for 2003 is the best reported since SBAB first started operations in 1985. Operating profit was SEK 721 million and the result showed an improvement of 17 percent compared to 2002. SBAB has gradually built up the five value areas in the Total Balance Sheet: Customer Value, Staff Value, Structural Value, Public Value and Financial Capital. We are well satisfied with the positive results shown in all areas in 2003 especially as the year's extremely ambitious goals have been achieved and surpassed in almost every respect.



Christer Malm, Chief Executive Officer

Owner and Owner Expectations

SBAB is owned by the Swedish State and its mandate is to contribute to competition in the housing mortgage market while maintaining profitability at a reasonable and sustainable level. The after-tax rate of return over a business cycle of five years should at least correspond to the rate of interest on a five-year Government bond plus five percentage points, presently 9.7 per cent. Any expansion should be internally generated from earnings and a third of the company's after tax profit should be distributed by way of dividend.

The Economic Environment

Anxieties over the Iraq situation and the prospect of deflation put pressure on the economic climate at the beginning of 2003. To counteract the weakness in growth, the Riksbank lowered the repo rate during the spring and summer by 1 percentage point in all, from 3.75 to 2.75 per cent, where it then remained for the rest of the year.

The long-term market interest rates were driven down during

the spring, reaching extremely low levels in June. A combination of improved economic figures and reduced fears of deflation then led to a quick rebound from the middle of June up to the end of August, followed by a period of fluctuation but with a rising trend. The year ended with growing anxiety over the economic effects of the weakening dollar and long-term interest rates fell once again. Growth in Sweden was unexpectedly strong considering the generally weak economic climate world-wide, mainly due to the support of household consumption. During the first three quarters of the year, GDP increased by 1.6 per cent compared to the same period in 2002.

After two good income years, 2001 and 2002, household disposable income decreased somewhat in 2003 but earlier savings were used as a buffer. At the same time, rising share prices and a continued increase in property prices had a positive effect on household wealth. Low interest rates kept house prices up, contributing to a strong increase in demand for housing mortgage loans, thus creating favourable market conditions for SBAB's operations.

The Vision

SBAB's vision is to be the leading housing mortgage company – the clients' obvious choice when it comes to the financing of private houses, tenant-owner apartments, holiday homes and multi-family housing. The vision is now being progressively realised and in 2003 SBAB has come closer to fulfilling the vision than in any previous year.

The ambition to become market leader where it concerns pricing for retail housing mortgage loans has been achieved and our brand name has become more widely recognised. Customer service has been an important contributory factor in our having the most satisfied customers in the housing mortgage loan sector. Professional leadership has developed the company culture and contributed to great commitment on the part of SBAB's staff.

The Total Balance Sheet

Financial Capital



The Total Balance Sheet – An overview perspective

The Total Balance Sheet

SBAB's steering model, the Total Balance Sheet, is based on a balanced comprehensive view taken of the five value areas, including both tangible and intangible values, which describe goals, strategies and critical factors for success.

Customer Value**– Our brand-name gains greater recognition**

The goal for Customer Value, that SBAB should have the housing mortgage market's most satisfied customers, has now been achieved.

Over the last four years, SBAB has given priority to the strategic work with customer value as this leads to results, both marketwise and financially. The increased level of brand recognition warrants special mention. The strategy for growth has been to concentrate strongly on private customers while keeping lending to property-company customers at present or even lower levels depending on strategic development. Market leadership in pricing is then a decisive factor. To achieve success calls for a combination of highly effective funding and low administrative costs.

Premium Class Service

Concentration on customer service continued throughout 2003. All staff have undergone training in order to increase their knowledge and understanding of SBAB's activities. Premium class service, which has been an important feature in individual competence development training, is based on SBAB treating all customers in a professional, pleasant and correct manner.

Increased focus on SBAB's role as challenger and market leader in pricing

Awareness of the brand name has increased markedly during the year, partly as a result of increased marketing. The increased marketing activities relate not only to Stockholm but also to Gothenburg. After the spring campaign "Doorstep delivery

of housing mortgage loans" the brand recognition more than doubled in Gothenburg from 17 per cent to 39 per cent while in Stockholm the brand recognition increased from 43 per cent to 51 per cent.

During October SBAB further intensified its role as challenger by lowering our interest rates on tenant-owner apartments and holiday homes by 0.40 percentage points, thereby coming in line with the lower interest rates for private homes. This measure attracted a very positive reaction from the mass media and loan applications doubled compared to the average for the previous six weeks. Visits to the web site increased dramatically during the year, from 963,000 during 2002 to 2,379,000 during 2003.

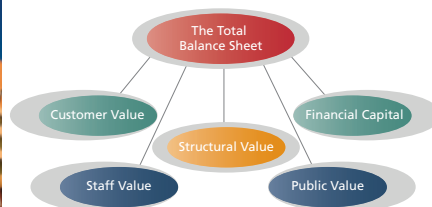
Top loans and down payment loans were introduced during the year. In addition, the upper limit for mortgage loans was increased from 70 to 75 per cent of the market value.

Innovative Funding

In order to be able to exert pressure on prices and maintain our role as challenger a highly dynamic funding strategy is required. During the year of operations SBAB has offered investors a mix of large bond loans and custom-built securities.

In June SBAB undertook its fourth securitisation transaction, SRM 3, for EUR 1 billion (around SEK 9 billion) in all. SBAB again attracted favourable recognition for the quality of the securitisation and the competitive pricing, as evidenced by its favourable reception. The unique feature of the year's transaction was that the portfolio was made up entirely of loans to tenant-owner co-operatives. In spite of this type of asset being relatively unknown in the international market the transaction received a high credit rating, was well priced and was well received.

Experience gained from securitisation has since contributed to the work of adapting to the proposed new capital adequacy requirements and the impending work with secured bonds. In both cases there are obvious similarities and synergies with the securitisation process.



for goals, strategies and critical factors for success

Staff Value

– Continued positive development of leadership

The Staff Value goal of becoming a certified "Investors In People"-company is well on its way to fulfilment. The decision to become a certified company was taken in order to further develop staff involvement.

Continuously high marks in the yearly staff appraisals can be attributed in part to the development of the leadership in SBAB, whose leadership style bears the stamp of SBAB's values which are Overview Perspective – the Full Picture, Innovation, Care, Trust and Commitment.

SBAB participated in the competition "Best working places in Sweden" during 2003 and came sixth. The ranking was made by the business magazine Veckans Affärer and by Oxford Research and resulted in SBAB being ranked as one of the 100 best working places in Europe.

During the year SBAB has set new goals and strategies for working with equal opportunity and ethnic diversity issues.

All staff members in SBAB with the exception of myself, not being included in any bonus scheme, have the possibility of earning a bonus of like amount. This can often result in our administration staff members receiving a larger bonus in relation to salary than the managerial staff members. The maximum annual bonus for full-time employees is SEK 40,000. The 2003 bonus for full time employees was in the range of SEK 30,000 to SEK 36,000. High targets must first be achieved for a bonus to be earned.

Structural Value – Big improvements in productivity

The goal for the Structural Value, that all main processes and 80 per cent of ancillary processes are identified and effectively designed so that they are in balance with regard to time, quality and cost, has essentially been achieved.

A new process-oriented organisation based on customer needs was implemented at the turn of the year 2002-2003 when all activities within the two business areas Lending were

combined. The new formula has proved successful and resources have thereby been released for working up the retail market and pursuing broader marketing activities.

During the autumn further integration of the processes within Lending was carried out, with increased attention given to retail customers and tenant-owner co-operatives in all places of operations.

A new funding system was developed during the year with the aim of decisively improving the system support within Funding. The system comes on stream at the beginning of 2004.

Public Value – Confidence capital increases

The goal for the Public Value, that SBAB should have the highest confidence capital in the housing mortgage market, has been achieved. This year's result shows that the company's already high confidence capital has increased further. For the second year in a row SBAB has had the highest confidence capital in the housing mortgage market. The survey is based on opinions expressed about SBAB from the groups who have the most influence on the brand; those canvassed included members of the public, customers, journalists and Members of Parliament.

SBAB operates in the market and in society with a strong sense of values as a starting point. To provide competition, exercise good ethical standards and take account of long-term, durable development accords with SBAB's social responsibility.

SBAB has made a strategic change in sponsorship activities, having chosen to concentrate the main part of its sponsoring activities during 2003 on the World Wide Fund for Nature's (WWF) efforts towards saving the Baltic Sea.

Finance Capital – SBAB's financial position

The owner's required rate of return on equity, measured as an average over a business cycle of five years, was 9.7 per cent. The actual figure achieved was 9.3 per cent. SBAB sets the Finance Capital higher internal goals for individual years. The goal set for



Our Internal Values



Commitment

Through our own initiatives and by actively participating we put ourselves into the customer's shoes and take responsibility for our own part in the company's development.



Innovation

We look for new challenges, see opportunities and find new simple solutions, which we have the courage to see through.



Care

We care and do so with our hearts.



Trust

We are open, honest and show our customers and each other respect. We keep our promises.



Overview Perspective

We understand the customer's reality and needs, our surroundings and each others work in such a way that we act for the best, for the customer and ourselves.

2003 was a return on equity of 10.7 per cent whereas a return of 11 per cent was achieved. The owner's required rate of return on equity will be exceeded in 2004. The operating result amounted to SEK 721 million, which is the best ever in SBAB's history. Over the last four-year period profitability has improved by 82 per cent.

The owner, the Swedish state, has contributed SEK 2.8 billion (net) in equity capital since SBAB commenced operations in 1985. SBAB has distributed ordinary dividends to the owner in the region of SEK 1.1 billion over the same period. The continuous development in profit has resulted in a considerable increase in equity capital, which stood at SEK 4.9 billion at the end of 2003.

The low loan-loss trend was also sustained during 2003. During the year substantial amounts have been allocated to collective provisions.

The primary capital ratio has improved considerably, amounting to 8.4 per cent at the year-end, thus enabling forceful expansion if required. SBAB is well ahead with its preparations in the run-up to the new capital adequacy requirements, which are expected to be introduced with effect from 2007.

SBAB has retained its stable outlook rating from Moody's and Standard & Poor's.

The Merger

In October 2003 a merger was carried out within the SBAB group between the parent company and the two wholly owned subsidiaries aimed at further rationalising operations. The company name was changed in connection with the merger to Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), in English the Swedish Housing Finance Corporation, SBAB. FriSpar Bolån AB, partly owned with the savings banks Finn and Gripen, is not affected by the merger.

Change of CEO

I will retire from SBAB at the Annual General Meeting 2004. The Board has appointed Eva Cederbalk as the new CEO and I wish her every success.

I want to take this opportunity of sincerely thanking all members of the staff in SBAB for their fantastic efforts during the last five years. At the same time, I would like to thank our owner and Board for their stimulating feed-back and strategic support. Last but not least, I would like to thank all SBAB's customers for the trust and confidence they show us.

SBAB's Prospects for 2004

After having carried through a restructuring of the operations and at the same time having had strong financial growth, opportunities for more expansive development have been created and thereby for increasing market shares.

SBAB's presence in the market will be extended from today's Stockholm and Gothenburg coverage to include other growth areas during 2004. The strategic direction will focus on the retail market and tenant-owner co-operatives. The overall strategy is, however, that SBAB will maintain its position as the price leading housing mortgage company and within this framework offer premium service. The total long-term funding needed is estimated at SEK 50 billion and the average short-term funding needed at around SEK 30 billion during 2004.

SBAB's estimate of the growth in the loan portfolio for 2004 presupposes increased activities in the market and continued pressure on margins as well as other factors. Taking this into account, the result for 2004 is estimated to be on terms with the result for 2003.

Stockholm, February 2004

CHRISTER MALM
Chief Executive Officer

HALLÅ STOR- BANKERNA!

Ska inte ni också
sänka räntan för
bostadsrätter?



BOLÅN PÅ INTERNET OCH TELEFON

En gäller vår redan låga villkorliga bostadsrättsränta. Ränta per 22%
Börst ränta 0,50% (efter 3,50% till 3,50%). Vid förändring av bostads
lån kan banken ta beslut för förändrad ränta. www.sbab.se 020 42 30 00.

forum

Nordea

Economic Environment

Economic Trends and Interest Rates 2003

The economic climate experienced downward pressure during a large part of 2003, with central banks lowering their interest rates and with long-term rates falling to extremely low levels during the summer. Despite the weak economic trends in other countries, growth in Sweden was unexpectedly strong. Household consumption sustained the growth. During the late summer and autumn the economic prospects brightened throughout. However, strong imbalances in the American economy and anxiety over the continued fall in the dollar gave rise to uncertainty concerning the strength and sustainability of the upturn in the economy.

War and deflation anxieties succeed one another

The Iraq issue came to the fore during early autumn 2002 and was to have a prolonged negative effect on the world economy. During the spring months 2003 the economic climate suffered heavy downward pressure. When would the war start and for how long would it last? Was there a risk of far-reaching disruption to the oil supply? The economies around the world held their breath and the economic indicators pointed downwards.

On March 21 a massive military offensive was launched against Iraq. A few weeks thereafter saw the conclusion of all major military operations. Now that the largest element of uncertainty was gone, the field should be open for an economic recovery.

There was disappointment at the absence of any quick positive signs in the economic indicators after the end of the war. In the beginning of May, the US central bank, the Fed, voiced anxiety over an unwelcome decrease in an already low inflation rate. This served to heighten deflationary fears, which became widespread. Was the world economy about to enter a phase of generally falling prices causing an even deeper recession? Japan, which had been battling against falling prices for several years, was a frightening example.

Clearer signs of strengthening world wide economic trends during the autumn

During July and August the economic statistics started to give brighter signals. This was above all the case in the USA. However, the situation in the labour market remained gloomy even though signs of stabilisation were starting to appear. In the Euro area and even in Japan certain positive signs also started to appear during the late summer and autumn. This did not dispel a remaining uncertainty at the year-end regarding the strength in the economic trends ahead. The large imbalances in the United State's economy and their consequences for the dollar were now in focus. From the beginning of November until the end of the year the dollar weakened against the Euro by more than 10 per cent. There was now a risk that this would make it more difficult

for exports from the Euro area and destroy the already fragile improvement in the economic trends. The weakening of the dollar threatened to have the same consequences for Japan.

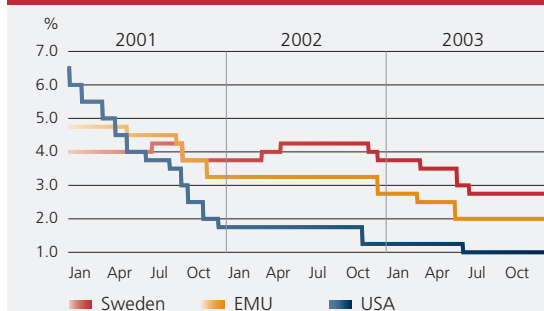
Growth in Sweden stronger than expected

The growth in Sweden was unexpectedly strong in spite of the weak economic trends in other countries. GDP increased by 1.6 per cent during the first three quarters compared to the same period 2002. Most of the growth came from increased private consumption. Concurrently, investments continued to fall. Exports started to rise and contributed positively to growth. Household purchasing power showed a substantial increase during 2001 and 2002. Real disposable income increased by 6.5 per cent during 2001 and continued to increase further by slightly more than 2 per cent in 2002. The increase in income was largely due to tax reductions and increased public sector transfers. Real disposable income was estimated to have fallen by around 1 per cent during 2003. Households increased their savings most essentially during the two good income years and these savings have obviously acted as a buffer in 2003. Private consumption continued to increase during the autumn and is estimated to have increased by around 2 per cent in volume.

The Riksbank reduced the repo rate markedly

When it became obvious during the autumn of 2002 that the economic trends showed signs of weakening the Riksbank lowered its key interest rate, the repo rate, in two steps from 4.25 to 3.75 per cent. After a further cut in March 2003 the repo rate stood at 3.5 per cent. The Riksbank was not alone in lowering the interest rate, being in the same company as the ECB and the Bank of England, among others. The US Central bank, the Fed, which had already lowered its key interest rate to a record low of 1 per cent during the autumn, kept the door open in case another decrease should be necessary (see diagram 1).

The Riksbank lowered the interest rate despite the fact that the

Diagram 1 Key interest rates USA, EMU and Sweden

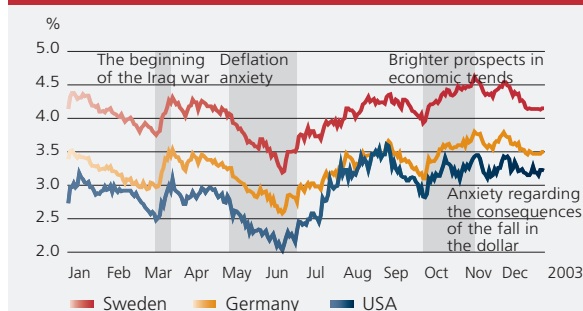
underlying inflation rate at the beginning of the year was exactly at or even exceeded the upper limit of 3 per cent. The rate at which prices had been driven up was the result of increased energy prices, seen by the Riksbank as temporary. Energy prices then normalised and at the end of the year the underlying inflation rate was below the 2 per cent target. At the beginning of June the Riksbank took a big step in lowering the repo rate from 3.5 to 3 per cent and it was further lowered at the beginning of July to 2.75 per cent, where it remained for the rest of the year.

Long-term market interest rates nosedived in early summer...

Corresponding international movements primarily drive the long-term market interest rates. From the summer of 2002, interest rates started their move downwards in the wake of the accounting scandals in the USA. Soon the Iraq issue started to exert downward pressure on the interest rates. At the beginning of the war the interest rates had increased but this situation was of a passing nature. Interest rates took a steep dive following the Fed's remarks concerning the risk of deflation. In the middle of June, for instance, the five-year government bond rate in Sweden was down to around 3.20 per cent (see diagram 3), which was even lower than the bottom quotation reached at the beginning of 1999 after the crises in Asia and Russia.

...then recovered strongly

Confidence in the financial markets recovered when the statistics began to look brighter during the summer. Investors started returning to the stock market and sold bonds. Bond prices fell and interest rates rose. Deflation anxieties receded and the upward correction in interest rates was rapid; within a few weeks the five-year interest rate had increased by more than one percentage point. During the second half of September the interest rates

Diagram 2 Long-term market interest rates, USA, Germany and Sweden

started to fall again. On this occasion, it was an announcement from the G7-meeting which made the US-dollar weaken. This aroused anxiety that the weakening might continue which could hamper exports and thereby the expected recovery in the Euro area and Japan. But stronger figures from the USA and better than expected company results for the third quarter influenced interest rates upwards again.

The year ended with falling interest rates

Towards the end of the year, there was increased uncertainty regarding the economic prospects due to the weakening dollar, as previously mentioned. This left its mark on the interest rate markets and 2003 ended with long-term interest rates in decline. From the beginning of December until the end of the year, they fell by almost 0.5 percentage points. The earlier increase from October onwards had thereby been cancelled out.

No interest rate drama after the Euro vote

The opinion polls after the summer gave rather clear indications that the result in the Euro referendum would be a "No" and most participants in the financial markets were prepared for that. Since the result was expected, the reaction in the interest rate market was very modest. A minority of those in the market had positioned themselves for a surprise result, i. e. a "Yes". Afterwards these participants matched their positions to the actual result. The long-term interest rates increased in fact by 0.1 percentage points the day following the referendum.

Housing mortgage interest rates sink to low levels

In the beginning of 2003 SBAB's floating housing mortgage interest rate (3 months) was 4.85 per cent. By the end of the

¹ Regular meetings between the seven big countries USA, Japan, Germany, France, Italy, Great Britain and Canada.

year it was 3.85 per cent. Within the same time span the Riksbank lowered the interest rates by a total of 1 percentage point, which happened during the spring and summer, while during the whole of the autumn the interest rates remained unchanged (see diagram 3).

As has been seen, the market long-term interest rates fluctuated considerably during 2003 and this was reflected in the fixed mortgage interest rates. The year opened with interest rates falling, this was followed by a short period of rising interest rates before the arrival of deflation fears and a sharp fall. A five-year housing mortgage loan with SBAB fell to its lowest rate of 4.35 per cent at the beginning of June. A month earlier the corresponding interest rate was 5.50 per cent. The rebound in the market interest rates that followed lifted the five-year housing mortgage rate almost back to that level. The temporary downturn in the rates at the end of September offered SBAB the possibility of lowering the fixed interest rates in two steps. But in October it was again time to increase the interest rate in line with the general development in the market. The fixed housing mortgage rates could again be lowered during the last month of the year.

The more or less continuous fall in the long-term market rates since the summer of 2002 narrowed the difference between fixed and floating housing mortgage interest rates. In June 2003, for example, the interest rate on a fixed five-year loan was only 0.3 percentage points higher than the interest rate on a floating rate mortgage loan. The shrinking difference between fixed and floating rate loans clearly influenced the housing mortgage customers' choice of maturity. In the first six months of 2002 around 70 per cent of SBAB's new lending was at floating interest rates. For the corresponding period in 2003 that figure was down to 38 per cent. The rise in long-term interest rates during the autumn, with floating interest rates remaining unchanged, meant that the difference between fixed and floating rate loans again widened and that the number of floating interest rate

loans increased quickly. In the last quarter of 2003, the proportion of loans at floating interest rates was 65 per cent.

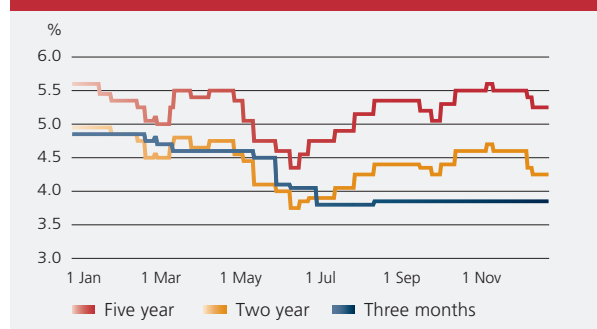
The market for housing mortgage loans expanded

Households' confidence in the future and their inclination to spend strengthened during 2003. Incomes fell back somewhat but earlier savings were used for consumption and household assets started to increase again. Interest rates on housing mortgage loans were very favourable. These factors contributed to maintaining demand and thereby house prices. According to figures from Statistics Sweden, house prices increased in the country as a whole during the fourth quarter of 2003 by around 7.5 per cent compared to the same period in 2002. The differences between the large city areas were considerable. In Greater Stockholm the increase was only 1 per cent, while in Greater Malmö and Greater Gothenburg the figures were 13 and 11 per cent respectively.

The prices of tenant-owner apartments in the three large city areas were by no means uniform. According to statistics from the Association of Swedish Real Estate Agents prices in Stockholm levelled off in 2003. In Gothenburg and Malmö, starting from much lower price levels, the prices on tenant-owner apartments continued to increase sharply in 2003. These large city areas had much stronger economic activity and labour markets than the Stockholm area, which explains the differences in price development.

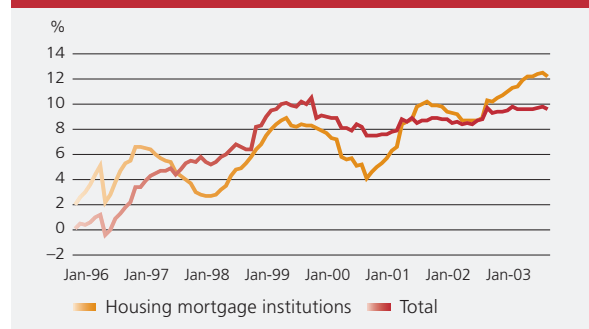
The developments during 2003 meant a large expansion in mortgage loans. The rate of lending had already increased at the end of 2002 and increased further during the course of 2003. Including November 2003 the mortgage institutions' lending to households had increased by close to 12 per cent compared to the same period in 2002. SBAB could thus operate under favourable conditions (see diagram 4).

Diagram 3 SBAB's housing loan interest rates



Remark: From 3 October 2003, SBAB applies the same interest rates for all types of lending to households. From that time onwards the interest rates in the diagram apply to private homes, tenant-owner apartments and holiday homes. Earlier quotations apply only to private homes.

Diagram 4 Lending to households



SBAB's Economic Research

SBAB's Economic Research consists of the Chief Economist, Barbro Wickman-Parak, and Economist Tomas Pousette.

The Economic Research publishes an economic report five times a year. The publication is available from SBAB's web site and contains information about business trends and interest rates in addition to reporting developments in the housing mortgage market. Comments concerning interest rates are also published regularly in "Boräntenytt". The purpose of this is to provide customers with relevant information to enable them to take informed housing loan decisions.

The Economic Research is often represented at SBAB's customer get-togethers and at other functions covering business trends and interest rate developments. They also lecture externally.

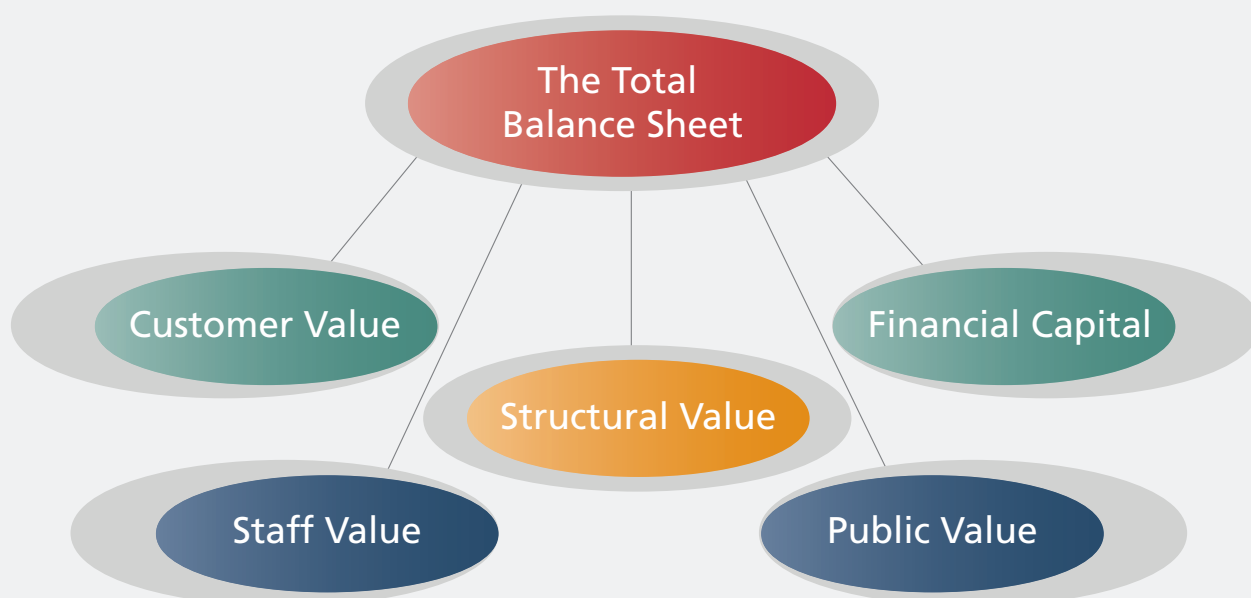
SBAB's Chief Economist Barbro Wickman-Parak and Economist Tomas Pousette



The market long-term interest rates fluctuated considerably during 2003 which was reflected in the fixed mortgage interest rates.



The Total Balance Sheet



The Total Balance Sheet

The company's management model, the Total Balance Sheet, is based on the overview perspective – the full picture of the five value areas, which describe goals, strategies and critical success factors both as tangible and intangible assets.

Together these five classes of assets constitute the Total Balance Sheet.

| | |
|--------------------------|---|
| Customer Value | Indexes of customer opinions of SBAB, satisfied customers |
| Staff Value | Staff competence and achievements |
| Structural Value | The value of the organisation, systems and routines created |
| Public Value | The company's value to society |
| Financial Capital | SBAB's financial strength |



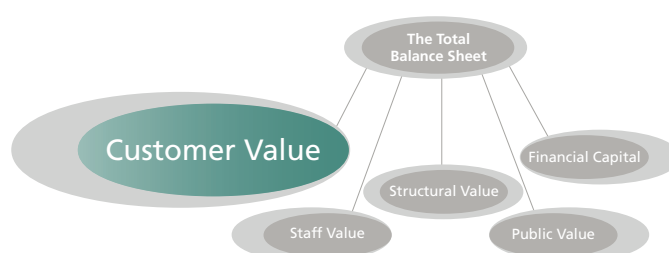
Customer Value

Customer Value in the Total Balance Sheet is defined as the sum of all customer contact SBAB has with its customers. Customer value is also the area accorded most value in the Total Balance Sheet. SBAB has selected Svenskt Kvalitetsindex (Customer Satisfaction Index), SKI, working in collaboration with Statistics Sweden and the Stockholm School of Economics, for the purpose of measuring customer value objectively.



Lena Hedlund,
Deputy Chief Lending Officer,
responsible for the Customer Value

- **Goal**
The long-term goal is to have the most satisfied customers in the housing mortgage market.
- **Goal Achievement**
SKI's measurement shows SBAB's retail customers as being the most satisfied in the whole housing market in 2003, with SBAB's property-company market customers coming second in their market category.



Lending Market

The housing loan market grew by SEK 84 billion during 2003. Lending by all housing mortgage institutions totalled SEK 1,295 billion, an increase of around 7 per cent (see tables 1 and 2).

Housing loans to retail customers increased very sharply by SEK 88.3 billion during the year. The largest increase in terms of volume relates to private homes SEK 65.4 billion, but in terms of percentage the increase in respect of tenant-owner apartments is much greater. The lending to tenant-owner apartments increased by around 23 per cent. The increase can be explained above all by the increased room for lending in the existing stock of private homes and to growth in the tenant-owner apartment segment.

Table 1 Retail market

| | 2003 (SEK billion) | 2002 (SEK billion) | Change (SEK billion) | Change (%) |
|-------------------------|--------------------------|--------------------------|----------------------------|---------------|
| Single-family homes | 687.1 | 621.7 | +65.4 | +11 |
| Tenant-owner apartments | 122.8 | 99.9 | +22.9 | +23 |
| Total | 809.9 | 721.6 | +88.3 | +12 |
| of which securitised | 18.4 | 22.7 | -4.3 | -19 |

The volume of outstanding loans to multi-family housing within the property-company market decreased by SEK 4.3 billion during the year, but loans to tenant-owner co-operatives increased by SEK 6.5 billion and other loans by SEK 2.1 billion.

Lending within the property-company market segment has decreased continuously since 1996 when the market peaked at SEK 562.6 billion compared to today's SEK 484.8 billion. The decrease is mainly a result of the move towards conversions of multi-family housing rental apartments into tenant-owner apartments and of reduced demand from the municipal property companies. However, there has been increased lending from foreign banks, who have established themselves in Sweden but who are not included in the Swedish Bankers' Association market statistics.

Table 2 Property-company market

| | 2003 (SEK billion) | 2002 (SEK billion) | Change (SEK billion) | Change (%) |
|----------------------------|--------------------------|--------------------------|----------------------------|---------------|
| Multi-family housing | 216.7 | 228.6 | -11.9 | -5 |
| Tenant-owner co-operatives | 193.5 | 187.0 | +6.5 | +3 |
| Commercial buildings | 32.8 | 33.8 | -1.0 | -3 |
| Others | 41.8 | 39.7 | +2.1 | +5 |
| Total | 484.8 | 489.1 | -4.3 | -1 |
| of which securitised | 9.9 | 1.0 | +8.9 | +890 |

According to preliminary statistics from the Swedish Bankers' Association per December 2003.

SBAB's Core Values Challenger and Simplicity are Producing Good Effects

Prize Winning Advertising

In October 2003 SBAB won a so-called "75-wattare" prize in the category for consumer advertising in a competition sponsored by Dagens Industri, a business paper, and Annonsörföreningen, an advertisers association. It is not only the creativity that is rewarded but the distinction is also awarded for the most effective advertisement.

SBAB was awarded the prize for the campaign "Home delivery of housing loans" undertaken in Gothenburg and Stockholm in May 2003. During the campaign, the housing loan advisers from SBAB made house calls using carrier mopeds to discuss housing loans.

SBAB's housing loan advisers deliver housing loans to customers.



Sales Direction

On 1st January 2003 SBAB's earlier business areas: the Retail market and the Property-company market were merged into a combined business area for all lending. The change has created opportunities for an aggressive concentration on retail market customers. For SBAB this means a strategy for strong growth within the private home and tenant-owner apartment sector. At the same time, lending to property-company market customers should be kept at present levels or should be allowed to diminish somewhat, due to strategic downsizing.

Retail Customers

SBAB's new lending to retail customers amounted to SEK 16.6 billion during 2003. Customers numbered around 232,000. During the year some 24,000 new customers were added. Private homes accounted for 71 per cent of new lending, tenant-owner apartments accounting for the remainder. New lending has increased by 50 per cent compared to last year. This can mainly be explained by a favourable market climate, a positive development in sales during the year both for SBAB and its business partners and an increased capacity brought about by the new organisation with a combined business area for lending. The volume increase for the year has been achieved without sacrificing the low risk policy. The percentage of borrowers opting for floating interest rates was 38 per cent (45 per cent).

Good service in combination with competitive interest rates have contributed to the fact that 93 per cent of customers chose to prolong their loans when due for renewal during the year.

The loan portfolio increased by SEK 9.4 billion to SEK 46.2 billion net of redemptions and amortisations. If the securitised transactions undertaken in previous years are included the administered portfolio amounted to SEK 62.4 billion, corresponding to a market share of 7.7 per cent (7.5 per cent).

SBAB handles the administration of securitised retail loans amounting to SEK 16.1 billion in volume, of which SEK 12.1 billion relates to private homes and SEK 4.0 billion to tenant-owner apartments.

Pricing Strategy

SBAB's housing mortgage loans should offer the best value for money in the whole retail market. The pricing is identical for all customers. On 3rd October 2003 SBAB did away with the interest rate differential in respect of tenant-owner apartments and holiday homes. All retail customers are now offered the same low interest rate, irrespective of the object borrowed against. In order to cope with this the Internet activities and the automation of processes will continue to be developed. SBAB's pricing in relation to the funding market should be transparent. The interest rates increase and decrease as soon as there are changes in the market prices.

Marketing

Two brand name promotional campaigns were conducted during 2003, in Stockholm and Gothenburg, attracting wide spread attention. The aim was to increase recognition of SBAB's brand name and stimulate sales at the same time.



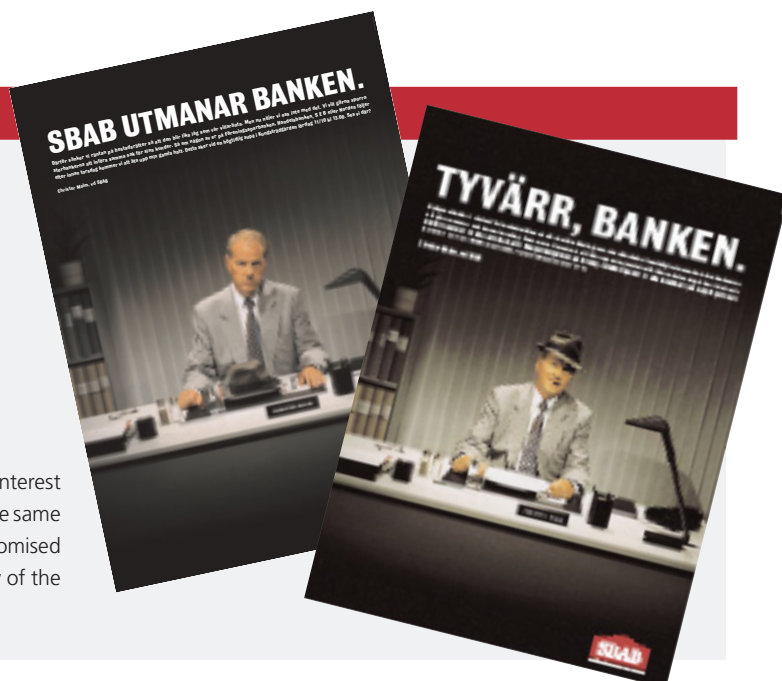
SBAB's core value is to be a challenger



SBAB's core value is simplicity

The same interest rate for everyone

On 3rd October 2003, SBAB was first out in lowering the interest rate for tenant-owner apartments and holiday homes to the same level as for private homes. SBAB's CEO, Christer Malm, promised that together with his staff he would eat his old hat if any of the large banks took up the challenge.



In May the campaign "Doorstep delivery of housing mortgage loans" was undertaken. Driving environmentally friendly carrier mopeds, SBAB offered to visit customers to discuss housing mortgage loans, the idea being to demonstrate the simplicity and accessibility of SBAB's housing mortgage loan service. SBAB's housing mortgage loan advisers on their way to and from customer visits made a high profile contribution to Stockholm's and Gothenburg's street scene. The campaign was successful, increasing recognition of the brand name, creating record visits to SBAB's web site and contributing towards doubling the number of loan applications. The campaign was awarded a prize called "75-wattare" in an advertising competition sponsored by the business newspaper Dagens Industri and Annonsörföreningen (Advertisers' association).

In October the "Hat campaign" was launched, where the big banks were challenged to follow SBAB's example and remove the interest rate differential applicable to tenant-owner apartments and holiday homes. SBAB's CEO and staff promised to publicly eat the CEO's old hat, made into a dish called "Wallenburger", if any of the big banks responded but none did on this occasion. The campaign attracted much attention in the media.

Recognition of the brand name increases

Spontaneous recognition of SBAB's brand name has increased significantly during the year. In Stockholm the recognition increased from 43 per cent to 51 per cent in the strategic target group 20-40 years. In Gothenburg, where SBAB has started active marketing, recognition of the brand name has increased from 17 per cent to 39 per cent.

Internet

– A well-attended market place for retail customers

Internet constitutes the most important distribution channel for SBAB's housing loans. Visitors at www.sbab.se during the year numbered approximately 2,379,000 (963,000), with up to 116,000 (44,000) visitors during a record week in response to the brand name campaign in the spring. In order to facilitate application procedures for customers SBAB launched a new Internet application form in the autumn of 2003, with increased integration with other internal systems. During 2003 more than 35,000 loan applications were made via Internet. Around 65 per cent of SBAB's lending to the retail market is conducted via Internet.

Development of Sales Partnerships

SBAB's business partners mediate 32 per cent (30 per cent) of SBAB's new lending to retail customers. The explanation for the increase is that all business partners: Sparbanken Finn, Sparbanken Gripen, ICA Banken, Ikanobanken and Salus Ansvar have experienced a year of good sales. These business partners continue to be an important distribution channel for SBAB.

FriSpar Bolån, a credit market company, with the task of being responsible for housing financing in Skåne, is 51 per cent owned by SBAB and 49 per cent owned by Sparbanken Finn and Sparbanken Gripen. The savings banks are responsible for sales, SBAB being responsible for administration and funding. The company has shown a favourable development and had a loan portfolio of SEK 8.2 billion at the turn of the year. During the year the company also started lending to multi-family housing.

Product Changes and Product Development

In the new law concerning the issuing of secured bonds that comes into force on 1st July 2004, the highest loan-to-value ratio of the assets in the great majority of the securities is 75 per cent of the market value. In light of this SBAB raised the loan-to-value limit for mortgage loans from 70 to 75 per cent during the summer. This improves SBAB's competitiveness. Together with the top loan, where credit insurance issued by GEMI (General Electric Mortgage Insurance) eliminates the risk above 75 per cent, and the newly developed down payment loan product, SBAB has a product range which makes it possible for retail customers to bid on new homes.

Property-Company Customers

The year's new lending was SEK 5.3 billion and then mainly to tenant-owner co-operatives and private property owners. Where it concerned property-company customers the lending portfolio, including securitisations, decreased by SEK 8.5 billion during the year.

Property-company customers numbered around 10,000 of whom tenant-owner co-operatives, smaller private property companies and independent entrepreneurs made up the greater part. In addition to these customers, SBAB's customer base contains a number of municipal and listed property companies.

In 2003, the loan portfolio has also shifted from lending to municipal property companies towards lending to private property companies and tenant-owner co-operatives against mortgages. This shift, in combination with the strategy of pricing according to the risk attaching to a customer's loan commitment, has contributed towards stronger profitability. Improved profitability in the loan portfolio takes precedence over volume growth.

The reduction in lending to municipal property companies

was above all because of the continued stiff competition in that particular customer segment. SBAB's lending strategy does not include lending in respect of commercial and office premises, which has led to a planned reduction in such lending. SBAB's strategy in refining the existing loan portfolios is another reason for the decreased lending. The average extension percentage during the year was 90 per cent for tenant-owner co-operatives and 86 per cent for other property-company customers.

With a lending portfolio of SEK 89.5 billion including securitised loans for SEK 9.9 billion, SBAB's market share stands at about 18.3 per cent (19.8 per cent).

Marketing – The market for multi-family housing

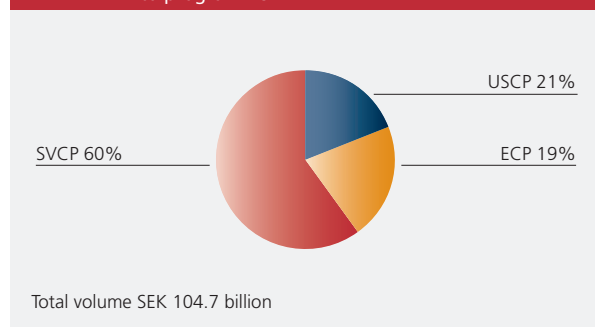
Marketing and sales activities within the market for multi-family housing have mainly been concentrated to large cities, university cities and growth areas. In these areas activities have been geared towards tenant-owner co-operatives and private property companies. Several well-attended events have been arranged during the year. SBAB also participated, for the third year, in the Stockholm Exhibition's annual property exhibition "Business Arena Real Estate".

Funding

SBAB's funding operations secure the company's supply of capital in addition to managing the financial risks that occur in funding operations.

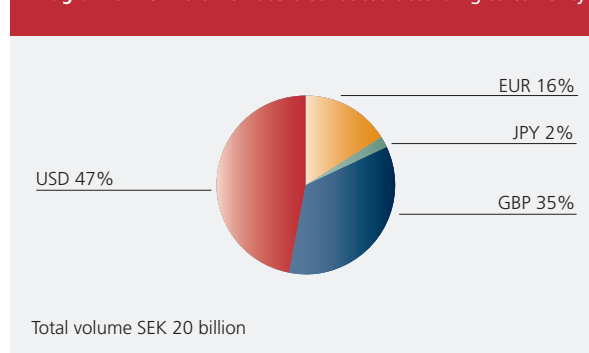
For a housing mortgage company such as SBAB, it is important to have access to the global capital market in order to ensure that the operations' short and long-term funding needs are met. Conditions in different capital markets change from time to time but through being active in different capital market segments access to competitive funding is assured. SBAB's objective is that

Diagram 5 Certificate volume 2003 distributed according to programme



In all, certificates corresponding to SEK 104.7 billion were sold on very competitive terms under the certificate programmes

Diagram 6 ECP-volume 2003 distributed according to currency



the funding volume should at all times be equally distributed between the domestic and the international capital markets, which will broaden the investor base in a positive manner.

The funding activities are imbued with SBAB's goal of being a company close to the customer. Considerable emphasis is given to cultivating and promoting the brand name to investors. SBAB takes care to further develop long-term relations with existing investors and counterparties and, at the same time, to present itself to the capital markets as being open-minded towards new business possibilities, both as regards new markets and products.

Since the abolition of exchange controls in 1989 SBAB has worked in building up a contact net and confidence capital in the Swedish and international capital markets, with the long-term in view. As an example, SBAB has very successfully managed to build up good relations with both retail and institutional investors in Sweden and Japan in addition to institutional investors in the rest of Europe, something which has resulted in SBAB being a well established name in these markets. For SBAB's short-term funding, the US market has also been important.

SBAB aims for a high presence in markets deemed strategic. By active care being devoted to the markets, a stable development in SBAB's credit spread is created, benefiting both investors and market makers. SBAB's strategic currencies are: SEK, JPY, USD and EUR and aims at being a regular borrower in these currencies. It is up to SBAB and its market makers in the capital market to ensure that SBAB's securities have good liquidity in the secondary market.

Securitisation (Mortgage Backed Securities, MBS), through three transactions under the SRM-programme and a further transaction, has been developed into a stable funding source for SBAB. Internal routines and competence concerning MBS as a funding technique, have been built up and several new categories

of assets have been found possible to securitise in the global market, creating an important liquidity reserve for SBAB. By using MBS as a financing technique SBAB has increased its range of financial products, which in its turn widens the investor base.

Short-Term Funding

During 2003 the net change in the share of lending with short-term maturities has decreased due to the yield curve's gradient and lower nominal interest rates. This is marginally mirrored in SBAB's short-term funding which in 2003 amounted to SEK 104.7 billion (101.4 billion).

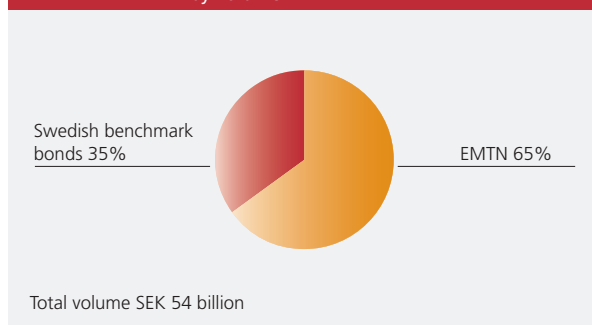
During the year short-term funding has mainly been achieved via SBAB's Swedish, European (ECP) and American (USCP) commercial paper programmes (see diagrams 5 and 6). All of SBAB's commercial paper programmes have the highest rating from Standard & Poor's and Moody's, A-1+ and P-1 respectively. SBAB is also active in the repo and deposit markets.

Long-Term Funding

SBAB offers investors both large benchmark bonds and tailor-made securities, depending on demand. The sale of structured securities mainly takes place through the EMTN-programme. In the Swedish market there are SBAB 118-120; these are coupon bonds with high liquidity. Bond loan 117 fell due on 15 October 2003. Liquidity in these bond loans is guaranteed by a repo facility designed for the market makers.

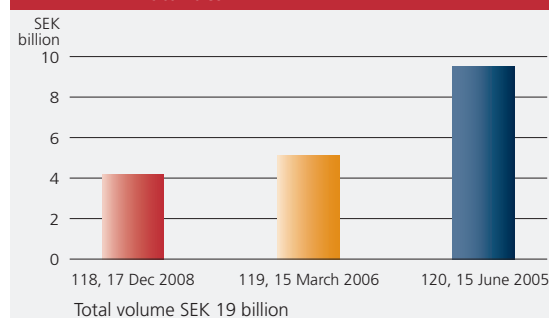
During the year a change was made in the terms and conditions of SBAB bond loans 117-119 as a stage in SBAB's efforts to harmonise general terms and conditions in SBAB's international and domestic funding. The change implies that bond holders are given the right of early redemption of the bonds in the event SBAB ceases to be a credit market company with the Swedish state as holder of more than 50 per cent of the number of shares and 50

Diagram 7 Issues 2003 of Swedish benchmark bonds and EMTN by volume

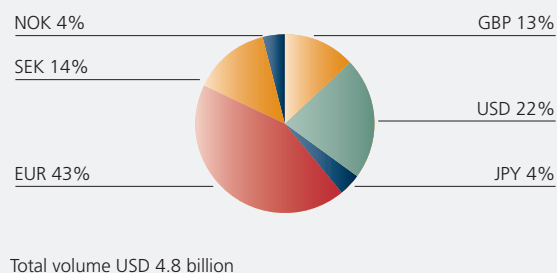


In all, SEK 35.2 billion (34.9 billion) of long-term funding was sold under the EMTN programme on competitive conditions in 2003.

Diagram 8 Swedish benchmark bonds 2003 distributed by maturities



There was a great demand from investors for different SBAB products with maturities of 1–2 years.

Diagram 9 EMTN-volume 2003 distributed according to currency

per cent of the votes. In accordance with the general terms and conditions, approval of the changes in the terms and conditions was obtained from bond holders, whose holding represented a minimum of 80 per cent of outstanding debt under the respective bond loans.

The Swedish mortgage bond market continued to be an attractive funding source for longer maturities. SBAB sold SEK 18.9 billion (6.5 billion) in Swedish benchmark bonds during the year and repurchases amounted to SEK 10.4 billion (8.3 billion).

Under the EMTN-programme, in all SEK 35.2 billion (34.9 billion) of long-term funding was sold at competitive prices during 2003. There was a large demand from investors for different SBAB products with maturities of 1-2 years (see diagram 7, 8, 9 and 10).

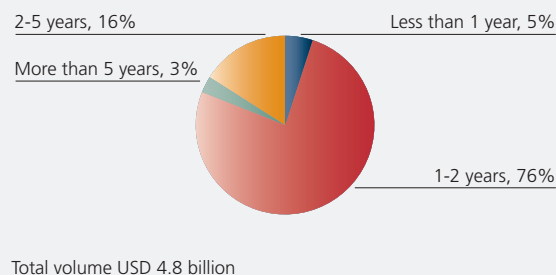
Securitisation, Mortgage Backed Securities (MBS)

As mentioned earlier, securitisation constitutes an important funding source for SBAB, partly because it opens up possibilities for gaining access to new markets and partly because the larger product range increases the possibilities for further broadening the investor base.

SBAB has undertaken four MBS-transactions since 2000. In their different ways each transaction has been one of a kind. All in all, the orientation of the transactions undertaken has resulted in SBAB coming closer to the long-term goal of securitising a volume representing a cross-section of the whole lending portfolio. The transactions have also distinguished themselves in aiming at several different markets, mainly Sweden, USA, Japan and Europe.

Internet has been used for the SRM-transactions as a distribution channel to European investors. Up-dated information concerning the development of the SRM-portfolios can be followed on the web site www.srminv.com, which has been opened exclusively for these transactions

Continuous development of competence and routines creates preparedness for quickly being able to utilise the possibilities

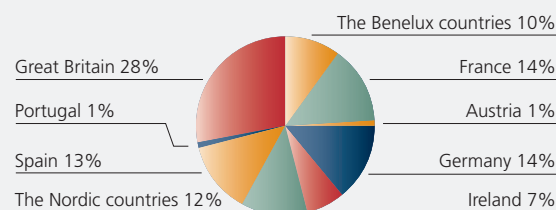
Diagram 10 EMTN-volume 2003 distributed according to maturity

this market offers. Likewise, this work has created a good preparedness for coping with the expected requirements in connection with future issues of secured bonds.

Investor demand for SBAB's securitisation transactions has been good and the pricing of the transactions has been very competitive compared to other MBS-issuers in Europe.

MBS-Transactions in 2003

By undertaking the SRM 3 transaction, in 2003 SBAB took a further step towards its long-term goal of securitising a representative cross-section of the whole lending portfolio. The portfolio securitised consisted of loans to tenant-owner co-operatives and amounted to around SEK 9 billion, corresponding to around EUR 1.0 billion. The transaction obtained an 89.5 per cent AAA rating from the rating institutions Moody's and Standard & Poor's. Part of the intention with the SRM 3 transaction was to create a liquid Euro-transaction with increased distribution to investors in Central and Southern Europe and at the same time to market SBAB's securities to an even wider investor base. The outcome of the geographic investor distribution of the AAA tranche was very good (see diagram 11).

Diagram 11 Geographic distribution of SRM 3



SBAB had the most satisfied retail customers in the housing loan market 2003 according to Svenskt Kvalitetsindex (Customer Satisfaction Index).

Staff Value

SBAB's company vision and business concept can only be realised through its staff. To be the leading housing mortgage company and the obvious choice for the customer requires continual investment in individual development together with common values and culture throughout the company. A popular working venue in combination with good financial results speaks for the fact that SBAB has a high and meaningful staff value.



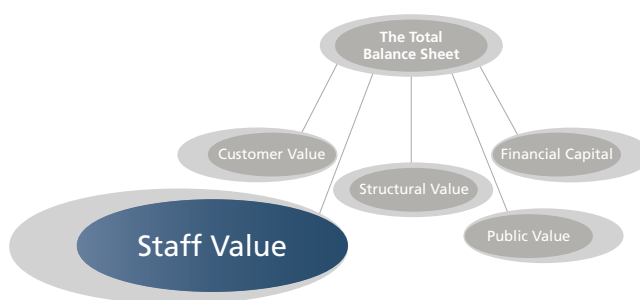
Per Balazzi
Chief H R Officer and Chief Financial Controller
Responsible for the Staff Value

■ Goal

The staff value is measured with the help of an index in the company's staff surveys. The goal for 2003 was set at 76. A parallel goal is to become a certified "Investors-In-People"-company during 2004.

■ Goal Achievement

The result for 2003 was 76 (76). In addition to factors affecting the degree of motivation and commitment, the surveys are based on questions addressed to staff members concerning their own individual working situation.



Corporate Culture

A customer frequently has contact with different areas in a company and it is therefore important for that company's success that everyone in the company is motivated by the same values and service-mindedness. By involving staff members and exercising balanced leadership in dealing with both simple and difficult questions a good company culture is created, which contributes to job satisfaction. Each staff member and leader will grow in knowledge and competence if their need for recognition is appreciated. All such human growth contributes towards increasing the value of the company. The operational result per employee amounted SEK 1.9 million (1.6 million) in 2003.

Within SBAB individuals are regarded as personal "companies" offering a variety of services to their customers and to their direct superiors. Staff members are personally responsible for their individual development and for upholding their employability as individuals, thereby contributing to the company's development and success. Each year all the employees submit an "offer" setting out their personal commitment to the company and their personal development plan within SBAB, based on the business plan decided for the year.

Employees

The average number of permanent staff was 353 (352) in 2003, of whom 209 were women. On 31 December 2003 the company had 355 (357) permanent staff. The numbers in permanent employment were: Steering/support units 74 (78), Funding 23 (21) and Lending 194 (175) in Karlstad and 64 (83) at other offices.

During 2003, the average number of temporary staff was 31 (36), of whom 16 (22) were women. The number of temporary staff on 31 December 2003 was 28 (36), distributed as follows: Steering/supporting units in Stockholm 4 (2), in Lending 21 (30) in Karlstad and 3 (3) at other offices and in Funding 0 (1).

In total, the number of permanent and temporary staff was 383 (393) at 31 December 2003. During the year 13 staff members ceased in their employment, in some cases because of the reorganisation that took place during the year. The 4 staff members who have ceased in their employment as from 1 January 2004 are not included in these statistics. Meanwhile, the new organisation has created a need for new competence necessitating further recruitment. During the year 11 people have been taken into permanent employment of whom 6 were previously employed in a temporary capacity.



Anna-Karin Tollin is a satisfied employee at SBAB. She has worked at SBAB since 1998 and has tried different roles. She is now standing in as infomaster for sbab.se and the Intranet at the section for Communication and Company Identity.

A total of 59 per cent of the staff were women and the percentage of women in leading positions was 40 per cent (42 per cent). There are 3 women in the executive management, representing 27 per cent (27 per cent). The company's long-term goal is to achieve a balance between men and women in leading positions.

The employee turnover in permanent staff was 3.1 per cent. The average age for permanent staff was 41 at 31 December 2003 (41 at 31 December 2002).

The process-oriented organisation put into operation during the year has called for a re-alignment in staff competence to match SBAB's new operational direction and has also made it possible to reduce staff numbers in preparation for which an amount of SEK 32 million was set aside in the 2002 accounts towards negotiated pensions.

Health and Keep-Fit Activities

Absence on account of ill health, expressed as a percentage of regular working hours, was 4 per cent (4 per cent) where absence

due to long-term illness i.e. for more than 60 days was 69 per cent (55 per cent). In comparison with other companies the total absence due to illness was somewhat below the average of 4.8 per cent. Women were over represented with 7 per cent absence due to illness.

As the greater part of the absence due to ill health is long-term absence, SBAB is very consciously working with both prevention and rehabilitation. Staff on long-term absence due to illness are invited to participate in "Recycling", a network with get-togethers and activities. On-going individual rehabilitation programmes are arranged in close collaboration with contracted company health services and the National Insurance Office at respective locations. Rehabilitation and preventive measures are long-range and take time.

Active Keep-Fit Work

SBAB's 2003 goal for keep-fit work was to earn a diploma in health. That goal was achieved in November. Health diplomas are awarded by Korpen (an inter-company sports organisation), the Swedish Cancer Society and the National Institute of Public

Health in Sweden in collaboration. The diplomas cover four main areas – keep-fit policy, individual health strategy, keep-fit activities in addition to the opportunities for keep-fit activities at the work place. The program includes some thirty items in all. An important element is that SBAB has elected to go in for a keep-fit hour, where all staff have the possibility of utilising one hour of working time a week for a keep-fit activity. There is also a keep-fit allowance for subsidising keep fit activities. The person responsible for keep-fit activities, by also mobilising a network that includes all SBAB's staff, runs an active health and keep-fit programme, which includes arranging physical exercises at the place of work. Every year a survey is undertaken, measuring the health climate in order to plan activities and prevent ill health.

The services of a personal trainer are offered where the aim is to effect a change in life style by altering dietary and exercise habits.

SBAB also has its own training premises, with weight training equipment, running machines and exercise bicycles, in addition to keep-fit corners with books and periodicals about health.

Competence Development

An important part of the "offer" is that every member of staff participates in and plans their own competence development. Each leader has the responsibility of annually assessing what measures are needed to improve the qualifications in the group in order to achieve the operational goals set.

In the spring of 2003, 30 staff members in the retail market

were trained and examined in sales methodology, law, business environment analysis and insolvency issues. A further group started in the autumn 2003.

An extensive development program "I want to help!" has laid the ground for SBAB continuing to be a service company in the premium category. During winter 2002 and spring 2003 the final part of the program was undertaken covering in all 730 training days, involving all staff members undergoing two days' training aimed at getting greater customer and service commitment, under the banner "I want to help!"

Further, three leadership days were held aimed at leadership development. As a follow up to earlier leadership development programmes all leaders have participated in 1.5 days training in integrated leadership. In addition another nine leaders have participated in six days introductory training in the same programme.

Other training, such as general competence development, is estimated at around 150 days. Totally, the number of training days in 2003 has been 2.5 days per employee.

To this should be added the competence development which happens daily in the "learning organisation" according to the principles in the concept of an "Investors In People" company.

Equal Opportunities

All staff members should have the same obligations, rights and possibilities in everything where it concerns the work place. By actively working for equal opportunities, SBAB should therefore level out and eliminate differences for instance in salaries,

SBAB participates in the jury for The Competence Prize

SBAB is a participating member in the "Kompetensgalan" (the Competence Gala), and is a strategic partner together with the magazine "Chef" (Manager) and the professional and management association "Ledarna". The goal is to emphasise competence within Sweden, where knowledge is put into practical use. Christer Malm, CEO and Annelise Jansson, Chief Communication Officer represent SBAB on the jury of the "Kompetensgalan" for the "Mångfaldspris", a prize awarded for a diverse mix of age, gender and ethnic background.



The upper row from left: Lisa Wiberg, The Empower Group, Lennart Rydén, Jan-Mikael von Schantz, IFL and Enspiro, Annelise Jansson, SBAB, Henrik Frenkel, Magazine Chef, Marie Hallander Larsson, Center for Personnel and Development (CPD), Christer Östholm, Ledarna, Björn Bergman, Ledarna, Maj Levander, Ledarna, Hans Ericsson, CPD and Anna Nyblom, IFL and Enspiro.

employment conditions and development possibilities amongst other things due to gender, age or ethnic background.

During the year a special analysis of salaries has been made showing that within SBAB there is no systematic difference between salaries for men and women for the same type of work. Other important tasks have been to measure and give out information on how equal opportunity is perceived within SBAB and in addition to firmly establish the goals and the change processes expressed in SBAB's equal opportunity plan.

SBAB has an equal opportunity group that is an important support for the work regarding equal opportunities and ethnic multiplicity in the company. The group consists of the Chief Executive Officer and representatives from the personnel department and other parts of the company.

Bonus

SBAB's bonus system was introduced in 2000 and covers all staff members except the Chief Executive Officer, who does not participate in any bonus system. All staff members have the possibility of receiving an equal bonus, which may at most amount to SEK 40 000. During the year the owner has generally hardened the guidelines for incentive programmes. We are of the opinion that SBAB's present bonus programme falls well within the new guidelines. The result and the staff value goals constitute the basis for this year's bonus. In addition, all leaders in SBAB are subject to a special leadership parameter which is measured through a leadership index.

The bonus range for 2003 for those in full-time employment

was SEK 30,000–36,000 and the total cost, including social security expenses, was SEK 13.5 million.

Salary Administration Contracted Out

With the aim of reducing the internal administration the salary functions, among others, have been contracted out. Due to these changes the personnel function has been reduced to the equivalent of two staff members.

SBAB – A good working place

SBAB came sixth in the newspaper Veckans Affärer and Oxford Research competition regarding the best working places in Sweden 2003 and was thereby among the 100 best working places in Europe.

"Investors In People"-Certification

During the year an analysis of the present situation has been made with regard to fulfilling criteria for becoming an "Investors In People" (IIP)-company. The fundamental approach for an IIP-company is that operations will be no better than what the staff can and wish to achieve, which means that their competence and commitment set the limits. The analysis shows that SBAB fulfils many of the requirements necessary to become a qualified IIP-company. Some work remains to be done, however, and the plan is to qualify for certification during spring 2004.

Health Diploma

Health is one of the big and important leadership issues of the 21st century. The aim of the health diploma is to help work places focus on health issues and encourage staff to become more physically active. The goal is to actively engage both management and staff in health work. A health-conscious work place contributes to well-being and a community spirit amongst the staff, increased profitability and a positive image.

Britta Lindbäck (on the right) receives the diploma from the representative of Korpen, Emma Svensson.



Structure Value

SBAB's collected structural value is its infrastructure, IT-systems and business processes.

The organisation is a further component in the structural value. A fully co-ordinated and integrated structure is of decisive importance for the company's competitiveness.



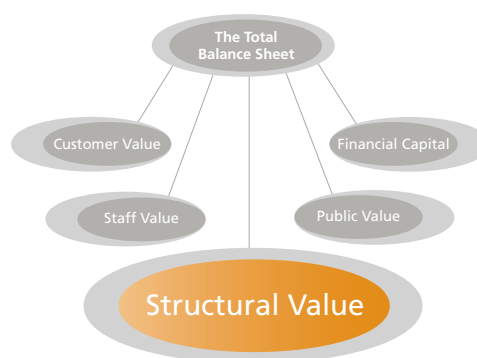
Ulf Tingström
Chief Information Officer
Responsible for the Structural Value

■ Goal

All main business processes and 80 per cent of ancillary processes should be delineated and efficiently designed so as to be fully co-ordinated as regards time, quality and cost by 31 December, 2003 at the latest.

■ Goal Achievement

The goal is on the whole fulfilled as the most important of the main business processes are identified and efficiently designed. Certain main processes are awaiting completion, mainly within support operations.



The effects of the process oriented organisation

SBAB has had a new process oriented organisation in place since the beginning of 2003, built on the five business processes. Three of these, "Attract", "Sell" and "Serve", belong to the business area Lending. Financial Risk Management and Capital Procurement belong to the business area Funding. In addition there are the steering and supporting processes.

The introduction of the process organisation has enabled the achievement of lasting process improvements, which have benefited lending operations to the tune of about SEK 25 million. Apart from the purely financial gains from the process orientation within Lending, a new organisation has been created where customer responsibility is divided along business lines corresponding to the customer segments that SBAB serves and the services these groups require. Process responsibility is assigned to three process owners and staff responsibility is assigned to special leaders.

New Funding System

During the year SBAB developed a new support system for funding activities. It offers improved capabilities for operating with

more efficient flows and an even greater degree of security in the prevention and reduction of operational risks. An extensive preliminary study and a meticulous examination of requirements phase preceded the actual project work and safeguarded the introduction of the system, which was put into production at the beginning of 2004.

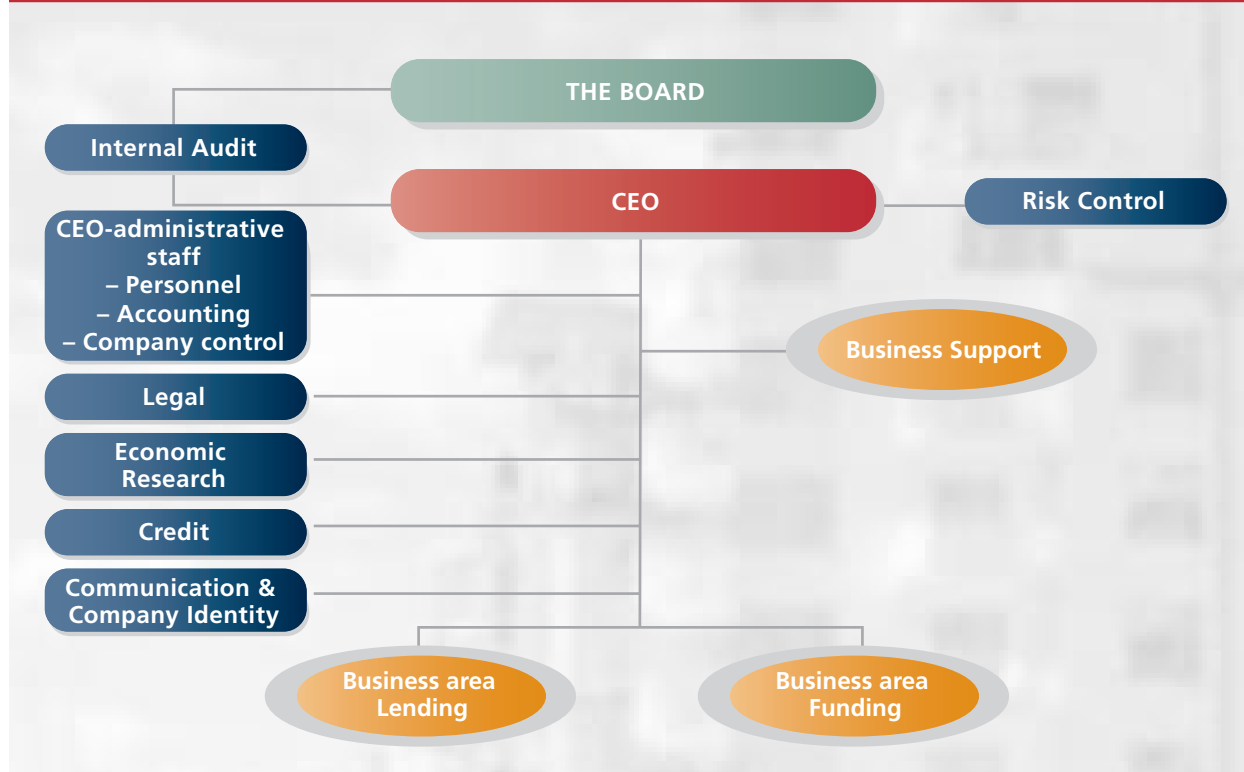
This project, the biggest single internal project ever to be undertaken within SBAB, has made great demands on those responsible for its realisation and above all on the funding organisation.

Internet Development

SBAB has continued the development of the web site during 2003 including offering a new, simplified and more user-friendly form for a loan application. A pilot project for the use of electronic certificates (BankID) has also been undertaken. The ambition is to offer the customer the possibility of conducting more transactions with SBAB electronically via Internet.

Services for a mobile Internet have also been developed. This will give the customer the possibility of receiving information about interest rates via WAP/GPRS-telephones and of using a number of services for making calculations.

SBAB's Organisation



Basel II

A model for risk classification of loan risks utilising statistical models has been developed during the year. Extensive analyses of a series of statistical data have been processed and at the turn of the year 2003/2004 the new model for risk classification of customers was put into operation.

The continued direction, which aims at SBAB being able to use advanced IRB-methods for risk classification by the end of 2006, implies structural changes in both system structure as well as data flows in operational activities. Routine changes will contribute towards further reduction in the consumption of resources in lending processes and create room for expansion in a tougher competitive environment.

Other Projects

A pilot project has been carried out during the past year aimed at finding the best solution for SBAB to improve technical levels

on work stations and servers to create a high security and maintenance level.

The pilot project recommended an upgrade of servers and work stations. Part of the upgrade was completed during 2003 and what remains to be upgraded will be concluded during 2004.

The project form has proved best suited for effectively carrying out the many changes that are made within the company. Since end 2002 a uniform project management system, "PPS", has been applied throughout in all projects, regardless of size.

A number of the larger projects undertaken during the year aimed at preparing the company for a changing world and for the constant trimming of its work processes. Examples were a possible introduction of EURO, necessary preparations for IAS39 (new accounting rules for financial instruments) and a new operating system. Another example of an improvement in the processes is the co-ordination of the output of print-outs from business critical systems, now done through one single system that formats and produces common layouts.

Public Value

An important part of SBAB's business activity and brand name enhancement process is harmonising with developments in society and accepting public responsibility in various ways. The Public Value in the Total Balance Sheet measures SBAB's value and confidence capital as well as image seen from the public's perspective. SBAB's public responsibility focuses on constituting a competitive factor, upholding SBAB's core values, practising good ethics and giving due regard to long-term, reliable development.



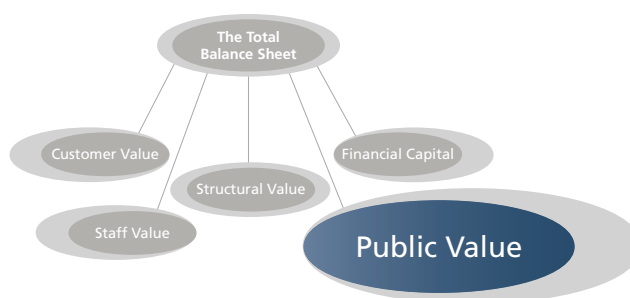
Annelise Jansson
Chief Communication Officer, responsible
for the Public Value

■ Goal

The goal for Public value is expressed by benchmarking SBAB's confidence capital against its most important competitors. SBAB's confidence capital, indexed at 600 for 2003, should be the best in the housing mortgage market..

■ Goal Achievement

SBAB achieved the highest confidence capital in the housing mortgage market, exceeding its goal and achieving an index of 636.



Companies and society are becoming more and more integrated

SBAB's keenly competitive role in the market contributes to the high confidence level. Purposes are strengthened by consistency in the brand name and in the strategy for the dissemination of information, where communication is integrated and uniform and thereafter adaptable according to target group. The many awards and nominations that SBAB has received and the many events it has arranged during the year could provide another reason for the year's confidence capital having increased.

In operating in the market and in society, SBAB's public value from the very outset has been founded on a strong sense of values.

During 2003 the public value has been enhanced by focussing on several strategically important areas:

- SBAB is a competitive factor and makes a difference in the market
- SBAB stands for good ethics and good corporate citizenship
- SBAB is investigating the requirements necessary for a long-term investment in sustainable development with focus on the environment.

SBAB has significance as a competitive factor

SBAB's good corporate citizenship role is primarily expressed by its price-setting function in the housing mortgage market, offering competitively low pricing and simple solutions via Internet.

At the same time SBAB strives to increase awareness of possible alternatives in the housing mortgage market. SBAB provides objective information supporting the ability to compare terms and prices for financing and other supplementary services.

An additional dimension is to demonstrate through modern leadership, a fresh approach to steering processes and dedicated staff, what being "the good company" entails, thereby influencing development in a positive direction.

To further strengthen the good corporate citizenship aspect, SBAB has become a strategic partner in the Competence Gala 2004, an annual event aimed at stimulating competence, renewal and diversity within the business world.

Ethics

SBAB's conception of ethics is an important keystone in the public value. During the year under review SBAB elected to actively participate in the public debate on ethical questions by contributing to the debate in the press.

Co-operation with WWF



The Baltic Sea is one of the world's most contaminated seas. It receives its watershed from nine countries with a combined population of 140 million people. In this area there are extensive industrial activity, agriculture and forestry and from this area the watercourses carry down substantial amounts of contamination and poison, which end up in the sea. As much as 80 per cent of the contamination originates on land.

In August WWF arranged a seminar at which the action plan for saving the Baltic Sea was presented.

SBAB's CEO, Christer Malm, received a symbolic token of SBAB's sponsorship of the Baltic Sea Club from the hands of His Majesty King Carl XVI Gustaf.

SBAB strives to be environmentally and publicly conscious both externally and internally through good conduct, dialogue with customers and other interested parties and through a careful choice of the activities in which SBAB participates or offers financial support.

Contribute to a long-term lasting development

During the year the work in carrying out an environmental programme was initiated. SBAB is observant of environmental risks in the internal work, encourages internal use of environmentally friendly techniques and strives to reduce the consumption of paper.

SBAB supports WWF's environmental work in the Baltic Sea

SBAB has concentrated its sponsoring activities during the year on the environmental work of the World Wide Fund for Nature (WWF) associated with the rescue of the Baltic Sea. WWF's environmental work in the Baltic Sea aims at reducing the eutrophication, creating a network of protected areas, putting a stop to ecologically harmful transport and creating a lasting fish population.

A Christmas Gift of Consideration



Lois Boyenoh Hemgren, MD and initiator, Liberia Dujar (Awaken!) Association, Staffan Hellgren, Director, Stockholm's Mission for the Homeless and Mattias Spångare, staff representative SBAB.

Christmas 2003 SBAB again chose to make a monetary donation to different relief organisations instead of traditional Christmas gifts to staff and customers.

This year SBAB chose to support Karlstad's and Stockholm's Mission for the Homeless and Liberia Dujar (Awaken!) Association, (LDA). LDA is an organisation, which helps children, young people and women to receive education and obtain better health in war-torn Liberia.

Financial Capital

The financial capital provides a measure of the company's financial result and balance sheet and shows how the company's financial strength develops. SBAB borrows and lends in large volumes in monetary terms and therefore the company's profitability and how it develops are closely linked to its operational risks.



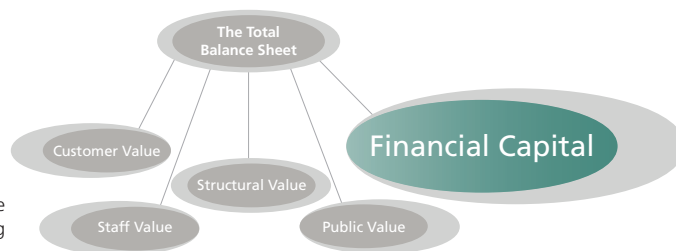
Per Balazsi
Chief H R Officer and Chief
Financial Controller
Responsible for the Financial Capital

■ Goal

A minimum after-tax return on equity of 10.7 per cent should be attained as at 31 December, 2003, that is to say a pre-tax operating result of SEK 700 million.

■ Goal Achievement

The after-tax return on equity was 11.0 per cent and SBAB's pre-tax operating result for 2003 was SEK 721 million.



Overall Principles for SBAB's Risk Management

The basis for SBAB's risk management is that it should support the company's business operations and the company's rating goals. Risk-taking is low and held in balance by the total level of risk in the company being kept at a level consistent with SBAB's long-term financial goals for return on equity, earning capacity, stability, the size of the risk capital and the desired rating.

Capital should be distributed according to the different risk levels within operations. The return on equity attained should be off-set against the risk-taking necessary to achieve it. SBAB's risk management should be transparent and thereby capable of being presented to and followed by interested outside parties.

The whole body of business risks within the operation is divided into credit risks, market and liquidity risks and operational risks. The basis for risk management is that relevant risks should be identified, measured, managed and monitored.

Governing Rules

The Board determines the financing, lending and risk policies as well as the financing and lending instructions that constitute the overall regulation governing risk management. Risk management is further regulated through formal delegation by the CEO and

through the instructions issued within the respective business areas. The operational risks are identified and managed within the respective processes and are the responsibility of those in charge of such processes.

Risk Committee/Risk Control

During the year a risk committee was established at top management level, charged with exercising risk control over SBAB's assets and liabilities. The committee will follow up and ensure that at group level the company identifies, measures, manages and monitors all risks, placing special importance on seeing that risks identified do not place the company's ability to fulfil its obligations in jeopardy. The Risk Control unit monitors how the rules and regulations for risk management in operations are observed and reports to the risk committee. On behalf of the committee, Risk Control also checks that the rules and regulations as drafted conform to the risk levels laid down by the company.

Monitoring of Credit Risks and Financial Risks

Monitoring is a continuous process within the respective business areas. In addition, there is an independent credit control function located in the credit department. Limits within the business area Funding are monitored by Risk control.

Credit Risk in Lending Operations

SBAB grants loans in respect of residential properties and tenant-owner apartments, a segment normally regarded as a low risk area. Loans for commercial properties can also be granted but to a limited extent and in conjunction with lending in respect of residential property.

Depending on the size of the loan proposal and the customer commitment, credit decisions in SBAB's lending operations are taken at one of four levels, namely, local level (group/branch level), business area credit delegation level, credit committee level and Board credit committee level. Most retail market loans can be decided at local level, using a loan appraisal system together with a housing loan adviser.

SBAB continually endeavours to improve the procedures for well-corroborated risk assessment by using comprehensive and reliable information on the borrower's total business activities, capacity to pay and regarding the properties pledged. This is a prerequisite for correct capital allocation and thus differentiated pricing according to the risk the relevant credit entails. SBAB also regularly revises the set requirements and the basis of calculation, for instance, in the calculation of housing costs. In order to make the most realistic assessment of both the short and long term repayment ability of retail customers, during the year SBAB increased the notional interest rate used in calculating estimated housing costs to make allowance for the present low interest rate level.

SBAB's articles of association and governing documents were changed during the year and from 1 June 2003 SBAB has been able to lend, against mortgage security, up to 75 per cent of a property's market value as assessed by SBAB. This change was made, inter alia, against the background of Parliament's new legislation relating to secured bonds that comes into effect on 1 July 2004. At the same time, modelling, testing and the conclusions drawn from working with a risk model conforming to the new Basel-II requirements indicate, in principle, no change in SBAB's risk level after the change. When municipal or government guarantees comprise the collateral, loans can be granted up to the amount guaranteed.

A partnership with General Electric Mortgage Insurance, GEMI, has been developed during the year to enable SBAB to offer retail market customers up to 95 per cent loan-to-value financing, an economically attractive and comprehensive solution to their housing finance needs. The company is a subsidiary of General Electric and is AAA rated. The partnership entails GEMI insuring loans with a loan-to-value above 75 per cent, for which SBAB pays a premium.

During the autumn SBAB also began offering customers buying new homes the facility of down payment loans, normally without collateral but for very short periods, to be regarded as

advances against future housing loans. Customers are credit rated according to the same regulations as would apply in any other lending.

Financial Risks and Counterparty Risks in Funding Operations

SBAB's funding and lending, where it concerns the long-term maturities, should have the same interest rate base and be matched on an aggregated level with regard to fixed interest term. Funding, with the pre-arranged financing limit taken into account, should correlate with lending. The liquidity risk management should take the necessary steps to cover the group's liquidity requirements over time. The financing risk management should ensure that a certain amount of over capacity exists as regards prospective funding possibilities in proportion to lending. SBAB may only acquire or issue derivatives for the purpose of hedging. Interest rate futures and interest rate swaps may be used to change the net position, within stipulated limits. Otherwise SBAB may only acquire or issue derivative instruments for hedging purposes. As a principal rule, SBAB should not be exposed to exchange rate fluctuations. Funding in foreign currencies should therefore be hedged immediately or temporarily invested in matching currencies.

Credit risk limits are set for all counterparties, that is to say borrowers and financial counterparties.

The Board sets individual limits in respect of operative and strategic interest rate risk exposure, pre-arranged funding, reversed spread positions, total interest rate risk, uncovered swap positions (financing risk), currency risk, option risk and credit risk.

Operational Risks

During the year SBAB has developed a method for identifying, measuring, managing and monitoring relevant operational risks. Among other things, the method means that risks are graded from probability to the extent of possible financial repercussions. The work is done through self-evaluation and an incident register is under development. The main processes have been analysed with the help of the method developed.

Security Issues

A well-defined level of security with security of information forming an important part is a prioritised goal for SBAB. The company therefore works purposefully, systematically and carefully towards maintaining a good and high level of security. The security work is based on clear instructions, high alertness, careful documentation and continuous follow up. The Head of Security, who reports directly to the CEO and is included in risk

control, has the responsibility for handling overall security issues. The Heads of the respective business areas have responsibility for operational security.

Coverage of Risks World-wide

SBAB watches out continuously for international factors that could affect the risk situation within the company either directly or indirectly. It is partially a question of watching trends and tendencies that could have a business impact on both the lending and funding markets. This coverage is mostly undertaken within the business areas. SBAB operates internationally for which reason the coverage is particularly exacting where the funding market is concerned. SBAB's Economic Research prepares on-going analyses and forecasts regarding the economic developments in Sweden and internationally. Apart from anything else, these analyses are used as the basis for assessing SBAB's loan loss situation that could result from changes in the interest rate level and housing demand.

Basel II, Future Capital Adequacy Requirements

SBAB has worked for two years in preparation for adapting the company's activities to the future Basel II requirements and the subsequent EU-directives and national legislation. The work has aimed at producing an internal rating model, which should make it possible to apply the capital adequacy requirements according to the new advanced Basel II model.

The Basel Committee's proposal aims at more clearly differentiating the capital adequacy requirements to the actual risk situation within respective institutions. The requirements placed on using an internal rating model are very high and are based among other things on historical records of losses going back over many years. Furthermore, it is a requirement that the models are put into operational use for around three years prior to the regulations coming into force which according to the schedule should be on 31 December 2006.

According to SBAB's calculations an advanced internal rating model takes the value of a blend of good borrowers and good collateral better into consideration than today's standard model and can better illustrate the actual risk situation within SBAB and other purely mortgage housing companies.

The suggested regulations allow the possibility of developing internal rating models for operational risks. SBAB aims at achieving a quality in administration that corresponds to the requirements set by such a model.

During the year SBAB has prepared internal rating models for handling credit risks within lending operations for both the

property-company and the retail market. The models will be put into operation from year 2004. SBAB considers that the models fulfil the stringent requirements mentioned, both as regards appraisal of customers and collateral, so that the models should be approved for capital adequacy calculation when the regulations come into force later on.

The models will render loan operations more efficient to a large extent and provide much better conditions for assessing actual credit risks.

Preparations for IAS-Accounting

In 2002 the EU issued a directive concerning the application of international accounting standards. According to the directive, listed companies should prepare consolidated accounts in accordance with IAS (International Accounting Standards) as and from 2005. However, for certain types of companies, the member states are given the possibility of postponing the application of these standards to 2007. The Swedish IAS-report has proposed such a possibility for companies that operate in the debt instrument markets.

There is a degree of uncertainty at present as to when the IAS-regulations should start to be applied to different types of companies. As SBAB funds itself to a large extent on the international markets, SBAB therefore intends to account according to the IAS-rules as soon as possible.

There is also some uncertainty as to the content of the rules. In 2003 the EU decided upon the introduction of all IAS-rules, the exceptions being IAS 32 and IAS 39. The exceptions were made pending the result of the present review of these parts of the IAS-rules. The IASB (International Accounting Standards Board), responsible for the review, is expected to be ready in March 2004. The EU will then decide regarding IAS 32 and IAS 39. IAS 39 contains among others things the rules for hedge accounting, which is so important for credit institutions. The uncertainties are affecting the planning of those companies who wish to apply the IAS accounting rules, the more so for companies, like SBAB, who desire to use hedge accounting.

The present situation calls for flexible planning that allows the possibility to adapt to future changes in conditions. SBAB's preparation to-date has focussed on analyses of the regulations. The analyses consider the general effect of the regulations on SBAB's result and study the rules for hedge accounting in-depth. The analysis of the effects on the result has shown that accounting without hedge accounting will produce a big change in the result shown. Deeper analyses have therefore been made of different ways of fulfilling the hedge accounting requirements. The goal is to make such accounting possible as and from 2005,



SBAB has worked at producing an internal rating model, which should make it possible to apply the capital requirements according to the new advanced model Basel II.

including the future standards according to IAS 32 and IAS 39. The changeover to IAS-accounting will mean that the basis for consolidation will be changed, which will lead to the securitisation companies being consolidated in the SBAB group, which is presently not the case.

Capital Adequacy

During 2003 SBAB undertook a securitisation transaction of around SEK 9 billion. The capital and primary capital ratios are therefore at a higher level than for the previous year. Equity capital has also increased as a result of improved and retained profit. The decrease in the loan portfolio has reduced the risk weighting of the company's loan portfolio. At year-end the

capital and primary capital ratios were 10.2 per cent (10.0 per cent) and 8.4 per cent (7.8 per cent) respectively. The total effect of all securitisation transactions was 1.4 percentage points for the capital ratio and 1.7 percentage points for the primary capital ratio.

Rating

SBAB's rating is a prerequisite of the utmost importance for obtaining good borrowing conditions for the company. The rating is governed to a large extent by the company's profitability and how it develops, the competitive conditions it faces and its risk level. SBAB's long-term ratings by Standard & Poor's and Moody's are AA- and A1 respectively.

The Result – SBAB Group

The Group reported a profit of SEK 721 million (618 million), corresponding to a return on equity of 11.0 per cent (10.2 per cent), behind which lay increased net interest income and continued low loans losses.

The Development in SBAB's Result

For four years in a row, SBAB's result has shown continuous improvement translating into an 82 per cent increase in profit over the last four years.

SBAB's return on equity expressed as an average over the five-year period 1999–2003 amounts to 9.3 per cent. The Government-set rate of return expected of SBAB means that its operations over a business cycle should yield a return on equity corresponding to the rate of interest on five-year Government bonds plus five percentage points after tax. For the period 1999–2003 this implied around 9.7 per cent, which means that SBAB did not quite achieve the owner's stipulated rate of return (see diagram 12).

Net Interest Income

Net interest income improved successively, partly as a result of the restructuring of the loan portfolio and risk related pricing. Net interest income amounted to SEK 1,253 million (1,175 million), of which SEK 97 million (106 million) related to the deferred purchase price for loan portfolios securitised. The improvement can be attributed to greater volumes of lending to retail customers and improved margins resulting from increased price/risk recognition in lending to property-company customers. Furthermore, there has been a shift in the portfolio from property-company customers to retail customers, resulting in a higher profitability

level. The shifts between the years 2002 and 2003 can be seen in table 3.

The investment margin – net interest income in relation to average balance sheet total – increased from 0.83 per cent for 2002 to 0.93 per cent for 2003.

Other Income and Costs

Other income, net, (total income less among others commission to business partners) amounted to SEK –28 million (–12 million). Both commission income and commission costs increased. Income increased by SEK 7 million partly as a result of increased income for the administration of the securitised loan portfolios, which increased from SEK 23.3 million to SEK 27.5 million. Commission costs increased by SEK 22 million and other income decreased by SEK 1 million.

Expenses

Expenses (total costs excluding loan losses) amounted to SEK 481 million (471 million).

Moreover, investments in intangible fixed assets relating to IT-systems have been capitalised to the extent of SEK 31 million (0 million), of which SEK 22 million (0 million) relates to development costs capitalised and SEK 9 million (0 million) to licenses.

Reasons for the increased expenses include increased emphasis on marketing, larger volume-related costs for postage, credit references, property information, etc., all due to the very much larger number of retail market customers. Added to which there are the costs of developing an internal rating method for adapting to the new capital adequacy rules (Basel 11) as well as the company's new funding system.

Diagram 12 Return on equity – rate of return

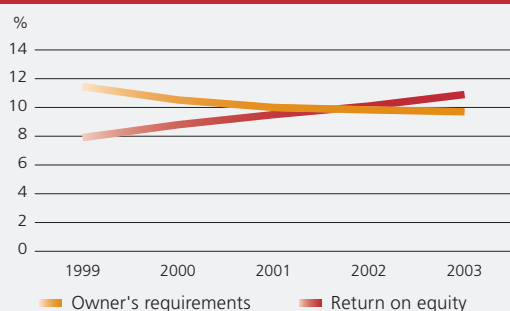


Table 3 New lending, SEK billion

| | 2003 | 2002 | Change |
|--|-------------|-------------|-------------|
| Retail market | | | |
| Private homes | 12.1 | 8.1 | +4.0 |
| Tenant-owner apartments | 4.5 | 3.0 | +1.5 |
| Total retail market | 16.6 | 11.1 | +5.5 |
| Property – company market | | | |
| Tenant-owner co-operatives | 2.3 | 1.8 | +0.5 |
| Private multi-family housing | 2.5 | 2.0 | +0.5 |
| Municipal multi-family housing | 0.1 | 0.0 | +0.1 |
| Commercial properties | 0.4 | 0.2 | +0.2 |
| Total property – company market | 5.3 | 4.0 | +1.3 |

Loan Losses and Doubtful Loan Receivables

Loan losses (net) decreased considerably and amounted to SEK 28 million (74 million). Continued allocation to the collective provision during 2003, with SEK 80 million for loan losses relating to property-company customers, has affected the net cost of loan losses.

Loan receivables deemed doubtful have been steadily reduced and at the year-end 2003 amounted to SEK 220 million (673 million) (see table 4). Specific provisions for individually assessed loan receivables amounted to SEK 118 million and net doubtful loans to SEK 102 million (379 million). The positive trend has resulted in many doubtful loan receivables being finalised during the year. What is more, the company is able to identify and manage future loan risks at an early stage, thanks to improved routines. The provision ratio regarding specific provisions for doubtful loans is 54 per cent (44 per cent).

The portfolio of loans to property-company customers with smaller commitments corresponds to 7 per cent of the volume and 72 per cent of the number of customers. This part of the portfolio has been analysed during the year, mainly to identify those mortgages in excess of market value, of which a large number pertain to government approved loans. With better knowledge of this part of the loan portfolio, a collective provision has been made for anticipated loan losses in areas classified by SBAB as having weak growth prospects and in areas, outside the large city areas, where business is concentrated on IT and telecommunication and where SBAB deems future development uncertain. Demand for housing has decreased in these areas and SBAB adopts a very cautious attitude in the assessment of continued development. Provisions for these groups amounted at year-end to SEK 170 million (90 million). Loans that are the basis for collective provision are not included in doubtful loans.

An increasingly large part of new lending is to retail customers

where the process of solvency checking and property assessment is fully automated and where there is no direct interface with the customer. Retail customers make up an ever increasing part of the total portfolio and therefore provisions for collectively assessed homogeneous groups of loan receivables have increased during the year, amounting to SEK 19 million (7 million) at year-end.

There is reason for adopting a cautious attitude in assessing the future position concerning doubtful loan receivables in light of the uncertain development in the economic situation. The dampening in economic activity, higher unemployment figures, a fall in prices in areas with receding housing markets and the possibility of higher interest rates may have a negative effect on development in a somewhat longer perspective.

The Year's Lending Activities

The portfolio is increasingly concentrated to large city areas, see table 5. The concentration depends to a large extent on demographic changes. Population increases in the large city areas result in increased demand for housing, which in turn results in high turnover in the property market with accompanying funding needs. The inclination to draw comparisons and switch lender, as well as Internet maturity, is also greater in these areas. Marketing was intensified in the Gothenburg area during the last half year which has greatly increased the brand name awareness but has yet to be reflected in the loan portfolio.

The number of loans in respect of private houses and tenant-owner apartments has increased during the year at the same time as loans to tenant-owner co-operatives, municipalities and municipal and private property companies have decreased. Lending to commercial properties has also decreased which is inline with predetermined strategy, (see table 6). From 1999

Table 4 Doubtful loan receivables, non-performing loans and provisions, SEK million

| | 2003 | 2002 | 2001 |
|---|--------------|-------|-------|
| Doubtful loan receivables | 220 | 673 | 601 |
| Non-performing loans, which are included in doubtful loan receivables | 63 | 206 | 242 |
| Non-performing loans on which interest is taken up as income and are thus not included in doubtful loan receivables | 186 | 294 | 502 |
| Total provisions | 307 | 391 | 325 |
| Provision ratio – lending portfolio (per cent) | 0.24% | 0.29% | 0.24% |
| Loan losses, net | 28 | 74 | 55 |

Table 5 The loan portfolio's geographical distribution SEK billion

| | 2003 | SL | 2002 | SL | Change incl. SL |
|-----------------------------|--------------|-------------|--------------|-------------|-----------------|
| Stockholm | 40.7 | 13.1 | 39.5 | 9.9 | +4.4 |
| Gothenburg | 8.9 | 3.0 | 9.9 | 1.8 | +0.2 |
| Malmö | 13.7 | 1.9 | 12.6 | 1.2 | +1.8 |
| University and growth areas | 20.6 | 4.1 | 25.4 | 2.3 | -3.0 |
| Others | 41.9 | 3.9 | 46.4 | 2.8 | -3.4 |
| Total | 125.8 | 26.0 | 133.8 | 18.0 | 0.0 |

SL = Securitised Loans

and onwards the distribution between retail market and property-company market loans has changed to the extent that the number of loans to retail customers has increased from 21 percent to 41 per cent, see diagram 13.

The total loan portfolio is unchanged although the portfolio excluding securitised loans decreases as securitisation increases.

The portfolio strategy has led to an increase of SEK 8.5 billion in loans for tenant-owner apartments and private homes while the property-company market has decreased by a corresponding amount.

Diagram 13 The loan portfolio's distribution between retail market and property-company market (including securitisation)

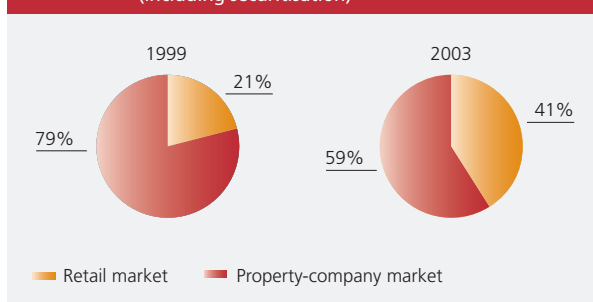


Table 6 Loan portfolio by category of owner (SEK billion)

| | 2003 | SL | 2002 | SL | Change incl. SL |
|--------------------------------|--------------|-------------|--------------|-------------|-----------------|
| Private homes | 37.9 | 12.1 | 31.6 | 12.6 | +5.8 |
| Tenant-owner apartments | 8.3 | 4.0 | 5.2 | 4.4 | +2.7 |
| Tenant-owner co-operatives | 28.2 | 8.9 | 38.2 | – | –1.1 |
| Private multi-family housing | 26.7 | 0.0 | 28.8 | – | –2.1 |
| Municipal multi-family housing | 20.8 | 1.0 | 25.3 | 1.0 | –4.5 |
| Commercial properties | 3.9 | 0.0 | 4.7 | – | –0.8 |
| Total | 125.8 | 26.0 | 133.8 | 18.0 | 0.0 |

SL = Securitised Loans

The percentage of loans covered by municipal or other guarantees has fallen during the year from 25 per cent to 22 per cent (tables 7 and 8). This is a result of the total market for lending to municipalities decreasing.

During the spring and the early part of the summer the long-term market interest rates fell sharply, the reason for more customers opting for long maturities than last year. In addition, the Riksbank's repo interest rate has fallen by one percentage point which further contributed to the fall in the average lending interest rate (see table 7).

The average remaining term in SBAB's portfolio has increased somewhat from 1.6 years 2002 to 1.7 years 2003.

At the beginning of 2002, after several years of work on restructuring the portfolio, SBAB's former government guarantees were cancelled and replaced by a new 10-year facility on market terms. The new 10-year facility gives SBAB the right, for the present and at any one time, to take up loans at the Swedish National Debt Office at market interest rates, within a limit of SEK 8,000 million. The limit, which was originally SEK 10 billion, will be reduced by a tenth of the initial amount annually.

Table 8 Security structure of loan portfolio, SEK billion

| | 2003 | SL | 2002 | SL | Change incl. SL |
|--|--------------|-------------|--------------|-------------|-----------------|
| Municipal guarantee and direct loans to municipalities | 22.5 | – | 30.4 | – | –7.9 |
| Government guarantee | 5.5 | – | 4.9 | – | +0.6 |
| Mortgages | 89.5 | 22.0 | 93.2 | 13.6 | +4.7 |
| Tenant-owner apartments | 8.3 | 4.0 | 5.3 | 4.4 | +2.6 |
| Total | 125.8 | 26.0 | 133.8 | 18.0 | 0.0 |

SL = Securitised Loans

Table 7 Development of SBAB's loan portfolio, excluding securitised loans

| | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|------|------|------|------|------|
| Loan portfolio (SEK billion) | 126 | 134 | 137 | 140 | 146 |
| Average lending portfolio (years) | 1.7 | 1.6 | 1.8 | 2.0 | 2.4 |
| Average interest rate (per cent) | 5.05 | 5.42 | 5.50 | 5.74 | 6.08 |
| Number of loans (thousand) | 208 | 192 | 186 | 198 | 213 |
| Loans with municipal or government guarantee (per cent) | 22 | 25 | 28 | 31 | 34 |

The year's Funding Activities

SBAB has been making strategic investments within the area of risk management for a number of years. The funding department has had resources allocated to it in the form of system solutions and additional staff. It will also have a new business support system ready to be in use at the beginning of 2004, which will radically improve the handling of operational and financial risks that occur in operations.

The principle governing the company's day-to-day interest rate risk management is the concept of matching, which means that fixed interest rate periods for long-term lending and funding match each other. The matching can take place directly at the time of lending by the fixed interest period sought by investors being offered to borrowers and vice versa.

The matching is also achieved by use of derivative instruments, where the use of interest rate swaps and interest rate futures allows for flexible handling of interest rate risks, through which a desired profile of the company's maturity structure can be achieved. SBAB's interest rate risk is monitored and analysed on a continuous basis.

The basis for funding operations is that funding and lending operations keep in step. In order to avoid liquidity risks SBAB has a special limit for pre-arranged funding. Funds pre-arranged are invested in liquid interest-bearing securities until the maturity date of the respective funding. In order to limit risks where different interest rates apply to different investments a special limit for so-called spread risks is used.

SBAB's equity capital and float is to the most part employed in lending. The remaining part can also be invested in interest bearing securities if more profitable. The exposure arising from such utilisation by definition constitutes SBAB's strategic interest rate risk. The basis for this handling is that the average period for which the equity capital and float are invested should correspond to the average fixed interest period in SBAB's lending.

SBAB's assets are disbursed in Swedish kronor and funded correspondingly. This means that all funding raised internationally is converted into Swedish kronor, which is effected via the swap market. The very restricted currency risk limit, which the company has at its disposal aims at making the handling of flows in different currencies more flexible and making it possible to repurchase previously issued bonds in foreign currency.

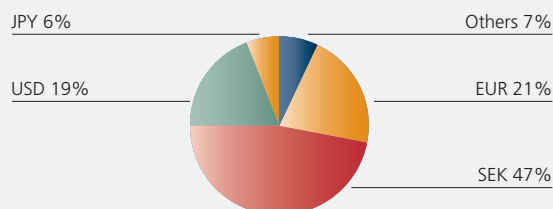
At a borrower's or an investor's request a loan or a bond may contain option structures. The principal rule is that the option risk arising is eliminated via the derivative market.

SBAB uses a number of different techniques to monitor and limit the advent of liquidity and refinancing risks. SBAB regularly finances up to 50 per cent of the short-term lending with funding having a longer tied capital period than the corresponding

SBAB's Funding Obligations 31 December 2003

- Total outstanding debt SEK 124.0 billion (130.7 billion).
- Foreign funding totalled an amount corresponding to SEK 74.5 billion (62.7 billion) 60.1 per cent (47.9 per cent) of SBAB's total outstanding debt.
- Long-term funding was SEK 60.8 billion (39.9 billion), corresponding to 49.0 per cent (30.5 per cent).
- Foreign funded long-term debt was equivalent to SEK 27.6 billion (23.8 billion), 45.5 per cent (59.8 per cent) of the total long-term funding.
- SBAB's outstanding debt on the Swedish commercial paper market was SEK 12.5 billion (18.4 billion). The maximum outstanding nominal amount of SBAB's Swedish commercial paper programmes is SEK 25 billion.
- SBAB's outstanding debt on the ECP-market was USD 654 million (USD 738 million). The maximum outstanding nominal amount of SBAB's Euro Commercial Paper Programme is USD 1,000 million.
- SBAB's outstanding debt on the USCP-market was USD 1,285 million (USD 1,030 million). The maximum outstanding nominal amount of the US Commercial Paper Program is USD 2,000 million.
- SBAB's outstanding debt in Swedish benchmark bonds amounted to SEK 32.1 billion (43.0 billion) at the end of the year.
- Outstanding debt under the EMTN-programme (Euro Medium Term Note Programme) at the end of the year was USD 7,762 million (USD 3,994 million). The maximum outstanding nominal amount of the programme is USD 11,000 million, increased from USD 8,000 million in November.
- The average remaining maturity of the total funding has increased during 2003 to 1.4 years (1.3 years).

Distribution of currencies and product portfolio of outstanding debt and issued securities can be seen in diagram 14 and 15 and in table 9.

Diagram 14 Funding, distribution of foreign exchange 2003

lending. In these cases, however, the interest rate conditions for funding are adjusted with shorter intervals during the tied capital period, which results in an adjustment to the fixed interest rate periods of the lending.

The funding department also has the possibility of pre-arranging funding within a certain limit to meet future maturities on the lending side. The funds so arranged are invested in interest-bearing securities with high liquidity, making them easier to sell when liquidity is needed at a later stage.

SBAB also has the latitude of borrowing and investing amounts corresponding to 10 per cent of the balance sheet. This business is subject to a special limit.

Liquidity and refinancing risks can also be covered by the sale of government bond futures, subject to a special limit.

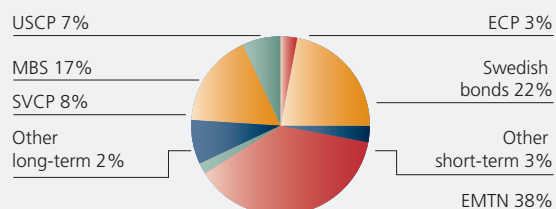
In order to further strengthen access to liquid funds SBAB has entered into stand-by credit agreements, giving SBAB the right to take up loans when necessary.

An essential prerequisite in ensuring that liquidity and pre-arranged financing risks are minimised is that SBAB continually has access to the whole global capital market. Liquidity and refinancing possibilities may then be secured even if one or more of the markets do not perform periodically. Such an assurance is obtained by SBAB showing a high market presence, securing good investor relations and having the necessary programmes to distribute its securities easily.

This year the customary credit assessment of all financial counterparties was conducted with a more critical approach compared to previous years, which has resulted in many limits being sharply reduced.

Risk mandates, including a more detailed account of SBAB's limit structure and limits utilised as at 31 December 2003 can be seen in note 37.

Counterparty risks and utilised limits as at 31 December 2003 can be seen in note 38.

Diagram 15 Funding, product portfolio including securitisations 2003

The Merger

In order to further rationalise SBAB's operations, on 1 October 2003 a merger by so called absorption took place within the SBAB group, between the parent company and the two wholly owned subsidiaries.

One of the subsidiaries had earlier granted loans on market terms while the other subsidiary had administered government-approved loans originating from the Government housing loan scheme. The earlier group structure had been motivated by the government approved loans but now that there is essentially no difference between these loans and the loans granted on market terms, a separation into several companies is no longer necessary and the change has been effected. The merger has resulted in both financial and administrative synergies. The parent company's name has been changed in connection with the merger. The new company name is Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), The Swedish Housing Finance Corporation, SBAB

Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ)

The parent company reported an operating profit of SEK 699 million 2003 (36 million 2002).

The capital base amounted to SEK 5,799 at 31 December 2003 (3,970 million at 31 December 2002). For the year of operation 2003 the Board proposes that SEK 143 million (137 million) is distributed to the owner.

The capital ratio was 10.6 per cent at the year-end (894 per cent at 31 December 2002).

With the merger, the parent company's result was increased by the results of the two subsidiaries. The profits brought forward by these subsidiaries have also been transferred to the parent company. These two items strengthen the capital base. The merger also means that the subsidiaries' assets, mainly loan

Table 9 Issued securities

Domestic bond issues

| Bond No. | Interest rate % | Issue date Day Month Year | Original amount SEK million | Interest payment dates | Repayment period year | Next interest adjustment Year | Outstanding bond debt 31 Dec 2003 SEK million |
|---------------------------|-----------------|------------------------------|--------------------------------|------------------------|--------------------------|----------------------------------|---|
| 118 | 5.50 | 171297 | 13,101 | 17/12 | 2008 | – | 9,200 |
| 119 | 5.50 | 150398 | 13,901 | 15/3 | 2006 | – | 10,105 |
| 120 | 5.00 | 150602 | 14,415 | 15/6 | 2005 | – | 13,183 |
| Total, SEK million | | | | | | | 32,488 |

| Certificates | Limit approved | | Outstanding | |
|---------------------------|----------------|--------|----------------------------------|---------------|
| Swedish certificates | SEK million | 25,000 | | 12,518 |
| ECP | MUSD | 1,000 | Outstanding in USD million 654 | 5,017 |
| USCP | MUSD | 2,000 | Outstanding in USD million 1,285 | 9,819 |
| Total, SEK million | | | | 27,354 |

International Bond Issues

| Bond No. | Interest rate % | Issue date Day Month Year | Original amount SEK million | Interest payment dates | Repayment period year | Outstanding bond debt 31 Dec 2003 SEK million |
|---------------------------|------------------------------|------------------------------|--------------------------------|------------------------------------|--------------------------|---|
| DKK bond | 2.00 | 220803 | 925 | 2/1 | 2006 | 1,153 |
| Private Placement, Yen | 3.80 | 221193 | 3,000 | 25/1 | 2004 | 252 |
| Private Placement, Yen | 4.50 | 210694 | 4,000 | 31/8 | 2004 | 303 |
| EMTN USD | [Limit approved MUSD 11,000] | | | [Outstanding in USD million 7,762] | | 56,469 |
| Total, SEK million | | | | | | 58,177 |

Note. All debt in foreign currencies has been swapped into SEK without any currency or interest rate risk for SBAB.

portfolios, are transferred to the parent company and that the total risk weighted assets are thereby increased. The net effect on the capital ratio of the stronger capital base and the increase in risk weighted assets is a decrease in the parent company's capital ratio. On the other hand the capital ratio for the group as a whole is not affected (see table 10).

SBAB, Statens Bostadslåneaktiebolag

This subsidiary was absorbed by the parent company at the merger.

At end September 2003 the company reported an operating profit (before tax and allocations) of SEK 110 million (85 million

end September 2002), the company's loan portfolio totalled SEK 23,870 million (30,950 million) and the capital ratio was 24.5 per cent (19.6 per cent).

SBAB, Sveriges Bostadsfinansieringsaktiebolag

This subsidiary was absorbed by the parent company at the merger.

At end September 2003 the company reported an operating profit (before tax and allocations) of SEK 392 million (391 million end September 2002), the company's loan portfolio totalled SEK 96,035 million (97,276 million) and the capital ratio was 10.3 per cent (10.0 per cent).

Table 10 Merger differences (SEK million)

| | Parent company before merger 30-09-2003 | SBAB, Statens bostadslåne- aktiebolag before merger 30-09-2003 | SBAB, Sveriges Bostadsfinansierings- aktiebolag before merger 30-09-2003 | Consolidating difference | Parent company after merger 1-10-2003 |
|---|---|--|--|-----------------------------|---|
| Lending to the public | – | 23,870 | 96,035 | | 119,905 |
| Other assets | 138,977 | 294 | 8,915 | –126,555 | 21,631 |
| Total assets | 138,977 | 24,164 | 104,950 | –126,555 | 141,536 |
| Liabilities | 136,420 | 22,199 | 101,727 | –123,833 | 136,513 |
| Untaxed reserves | 165 | 211 | 459 | | 835 |
| Restricted equity capital | 2,350 | 1,032 | 550 | –1,582 | 2,350 |
| Unrestricted equity capital | 42 | 722 | 2,214 | –1,140 | 1,838 |
| <i>of which profit/loss for the period</i> | 24 | 78 | 225 | | 327 |
| Total equity capital | 2,392 | 1,754 | 2,764 | –2,722 | 4,188 |
| Total liabilities and equity capital | 138,977 | 24,164 | 104,950 | –126,555 | 141,536 |

FriSpar Bolån

FriSpar Bolån is owned to 51 per cent by Sveriges Bostadsfinansieringsaktiebolag, SBAB and the remainder by the savings banks Finn and Gripen. The operating result (before tax and allocations) was a loss of SEK 0.4 million (3 million). The company's loan portfolio at the end of 2003 totalled SEK 8,232 million (6,142 million) and the capital ratio was 8.9 per cent (9.1 per cent).

Dividend Principle

The dividend principle is that a third of the net profit after tax of the State owned company should be distributed to the owner.

Proposed Appropriation of Profit

The Board proposes that SEK 143 million is distributed to the owner in accordance with the owner's guidelines.

Administration Report

SBAB is a credit market company directed towards providing housing finance for individuals and legal entities. Loans are granted for real estate up to a maximum of 75 per cent of market value or for participation rights in tenant-owner co-operatives. Loans may also be granted without real estate as collateral to certain undoubted borrowers or against personal guarantee, bank guarantee, government guarantee or corresponding satisfactory collateral. SBAB's goals and direction of operations and development during the year are described under the five values in the Total Balance Sheet, beginning at page 12.

Risks are described on pages 28 to 30 and pages 33 to 36.

The organisation is described on page 25.

Balance Sheet Total and Equity Capital

SBAB's balance sheet total amounted to SEK 131,854 million (137,818 million) and its equity capital including minority shareholding amounted to SEK 5,124 million (4,693 million).

The income statement and balance sheet are shown on pages 40 and 41. Key ratios for the period 1999–2003 are shown on page 61.

Loan Losses

Loan losses decreased during the year and amounted to SEK 28 million (74 million).

Capital Adequacy

SBAB's capital ratio was 10.2 per cent (10.0 per cent) at the end of 2003. The primary capital ratio was 8.4 per cent (7.8 per cent).

Result

The pre-tax operating profit for the year amounted to SEK 721 million (618 million). Income increased by 5 per cent (10 per cent). Expenses increased by 2 per cent (2 per cent).

Profitability

Profitability after tax amounted to 11.0 per cent (10.2 per cent).

Tax

SBAB's reported tax cost amounted to SEK 202 million.

Dividend

The principle for dividend is that a third of the after tax net profit of the State owned company should be distributed to the owner. The Board proposes a dividend of SEK 143 million.

Merger and Change of Name

On 1 October 2003 a merger was effected within the SBAB-group between the parent company and the two wholly owned subsidiaries. The new company name is Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), The Swedish Housing Finance Corporations, SBAB.

The Board's Activities During the Year

The Board's activities are described on page 65.

Income Statement

| SEK million | Note | GROUP | | PARENT COMPANY | |
|--|------|--------------|---------|----------------|---------|
| | | 2003 | 2002 | 2003 | 2002 |
| Interest income | | 6,774 | 7,675 | 6,720 | 6,570 |
| Interest expenses | | (5,521) | (6,500) | (5,536) | (6,488) |
| Net interest income | 1 | 1,253 | 1,175 | 1,184 | 82 |
| Dividends received | | 0 | 0 | 0 | 0 |
| Commission income | 2 | 51 | 44 | 80 | – |
| Commission expenses | 3 | (81) | (59) | (43) | (16) |
| Other operating income | 4 | 2 | 3 | 2 | 14 |
| Total operating income | | 1,225 | 1,163 | 1,223 | 80 |
| General administration expenses | 5 | (414) | (415) | (434) | (29) |
| Depreciation of tangible and intangible fixed assets | 6 | (12) | (12) | (12) | (12) |
| Other operating expenses | 7 | (55) | (44) | (55) | (3) |
| Total operating expenses | | (481) | (471) | (501) | (44) |
| Operating income before loan losses | | 744 | 692 | 722 | 36 |
| Loan losses, net | 8 | (28) | (74) | (28) | – |
| Change in repossessed property | 9 | 5 | – | 5 | – |
| Net operating income | | 721 | 618 | 699 | 36 |
| Allocations | 10 | – | – | (102) | 97 |
| Minority share in the year's result | | 0 | (1) | – | – |
| Tax on profit for the year | 11 | (202) | (173) | (167) | (37) |
| Net profit for year | | 519 | 444 | 430 | 96 |

Balance Sheet

| | | GROUP | | PARENT COMPANY | |
|--|---------|----------------|----------------|----------------|----------------|
| SEK million | Note | 31 Dec 2003 | 31 Dec 2002 | 31 Dec 2003 | 31 Dec 2002 |
| ASSETS | | | | | |
| Cash in hand and balance at central banks | | 0 | 0 | 0 | 0 |
| Eligible Treasury Bills, etc. | 12 | 709 | 1,169 | 709 | 1,169 |
| Lending to credit institutions | 13 | 3,777 | 581 | 11,963 | 130,642 |
| Lending to the public | 14 | 125,772 | 133,840 | 117,540 | – |
| Shares and participations | 15 | 1 | 0 | 1 | 0 |
| Shares and participations in group companies | 16 | – | – | 204 | 2,722 |
| Intangible assets | 17 | 31 | – | 9 | – |
| Tangible assets | 18 | 22 | 25 | 22 | 25 |
| Other assets | 19 | 931 | 1,483 | 929 | 1,010 |
| Pre-paid costs and accrued income | 20 | 611 | 720 | 620 | 51 |
| Total assets | | 131,854 | 137,818 | 131,997 | 135,619 |
| LIABILITIES AND EQUITY CAPITAL | | | | | |
| LIABILITIES | | | | | |
| Debt to credit institutions | 21 | 4,562 | 6,300 | 4,550 | 6,289 |
| Bonds issued, etc. | 22 | 118,018 | 122,970 | 118,418 | 123,270 |
| Other liabilities | 23 | 170 | 286 | 171 | 56 |
| Accrued costs and pre-paid income | 24 | 2,252 | 1,875 | 2,228 | 1,851 |
| Provisions | 25 | 246 | 212 | – | – |
| Subordinated debt | 26 | 1,482 | 1,482 | 1,482 | 1,482 |
| Total liabilities | | 126,730 | 133,125 | 126,849 | 132,948 |
| Untaxed reserves | 27 | – | – | 857 | 166 |
| Minority share holding | | 198 | 149 | – | – |
| EQUITY CAPITAL | 28 | | | | |
| <i>Restricted equity capital</i> | | | | | |
| Share capital | | 1,958 | 1,958 | 1,958 | 1,958 |
| Restricted reserves/Legal reserve | | 1,026 | 937 | 392 | 392 |
| <i>Unrestricted equity capital</i> | | | | | |
| Non-restricted reserves/Profit brought forward | | 1,423 | 1,205 | 1,511 | 59 |
| Net profit for the year | | 519 | 444 | 430 | 96 |
| Total equity capital | | 4,926 | 4,544 | 4,291 | 2,505 |
| TOTAL LIABILITIES AND EQUITY CAPITAL | | 131,854 | 137,818 | 131,997 | 135,619 |
| MEMORANDUM ITEMS | | | | | |
| Security pledged for own debt | Note 29 | | | | |
| Other security pledged | None | | | | |
| Contingent liabilities | None | | | | |
| Commitments | 30 | | | | |

Changes in Equity Capital

| | GROUP | | PARENT COMPANY | |
|--|--------------|-------|----------------|-------|
| SEK million | 2003 | 2002 | 2003 | 2002 |
| Equity Capital at the beginning of the year | 4,544 | 4,220 | 2,505 | 2,529 |
| Dividends | (137) | (120) | (137) | (120) |
| Merger difference | – | – | 1,493 | – |
| Net profit for the year | 519 | 444 | 430 | 96 |
| Equity Capital at year-end | 4,926 | 4,544 | 4,291 | 2,505 |

Cash Flow Analysis

| | GROUP | | PARENT COMPANY | |
|---|---------------|----------|----------------|----------|
| SEK million | 2003 | 2002 | 2003 | 2002 |
| Liquid funds at the beginning of the year | 581 | 548 | 571 | 544 |
| Taken over at the merger | – | – | 10 | – |
| CURRENT OPERATIONS | | | | |
| Interest and commission received | 7,011 | 7,884 | 6,981 | 6,594 |
| Interest and commission paid | (5,136) | (7,062) | (5,106) | (7,006) |
| Dividends received on shares and similar securities | 0 | 0 | 0 | 0 |
| Receipts in respect of earlier written-off loans | 27 | 37 | 27 | – |
| Payments to suppliers and employees | (495) | (425) | (515) | (6) |
| Paid tax | (162) | (148) | (161) | (31) |
| Decrease in lending to the public | 8,152 | 3,524 | 10,242 | – |
| Increase/Decrease in securities, current assets | (2,665) | 6,161 | (2,665) | 6,161 |
| Increase/Decrease in debt to credit institutions | (1,738) | 1,358 | (1,739) | 1,360 |
| Issue of long-term debt | 53,937 | 41,290 | 54,037 | 41,390 |
| Repayment of interest-bearing securities | (51,903) | (57,056) | (51,903) | (57,056) |
| Decrease/Increase in other borrowing, short-term | (6,366) | 5,552 | (6,366) | 5,552 |
| Change in other assets and liabilities | (466) | (62) | (2,558) | 4,138 |
| Cash flow from current operations | 196 | 1,053 | 274 | 1,096 |
| INVESTMENT OPERATIONS | | | | |
| Sales of tangible fixed assets | 2 | 1 | 2 | 1 |
| Investments in tangible and intangible fixed assets | (40) | (14) | (18) | (14) |
| Cash flow from investment operations | (38) | (13) | (16) | (13) |
| FINANCING OPERATIONS | | | | |
| Repayment of subordinated loans | – | (936) | – | (936) |
| Dividend paid | (137) | (120) | (137) | (120) |
| Shareholder's contribution, made | – | – | (51) | – |
| Minority shareholder's contribution, received | 49 | 49 | – | – |
| Cash flow from financing operations | (88) | (1,007) | (188) | (1,056) |
| Decrease/Increase in liquid funds | 70 | 33 | 70 | 27 |
| Liquid funds at the end of the year | 651 | 581 | 651 | 571 |

Liquid funds are defined as cash in hand and balance at banks and assets payable on demand – see note 13.

Capital Adequacy Analysis

| SEK million | GROUP | | PARENT COMPANY | |
|---|--------------|-------------|----------------|-------------|
| | 31 Dec 2003 | 31 Dec 2002 | 31 Dec 2003 | 31 Dec 2002 |
| CAPITAL BASE | | | | |
| Equity capital ¹ | 4,783 | 4,406 | 4,148 | 2,368 |
| Untaxed reserves, adjusted for tax | – | – | 617 | 120 |
| Minority share holding | 198 | 149 | – | – |
| Total primary capital ¹ | 4,981 | 4,555 | 4,765 | 2,488 |
| Fixed term subordinated loans | 760 | 760 | 760 | 760 |
| Perpetual subordinated loans | 722 | 722 | 722 | 722 |
| Total secondary capital | 1,482 | 1,482 | 1,482 | 1,482 |
| Claims on securitisation company | (448) | (180) | (448) | – |
| Total capital base | 6,015 | 5,857 | 5,799 | 3,970 |

RISK WEIGHTED AMOUNT

| GROUP, SEK million Risk group | Balance sheet items | Off-balance sheet items | Total investments | Risk-weighted amount 31 Dec 2003 | Risk-weighted amount 31 Dec 2002 |
|-----------------------------------|------------------------|----------------------------|----------------------|--|-------------------------------------|
| A = 0 per cent | 29,359 | 77 | 29,436 | 0 | 0 |
| B = 20 per cent | 4,155 | 1,349 | 5,504 | 1,101 | 400 |
| C = 50 per cent | 83,718 | 2,008 | 85,726 | 42,863 | 44,879 |
| D = 100 per cent | 14,623 | 411 | 15,034 | 15,034 | 13,383 |
| Total risk weighted amount | | | | 58,998 | 58,662 |

| PARENT COMPANY ² SEK million Risk group | Balance sheet items | Off-balance sheet items | Total investments | Risk-weighted amount 31 Dec 2003 | Risk-weighted amount 31 Dec 2002 |
|---|------------------------|----------------------------|----------------------|--|-------------------------------------|
| A = 0 per cent | 37,765 | 77 | 37,842 | 0 | 0 |
| B = 20 per cent | 4,155 | 1,349 | 5,504 | 1,101 | 367 |
| C = 50 per cent | 76,187 | 1,951 | 78,138 | 39,069 | 17 |
| D = 100 per cent | 13,891 | 403 | 14,294 | 14,294 | 60 |
| Total risk weighted amount | | | | 54,464 | 444 |

CALCULATION OF CAPITAL ADEQUACY RATIO

| | GROUP | | PARENT COMPANY | |
|---------------------------------|---------------|-------------|----------------|-------------|
| | 31 Dec 2003 | 31 Dec 2002 | 31 Dec 2003 | 31 Dec 2002 |
| Primary capital | 4,981 | 4,555 | 4,765 | 2,488 |
| Capital base | 6,015 | 5,857 | 5,799 | 3,970 |
| Risk weighted amount | 58,998 | 58,662 | 54,464 | 444 |
| Primary capital ratio, per cent | 8.4 | 7.8 | 8.7 | 559.8 |
| Capital ratio, per cent | 10.2 | 10.0 | 10.6 | 893.5 |

¹ Proposed dividend of SEK 143 million (137 million) has not been included in the primary capital.

² The merger in 2003 mainly accounts for the change in the parent company's capital ratio between the years 2002 and 2003.

Accounting Principles

The annual report and accounts of Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ), The Swedish Housing Finance Corporation, SBAB have been prepared in accordance with the terms of the Annual Accounts Act concerning credit institutions and securities companies (ÅRKL) and the directives issued by the Swedish Financial Supervisory Authority (FFFS 2002:22).

All figures are shown in million Swedish kronor (SEK million) unless otherwise stated.

New Accounting Principles 2003

SBAB has adopted the new recommendations made by the Swedish Financial Accounting Standards Council, which came into force during 2003 i.e. to the Formulation of Financial Statements (RR22), Investment Property (RR24), Reporting According to Segment (RR25), Events Occurring after the Balance Sheet Date (RR26), Financial Instruments: Disclosure and Presentation (RR27) and Accounting for Government Grants and Disclosure of Government Support (RR28).

The new accounting recommendations have only affected the presentation of the financial statements and not the income statement or balance sheet. The rest of the accounting principles remain unchanged from previous years.

General Accounting Principles

Securitisation of Loan Claims

Securitised loan claims are not reported in SBAB's balance sheet. Securitised loan claims are transferred at their nominal value and do not therefore generate any return. 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 company. 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.

Group Consolidated Financial Statements

The financial statements are prepared according to the purchase method and consist of the parent company and the 51 per cent owned FriSpar Bolån AB.

The securitisation companies are not consolidated into the SBAB Group, because "Group" as defined in the Swedish Financial Supervisory Authority Directives and in the Annual Accounts Act concerning credit institutions and securities companies contains an ownership requirement.

As SBAB owns no participation in the securitisation companies these are not included in the group definition. The recommendations of the Swedish Financial Accounting Standards Council regarding group consolidated financial statements (RR1:00) contain no ownership requirement; instead the group definition is based on the concept of decisive influence. A description of SBAB, with the securitisation companies included, is set out in note 39.

On 1 October 2003 the subsidiaries, SBAB, Sveriges Bostadsfinansieringsaktiebolag and SBAB, Statens Bostadslåneaktiebolag were merged with and into the parent company by so called absorption. In connection with the merger the parent company changed its name to Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ). The merger has been accounted for according to BFNAR (Swedish Accounting Standard Board Directives) 1999:1.

Trade Date Accounting

Financial assets and liabilities are reported at their acquisition value on the trade date, i.e. at the time when the essential risks and rights have passed between the parties. Loan claims, however, are accounted for as at the settlement date.

Hedge Accounting

SBAB consistently applies hedge accounting with acquisition valuation for 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

Interest income is accounted for according to the effective date method. Interest income on doubtful loan receivables 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 are accounted for at their acquisition values, i.e. the amount lent to the borrower. Loan claims are thereafter reported at acquisition value after deduction of provisions for probable loan losses. Probable loan losses are provided for according to the principles stated below.

Provision for Loan Losses and Doubtful Loans

Provision for a probable loan loss 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 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 property-company customer portfolio is individually assessed. Provision against probable losses is accounted for 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 cannot yet be classified as individual claims, a collective group provision against these loan losses has been made from and including 2002. Within SBAB this provision is primarily aimed at covering yet unidentified risks in the property-company portfolio's 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 Rate Differential Compensation on Prepayment of Loans

Borrowers who prepay loans pay interest rate differential compensation intended to cover the cost that SBAB may incur. The interest rate differential compensation received is distributed over the matching bond's remaining term.

Financial Current Assets

Financial instruments held as a hedge against interest rate risks when borrowing at fixed interest rates are reported at the accrued acquisition value and for these financial instruments hedge accounting principles are applied with acquisition valuation.

Holdings of financial assets, such as Swedish Treasury bills, Riksbank certificates and other interest-bearing instruments not included under hedge accounting are recorded at the lower of accrued acquisition cost and market price, i.e. principle of lowest value. Realised capital gains and losses on these instruments and unrealised changes in their value are reported in the income statement under "Financial transactions, net".

The term accrued acquisition value is defined as the present value of future payments discounted by the effective interest rate. This method takes account of acquisitions above and below par by spreading them over the remaining term of the instrument. Payment 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 the issue of a bond is distributed over the tenor of the bond in such a manner to obtain an effective annual interest rate.

Financial liabilities issued in foreign exchange, where the currency exposure has been hedged by a combination of currency and interest rate swaps, are valued to the hedged rate. Subordinated debts are valued in the same manner.

Exchange rate differences realised on repurchases of SBAB bonds are distributed over the repurchased bonds' remaining term when the repurchase should be regarded as an exchange of debt, which occurs when the repurchased bond is replaced by a new issue with the same maturity date in principle as the repurchased bond. When repurchases are made to correct mismatching in the portfolio, which may be due to early redemption or actual loan losses, this price difference is also spread over the remaining term of the repurchased bond.

Bond issues with connected repurchase agreements, so-called repos, are regarded as short-term borrowing, and the price difference constitutes the interest cost for the period.

Derivatives

SBAB uses derivatives with the aim of eliminating interest and currency risks in lending and borrowing at fixed interest rates. These are part of the hedge accounting and are therefore reported at the acquisition value or where appropriate at accrued acquisition value. In addition, currency related contracts should be valued at the exchange rate obtained on the day they were acquired.

Exchange gains and exchange losses that have occurred on premature liquidation of derivatives or as a result of forward transactions undertaken are distributed over the hedged asset's and liability's remaining terms.

Others**Tangible Assets**

SBAB applies the recommendation: Accounting of Tangible Assets (RR12) by the Swedish Financial Accounting Standards Council. Tangible assets are valued at the acquisition value reduced by accumulated depreciation.

Depreciation of Tangible Assets

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.

Property 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 market value.

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

Intangible Assets

SBAB applies the recommendation: Accounting of Intangible Assets (RR15) by the Swedish Financial Accounting Standards Council. Investments in purchased and/or internally produced software are valued at acquisition value reduced by accumulated amortisation. 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 program.

Software is reported in the legal entity's accounts while capitalised development costs are reported in the Group accounts.

Amortisation of Intangible Assets

Straight-line amortisation is applied over the estimated economic life. The economic life is estimated at between four and five years.

Taxes

SBAB applies the recommendation: Income Taxes (RR9) by the Swedish Financial Accounting Standards Council. Total tax contains present year actual tax and deferred tax - Actual tax contains tax to be paid or received regarding the present year and adjustments to actual tax for earlier years. Deferred tax is estimated according to the balance sheet method based on temporary differences between reported and taxable values of assets and liabilities.

Pensions

SBAB's pensions consist of defined contribution pension plans and defined benefit pension plans in collectively agreed employer schemes. This means that the result has borne the cost of pensions in connection with premium payments.

Segment Reporting

SBAB's operations are not reported according to different segments, as the company is active in one geographical area, Sweden, and within one business line, Lending.

Comparison between 2002 and 2003

The comparative figures in the parent company are to a large extent affected by the merger within the SBAB group on 1 October 2003.

New Accounting Principles 2004

As from 2004, SBAB will apply the recommendation: Employee Benefits (RR29) by the Swedish Financial Accounting Standards Council. The recommendation is not considered to have any effect on the reporting, as SBAB's pension commitments consist of defined contribution pension plans and in so far as the defined benefit pension plans are concerned they are collective pension plans which will be reported according to the regulations for defined contribution pensions.

Notes to the Income Statement and Balance Sheet

Note 1 Net Interest Income

| | GROUP | | PARENT COMPANY | |
|--------------------------------|--------------|--------------|----------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| <i>Interest income</i> | | | | |
| Lending to credit institutions | 70 | 92 | 385 | 6,504 |
| Lending to the public | 6,681 | 7,517 | 6,312 | – |
| Interest-bearing securities | 23 | 66 | 23 | 66 |
| Total | 6,774 | 7,675 | 6,720 | 6,570 |
| <i>Interest expenses</i> | | | | |
| Debt to credit institutions | 193 | 199 | 193 | 199 |
| Borrowing from the public | 12 | 16 | 12 | 16 |
| Interest-bearing securities | 5,180 | 6,106 | 5,195 | 6,122 |
| Subordinated debt | 90 | 126 | 90 | 126 |
| Other | 46 | 53 | 46 | 25 |
| Total | 5,521 | 6,500 | 5,536 | 6,488 |
| Net interest income | 1,253 | 1,175 | 1,184 | 82 |

The average interest rate on lending to the public was 5.05 per cent (5.42 per cent 2002) excluding deferred purchase price from the securitisation companies. In the parent company, the average interest rate on lending to the public was 5.04 per cent. Of the parent company's interest income, SEK 315 million (6,408 million) relates to group companies.

| AVERAGE BALANCES FOR THE ITEMS ABOVE | GROUP | | PARENT COMPANY | |
|--------------------------------------|---------|---------|----------------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| Lending to credit institutions | 2,903 | 2,329 | 12,112 | 133,346 |
| Lending to the public | 130,462 | 136,733 | 123,220 | – |
| Interest-bearing securities | 560 | 1,560 | 560 | 1,560 |
| Debt to credit institutions | 5,939 | 4,800 | 5,939 | 4,800 |
| Borrowing from the public | 370 | 380 | 370 | 380 |
| Interest-bearing securities | 119,714 | 115,573 | 120,050 | 115,828 |

Note 2 Commission Income

| | GROUP | | PARENT COMPANY | |
|--|-----------|-----------|----------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| Commissions on lending | 23 | 21 | 52 | – |
| Administration of securitisation companies | 28 | 23 | 28 | – |
| Total | 51 | 44 | 80 | – |

Note 3 Commission Expenses

| | GROUP | | PARENT COMPANY | |
|---------------------------|-----------|-----------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Commissions on securities | 20 | 16 | 20 | 16 |
| Other commissions | 61 | 43 | 23 | – |
| Total | 81 | 59 | 43 | 16 |

Note 4 Other Operating Income

| | GROUP | | PARENT COMPANY | |
|--|----------|----------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Capital gains from sale of tangible assets | 1 | 0 | 1 | 0 |
| Other operating income | 1 | 3 | 1 | 14 |
| Total | 2 | 3 | 2 | 14 |

Note 5

General Administration Expenses

| | GROUP | | PARENT COMPANY | |
|------------------------------------|------------|------------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Staff costs | | | | |
| – salaries and other remuneration | 140 | 134 | 140 | 9 |
| – pension costs | 31 | 47 | 31 | 3 |
| – other social security expenses | 56 | 58 | 56 | 4 |
| IT costs | 75 | 78 | 92 | 5 |
| Rents and other costs for premises | 26 | 25 | 26 | 2 |
| Other administration expenses | 86 | 73 | 89 | 6 |
| Total | 414 | 415 | 434 | 29 |

Other administration expenses have decreased by SEK 11 million during 2002 on account of a VAT refund attributable to year 1995. In 2003, costs for negotiated pensions, including special employer's contribution, amounting to SEK 5 million (32 million) was charged to the profit and loss account.

Average Number of Employees

The average number of employees during 2003 was 384 (388), of whom 225 (233) were women and 159 (155) men. On 31 December 2003 there were 383 employees. There are 8 (8) members of the company Board, of whom 2 (2) are women. There are 11 (11) members of the executive management, of whom 3 (3) are women. Of the 8 (8) members of FriSpar's Board, 0 (0) are women. There are 3 (3) members of the executive management of FriSpar, of whom 1 (1) is a woman.

Salaries and Other Remuneration

Salaries and other remuneration totalled SEK 140 million (134 million), of which SEK 1 million (1 million) in respect of the Board, SEK 5 million (5 million) in respect of the Managing Director and the Deputy Managing Directors and SEK 8 million (7 million) in respect of other members of the executive management of the parent company.

Pension costs including special employer's contribution amounted to SEK 38 million, of which SEK 8 million in respect of Christer Malm, CEO, SEK 1.4 million in respect of Dep. CEO Krister Orrell, SEK 0.7 million in respect of Peter Gertman, Dep. CEO and SEK 12 million in respect of other members of the executive management of the parent company.

Salary and other remuneration paid to Christer Malm, Chief Executive Officer amounted to SEK 2,206,984 (2,137,041). No car is provided and no fringe benefits have been paid.

Salary and other remuneration paid to the Deputy Chief Executive Officer, Krister Orrell amounted to SEK 1,342,790 (1,225,802). No car is provided and no fringe benefits have been paid.

Salary and other remuneration paid to the Deputy Chief Executive Officer, Peter Gertman amounted to SEK 1,434,802 (1,301,437). Car and benefits in kind amounted to SEK 58,580 (70,596).

Remuneration to the Members of the Board in the parent company amounted to SEK 652,302 (527,750). Board Members who serve on committees, advisory committees and other committees have been paid fees totalling SEK 135,000 (161,000). Remuneration to the Chairman of the Board amounted to SEK 160,000 (130,000), to the Deputy Chairman SEK 96,000 and to ordinary members (excl. the CEO) SEK 80,000. Members of the Board who serve on a committee are paid SEK 3,000 for each meeting attended.

Absence Due to Illness

Of the total absence due to illness, 69 per cent was attributable to long-term absence, i.e. more than 60 days. Absence due to illness for women was 7 per cent of their working time and for men 1 per cent. For the period from 1 July 2003, absence due to illness for women was 6 per cent and for men 1 per cent.

Absence due to illness during 2003 for employees in different age groups is:

Up to 29 years 3 per cent
30-49 years 4 per cent
From 50 years 5 per cent

For the period from 1 July 2003 absence due to illness in different age groups is:

Up to 29 years 2 per cent
30-49 years 4 per cent
From 50 years 5 per cent

Bonus Scheme

SBAB's bonus scheme includes all employees in permanent employment with the exception of the CEO. Temporary employees, employed in the company for a certain period, are also covered by the scheme if still employed at the year-end. The scheme's first prerequisite for payment of bonus in 2003 was achievement of the company's SEK 700 million profit target for 2003. The second was the achievement of the 2003 customer value goals as measured by the Svenskt Kvalitetsindex, SKI, namely and index of 74 for the retail market and 70 for the property-company market. The minimum bonus is SEK 20,000 increasing linearly in the first two parts and includes both staff and leaders, but the increase for staff is somewhat higher. The scheme's third parameter affects leaders only. As the leadership measurement in SBAB's staff survey showed an average outcome of 4 (on a scale 1-7), an amount of SEK 12,000 was paid to each leader. Leaders became eligible to be paid another SEK 4,000 if the result exceeded SEK 720 million and the SKI measurement exceeded 75 and 71 respectively. Furthermore for individuals to receive a bonus they must have a processed and approved employee offer. The maximum outcome for staff and leaders is SEK 40,000 for full-time employment. The bonus is reduced in relation to time actually worked where a person works part-time or for only part of the year. The outcome for 2003 was that a full bonus was SEK 36,000 for leaders and SEK 30,000 for staff. The total bonus cost was SEK 13.5 million, including social costs.

Agreement on Severance Payments, Pensions, etc. for SBAB's Management

The Managing Director has an employment contract, which at signing, was in accordance with the government's guidelines for management fulfilling comparable roles in state-owned companies. The period of notice for termination of the contract by the company is twelve months. If the company terminates the contract and thereby severs him from his employment in the company, the company shall make a severance payment corresponding to one year's salary, in addition to salary during the notice period.

An agreement has also been reached with the Managing Director on a mutual right to request retirement, at the earliest from the month after the Managing Director's sixtieth birthday. Pension commitment is covered by pension insurance based on a pension of 70 per cent of salary at retirement date up to age 65 and 70 per cent of salary from age 65 onwards up to the amount of 20 times the basbelopp (an indexed "basic amount" or stipulated sum used for national social security purposes). A pension of 50 per cent is payable on the remaining part of the final salary.

An agreement has also been reached with the Deputy Managing Directors on a mutual right to request retirement at the age of 60. In one case pension payments amounting to 65 per cent and the other case to 60 per cent of the final salary are then payable up to the regular pension age. In both cases the pension commitments are covered by insurance.

There are no other pension agreements that differ from collective agreements in the banking area. In those cases where individual agreements exist, the guidelines for state-owned companies are followed. On termination of contract by the company compensation is payable for at most two years including the notice period. The compensation will be reduced if new employment is found or income gained from another activity during the two-year period.

cont'd Note 5

Fees and Remuneration of Costs to Auditors

Fees and remuneration of costs to KPMG amounted to SEK 2.3 million of which SEK 1.3 million related to audit. Fees and remuneration of costs to authorised auditor Hans Lindén amounted to SEK 23,000 of which SEK 23,000 related to audit. Fees and remuneration of costs to authorised auditor Lars-Ola Andersson amounted to SEK 211,000 of which SEK 211,000 related to audit.

Future Rental Fees

Agreed future rental fees fall due:

| | |
|------------------------------|------------------|
| – within one year | SEK 18.8 million |
| – between one and five years | SEK 52.3 million |
| – after five years | – |

Note 6**Depreciation of Tangible Assets and Amortisation of Intangible Assets**

| | GROUP | | PARENT COMPANY | |
|------------------------------|-----------|-----------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Equipment | 12 | 12 | 12 | 12 |
| of which: computer equipment | 6 | 6 | 6 | 6 |
| Intangible assets | 0 | – | 0 | – |
| Total | 12 | 12 | 12 | 12 |

Note 7**Other Operating Expenses**

| | GROUP | | PARENT COMPANY | |
|--|-----------|-----------|----------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| Marketing | 46 | 35 | 46 | 2 |
| Running costs of repossessed property, net | 0 | 0 | 0 | – |
| Other | 9 | 9 | 9 | 1 |
| Total | 55 | 44 | 55 | 3 |

Note 8**Loan Losses, net**

| | GROUP | | PARENT COMPANY | |
|--|-------------|-------------|----------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| SPECIFIC PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY | | | | |
| The year's write-offs for actual loan losses | 133 | 50 | 133 | – |
| Reversal of previous provisions for probable losses reported as actual losses in the financial statements for 2003 | (106) | (50) | (106) | – |
| The year's provision for probable loan losses | 13 | 61 | 13 | – |
| Recoveries in respect of actual loan losses in previous years | (12) | (7) | (12) | – |
| Reversal of previous provisions for probable losses no longer required | (92) | (43) | (92) | – |
| Net cost for the year | (64) | 11 | (64) | – |
| COLLECTIVE PROVISION FOR LOAN CLAIMS ASSESSED INDIVIDUALLY | | | | |
| Allocation to/withdrawal from collective provision | 80 | 90 | 80 | – |
| COLLECTIVELY VALUED HOMOGENEOUS GROUPS OF LOAN CLAIMS | | | | |
| The year's write-offs for actual loan losses | 3 | 4 | 3 | – |
| Recoveries in respect of actual loan losses in previous years | (3) | (30) | (3) | – |
| Allocation to/withdrawal from provision for loan losses | 12 | (1) | 12 | – |
| Net cost for the year of collectively valued homogeneous loan claims | 12 | (27) | 12 | – |
| Net cost of loan losses for the year | 28 | 74 | 28 | – |

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

Note 9**Change in Value of Repossessed Property**

| | GROUP | | PARENT COMPANY | |
|--|----------|----------|----------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| Unrealised change in value | – | – | – | – |
| Realised change in value | 5 | – | 5 | – |
| Change in value of repossessed property | 5 | – | 5 | – |

Note 10**Allocations**

| | PARENT COMPANY | |
|--------------------------------------|----------------|-----------|
| | 2003 | 2002 |
| Depreciation over plan | 1 | (2) |
| Transfer to tax allocation reserve | (199) | (44) |
| Transfer from tax allocation reserve | 96 | 143 |
| Total | (102) | 97 |

Note 11 Tax on the Year's Result

| | GROUP | | PARENT COMPANY | |
|--|-------|------|----------------|------|
| | 2003 | 2002 | 2003 | 2002 |
| Result before tax | 721 | 618 | 597 | 133 |
| Non-deductible expenses | 2 | 1 | 2 | 0 |
| Non-taxable income | (2) | (2) | (2) | (0) |
| Taxable income | 721 | 617 | 597 | 133 |
| Current tax rate | 28% | 28% | 28% | 28% |
| Tax on the year's result | 202 | 173 | 167 | 37 |
| – of which current tax cost | 167 | 160 | 167 | 37 |
| Deferred tax | | | | |
| – of which related to change in untaxed reserve | 29 | 13 | – | – |
| – of which taxable temporary difference in intangible assets | 6 | – | – | – |

Note 12 Eligible Treasury Bills, etc

| | GROUP | | | | | | PARENT COMPANY | | | | | |
|---|-------------|--------------|-------------|--------------|--------------|--------------|----------------|--------------|-------------|--------------|--------------|--------------|
| | 2003 | | 2002 | | 2003 | | 2003 | | 2002 | | 2002 | |
| | Acqu. Value | Actual Value | Acqu. Value | Actual Value | Acqu. Value | Actual Value | Acqu. Value | Actual Value | Acqu. Value | Actual Value | Acqu. Value | Actual Value |
| Current assets: | | | | | | | | | | | | |
| Swedish Treasury Bills | 617 | 617 | 617 | 1,077 | 1,077 | 1,077 | 617 | 617 | 617 | 1,077 | 1,077 | 1,077 |
| Swedish Government bonds | 92 | 93 | 92 | 92 | 106 | 92 | 92 | 93 | 92 | 92 | 106 | 92 |
| Fixed assets: | | | | | | | | | | | | |
| Swedish Government bonds | – | – | – | – | – | – | – | – | – | – | – | – |
| Total eligible Treasury Bills, etc | 709 | 710 | 709 | 1,169 | 1,183 | 1,169 | 709 | 710 | 709 | 1,169 | 1,183 | 1,169 |
| Positive difference as a result of book values exceeding nominal values (acquisition at a premium) | | | – | | | – | | | – | | | – |
| Negative difference as a result of book values being less than nominal values (acquisition at a discount) | | | (3) | | | (3) | | | (3) | | | (3) |
| <i>Holding of Eligible Treasury Bills, etc, distributed by remaining term, book value</i> | | | | | | | | | | | | |
| Up to 1 year | | | 709 | | | 1,077 | | | 709 | | | 1,077 |
| More than 1 year but 5 years at most | | | – | | | 92 | | | – | | | 92 |
| More than 5 years but 10 years at most | | | – | | | – | | | – | | | – |
| More than 10 years | | | – | | | – | | | – | | | – |
| Total | | | 709 | | | 1,169 | | | 709 | | | 1,169 |
| Average remaining term, years | | | 0.2 | | | 0.2 | | | 0.2 | | | 0.2 |
| Average remaining fixed-interest term, years | | | 0.2 | | | 0.1 | | | 0.2 | | | 0.1 |

The securities portfolio reported in this note and in note 13 contains instruments acquired in order to cover interest rate risks in fixed-interest borrowing as well as investments of liquid funds in short-term interest-bearing instruments.

The unrealised excess value of the instruments intended to cover interest-rate risks for matching borrowing in these holdings, which amounted to SEK 1 million (14 million) on 31 December 2003, has not therefore been included in the calculation of the actual value of the portfolio. A corresponding undervalue exists in SBAB's long-term borrowing in Swedish kronor.

Note 13 Lending to Credit Institutions

| | GROUP | | PARENT COMPANY | |
|---|--------------|------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| <i>Outstanding claims distributed by remaining term, net book value</i> | | | | |
| Payable on demand | 651 | 581 | 651 | 571 |
| 3 months at most | 3,126 | – | 3,126 | – |
| More than 3 months but 1 year at most | – | – | – | – |
| More than 1 year but 5 years at most | – | – | – | – |
| More than 5 years | – | – | – | – |
| Total credit institutions | 3,777 | 581 | 3,777 | 571 |
| Average remaining term, years | 0.0 | 0.0 | 0.0 | 0.0 |
| Group companies | – | – | 8,186 | 130,071 |
| Total | 3,777 | 581 | 11,963 | 130,642 |

Note 14

Lending to the Public

| | GROUP | | PARENT COMPANY | |
|---|----------------|----------------|----------------|----------|
| | 2003 | 2002 | 2003 | 2002 |
| Opening balance | 134,231 | 137,755 | – | – |
| Taken over in connection with merger | – | – | 128,089 | – |
| Lending for the year | 21,888 | 15,144 | 18,720 | – |
| Securitisation, net | (8,075) | 555 | (8,075) | – |
| Amortisation, writing down, redemption, etc. | (21,965) | (19,223) | (20,887) | – |
| Closing balance | 126,079 | 134,231 | 117,847 | – |
| Reserve for probable credit losses | (307) | (391) | (307) | – |
| Closing balance | 125,772 | 133,840 | 117,540 | – |
| of which: Subordinated assets | – | – | – | – |
| <i>Claims outstanding distributed by remaining term, net book value</i> | | | | |
| Payable on demand | – | – | – | – |
| 3 months at most | 13,235 | 16,888 | 12,687 | – |
| More than 3 months but 1 year at most | 49,363 | 64,584 | 45,941 | – |
| More than 1 year but 5 years at most | 60,487 | 41,872 | 56,374 | – |
| More than 5 years | 2,687 | 10,496 | 2,538 | – |
| Total | 125,772 | 133,840 | 117,540 | – |
| Average remaining term, years | 1.7 | 1.6 | 1.7 | – |

| | GROUP | | PARENT COMPANY | |
|---|-------|------|----------------|------|
| | 2003 | 2002 | 2003 | 2002 |
| DOUBTFUL LOANS AND NON-PERFORMING LOANS | | | | |
| a) Doubtful loan receivables | 220 | 673 | 220 | – |
| b) Non-performing loan receivables, which are included in doubtful loan receivables | 63 | 206 | 63 | – |
| c) Non-performing loan receivables on which interest is taken up as income and which thus are not included in doubtful loan receivables | 186 | 294 | 180 | – |
| d) Specific provisions for loan receivables assessed individually | 118 | 294 | 118 | – |
| e) Collective provisions for loan receivables assessed individually | 170 | 90 | 170 | – |
| f) Provisions for collectively assessed homogeneous groups of loan receivables | 19 | 7 | 19 | – |
| g) Provisions, total (d+e+f) | 307 | 391 | 307 | – |
| h) Doubtful loan receivables after specific provisions for loan receivables assessed individually (a-d) | 102 | 379 | 102 | – |
| i) Provision ratio regarding specific provisions for loan receivables assessed individually (d/a) | 54% | 44% | 54% | – |

Group

| DISTRIBUTION OF LENDING BY CATEGORY OF BORROWER | | | | | | | |
|---|------------------|--|----------------|------------------|-------------------------------------|---|----------------|
| | 2003 | | | 2002 | | | |
| | FriSpar Bolån AB | Sveriges Bostadsfinansieringsaktiebolag, SBAB (publ) | Total | FriSpar Bolån AB | SBAB, Statens Bostadslåneaktiebolag | SBAB, Sveriges Bostadsfinansieringsaktiebolag | Total |
| Municipal property companies | – | 20,842 | 20,842 | – | 3,799 | 21,527 | 25,326 |
| Tenant-owner co-operatives | 47 | 28,383 | 28,430 | – | 13,716 | 24,764 | 38,480 |
| Private property companies | 19 | 26,731 | 26,750 | – | 6,471 | 22,374 | 28,845 |
| Private homes and holiday homes | 7,457 | 30,475 | 37,932 | 5,675 | 6,474 | 19,457 | 31,606 |
| Tenant-owner apartments | 709 | 7,557 | 8,266 | 467 | 5 | 4,802 | 5,274 |
| Business and commercial properties | – | 3,859 | 3,859 | – | 1 | 4,699 | 4,700 |
| Reserve for probable losses | – | (307) | (307) | – | (150) | (241) | (391) |
| Total | 8,232 | 117,540 | 125,772 | 6,142 | 30,316 | 97,382 | 133,840 |
| Proportion of lending covered by government or municipal guarantees, per cent | – | 22 | 22 | – | 21 | 27 | 25 |
| Average interest period, year | 1.6 | 1.5 | 1.5 | 1.3 | 1.7 | 1.4 | 1.5 |

If prepayment takes place between interest rate adjustment dates, SBAB has the right to receive compensation for the interest rate difference. 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 reinvestment interest rate for comparable government certificates is the applicable interest rate.

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.

Loans granted but not yet advanced amounted to SEK 4,595 million (3,715 million) for the group and SEK 4,464 million for the parent company.

At the end of the year the group's loans to Board Members amounted to SEK 6.8 million and to the CEO and Deputy CEO to SEK 0.2 million. These loans are covered by bank-standard security.

cont'd Note 14

DOUBTFUL LOANS NON-PERFORMING LOAN RECEIVABLES
DISTRIBUTED BY CATEGORY OF BORROWER

| | 2003 | | | | | 2002 | | | | |
|--|----------------------------|----------------------------|---------------------------------|-------------------------|-------|----------------------------|----------------------------|---------------------------------|-------------------------|-------|
| | Tenant-owner co-operatives | Private property companies | Private homes and holiday homes | Tenant-owner apartments | Total | Tenant-owner co-operatives | Private property companies | Private homes and holiday homes | Tenant-owner apartments | Total |
| Non-performing loan receivables | 36 | 176 | 32 | 5 | 249 | 127 | 119 | 43 | 5 | 294 |
| Non-performing loan receivables, gross | 136 | 84 | – | – | 220 | 498 | 175 | – | – | 673 |
| Specific provisions for loan receivables assessed individually | (88) | (30) | – | – | (118) | (228) | (66) | – | – | (294) |
| Collective provisions for loan receivables assessed individually | (130) | (40) | – | – | (170) | (66) | (24) | – | – | (90) |
| Provisions for collectively assessed homogeneous groups of loan receivables | – | – | (16) | (3) | (19) | – | – | (7) | (0) | (7) |
| Doubtful loan receivables after specific provisions for loan receivables assessed individually | | | | | 102 | | | | | 379 |

RESTRUCTURED LOAN CLAIMS

| | 2003 | GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|--|------|---------------|------------------------|------------------------|
| Restructured loans during the financial year | | | | |
| – before restructuring | 102 | 318 | 102 | – |
| – after restructuring | 111 | 321 | 111 | – |
| Doubtful loans which reverted to normal status during the year | 198 | 30 | 198 | – |

Note 15 Shares and Participations

| | 2003 | GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|-------------------------|----------|---------------|------------------------|------------------------|
| Tenant-owner apartments | 1 | – | 1 | – |
| Other listed | 0 | 0 | 0 | 0 |
| Total | 1 | 0 | 1 | 0 |

Note 16 Shares and Participations in Group Companies

| | FriSpar Bolån AB | SBAB, Statens Bostadslåne- aktiebolag | SBAB, Sveriges Bostads- finansierings- aktiebolag | Total 2003 | Total 2002 |
|---|---------------------|---|--|---------------|---------------|
| PARENT COMPANY | | | | | |
| Acquisition value at the beginning of the year | | 1,122 | 1,600 | 2,722 | 2,722 |
| Merger | 153 | (1,122) | (1,600) | (2,569) | – |
| Shareholder's contribution | 51 | – | – | 51 | – |
| Acquisition value at the end of the year | 204 | – | – | 204 | 2,722 |

| SVERIGES BOSTADSFINANSIERINGS-AKTIEBOLAG, SBAB (PUBL) | | Result | Equity Capital | Share, % | Number | Book value |
|---|------|--------|----------------|----------|--------|------------|
| FriSpar Bolån AB | 2002 | 2 | 303 | 51% | 6,120 | 153 |
| 556248-3338, Stockholm | 2003 | 0 | 403 | 51% | 6,120 | 204 |

Note 17 Intangible Fixed Assets

| | 2003 | GROUP 2002 | PARENT COMPANY 2003 | PARENT COMPANY 2002 |
|--|-----------|---------------|------------------------|------------------------|
| Acquisition value at the beginning of the year | – | – | – | – |
| – Investments during the year | 31 | – | 9 | – |
| – Disposals during the year | – | – | – | – |
| Acquisition value at the end of the year | 31 | – | 9 | – |
| Amortisations at the beginning of the year | – | – | – | – |
| – Amortisations for the year according to plan | (0) | – | (0) | – |
| – Disposals during the year | – | – | – | – |
| Accumulated amortisations according to plan | (0) | – | (0) | – |
| Net book value | 31 | – | 9 | – |

Note 18 Tangible Assets

| | GROUP | | PARENT COMPANY | |
|--|-----------|-----------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| EQUIPMENT | | | | |
| Acquisition value at the beginning of the year | 126 | 118 | 126 | 118 |
| – Investments during the year | 9 | 10 | 9 | 10 |
| – Disposals during the year | (3) | (2) | (3) | (2) |
| Acquisition value at the end of the year | 132 | 126 | 132 | 126 |
| Depreciation at the beginning of the year | (101) | (90) | (101) | (90) |
| – Depreciation for the year according to plan | (12) | (12) | (12) | (12) |
| – Disposals during the year | 3 | 1 | 3 | 1 |
| Accumulated depreciation according to plan | (110) | (101) | (110) | (101) |
| Net book value | 22 | 25 | 22 | 25 |

Note 19 Other assets

| | GROUP | | PARENT COMPANY | |
|------------------------------------|------------|--------------|----------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| Clearing reserve | 271 | 1,000 | 271 | 1,000 |
| Past-due interest | 60 | 147 | 58 | – |
| Receivables-securitisation company | 597 | 319 | 597 | – |
| Other receivables | 3 | 17 | 3 | 10 |
| Total | 931 | 1,483 | 929 | 1,010 |

Of the securitisation company receivables, SEK 448 million (180 million) in claims depends, 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 been satisfied.

Note 20 Pre-Paid Costs and Accrued Income

| | GROUP | | PARENT COMPANY | |
|-------------------------|------------|------------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Pre-paid costs | 27 | 38 | 27 | 38 |
| Accrued interest income | 574 | 672 | 568 | 13 |
| Other accrued income | 10 | 10 | 25 | – |
| Total | 611 | 720 | 620 | 51 |

Note 21 Debt to Credit Institutions

| | GROUP | | PARENT COMPANY | |
|--|--------------|--------------|----------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| <i>Outstanding debts distributed by remaining term, book value</i> | | | | |
| Payable on demand | – | – | – | – |
| 3 months at most | 4,562 | 6,300 | 4,550 | 6,289 |
| More than 3 months but 1 year at most | – | – | – | – |
| More than 1 year but 5 years at most | – | – | – | – |
| More than 5 years | – | – | – | – |
| Total | 4,562 | 6,300 | 4,550 | 6,289 |
| Average remaining term, years | 0.0 | 0.0 | 0.0 | 0.0 |

Note 22

Bonds Issued, etc.

| | GROUP | | PARENT COMPANY | |
|--|----------------|----------------|----------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| Swedish certificates | 12,518 | 18,377 | 12,518 | 18,377 |
| Foreign certificates | 14,836 | 16,015 | 14,836 | 16,015 |
| Total | 27,354 | 34,392 | 27,354 | 34,392 |
| Swedish bonds | 32,106 | 43,079 | 32,506 | 43,379 |
| Accrued premiums and discounts on issue of Swedish bonds | 381 | 340 | 381 | 340 |
| Total | 32,487 | 43,419 | 32,887 | 43,719 |
| Foreign bonds | 58,179 | 45,151 | 58,179 | 45,151 |
| Accrued premiums and discounts on issue of foreign bonds | (2) | 8 | (2) | 8 |
| Total | 58,177 | 45,159 | 58,177 | 45,159 |
| Total bonds issued, etc. | 118,018 | 122,970 | 118,418 | 123,270 |
| of which: | | | | |
| Group companies | – | – | 400 | 300 |
| <i>Bonds issued, etc distributed by remaining term, book value</i> | | | | |
| Up to 1 year | 59,147 | 84,575 | 59,147 | 84,825 |
| More than 1 year but 5 years at most | 56,121 | 30,401 | 56,521 | 30,451 |
| More than 5 years but 10 years at most | 2,012 | 7,206 | 2,012 | 7,206 |
| More than 10 years | 738 | 788 | 738 | 788 |
| Total | 118,018 | 122,970 | 118,418 | 123,270 |
| Average remaining term, years | 1.4 | 1.3 | 1.4 | 1.3 |
| Average remaining fixed-interest term, years | 1.0 | 0.9 | 1.0 | 0.9 |
| Average remaining fixed interest term with regard to swaps, year | 1.5 | 1.6 | 1.5 | 1.6 |

Note 23

Other Liabilities

| | GROUP | | PARENT COMPANY | |
|---|------------|------------|----------------|-----------|
| | 2003 | 2002 | 2003 | 2002 |
| Creditors | 15 | 47 | 15 | 47 |
| Employees' income tax | 5 | 4 | 5 | 0 |
| Tax liabilities | 11 | 6 | 12 | 8 |
| Liabilities to borrowers | 65 | 204 | 65 | – |
| Liabilities to securitisation companies | 53 | 4 | 53 | – |
| Other | 21 | 21 | 21 | 1 |
| Total | 170 | 286 | 171 | 56 |

Note 24

Accrued Costs and Pre-Paid Income

| | GROUP | | PARENT COMPANY | |
|------------------------|--------------|--------------|----------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| Accrued interest costs | 2,143 | 1,781 | 2,147 | 1,784 |
| Other accrued costs | 109 | 94 | 81 | 67 |
| Total | 2,252 | 1,875 | 2,228 | 1,851 |

Note 25

Allocations

| | GROUP | |
|---|------------|------------|
| | 2003 | 2002 |
| Provisions for deferred tax regarding temporary differences in: | | |
| – Tax allocation reserve | 240 | 211 |
| – Tangible assets | 0 | 1 |
| – Intangible fixed assets | 6 | – |
| Total | 246 | 212 |

Note 26

Subordinated Debt

| LONE CODE | Nominal amount | Outstanding nominal amount | SBAB's entitlement to redeem | Interest rate 31 Dec 03 | Due date | Book value | |
|--|----------------|----------------------------|------------------------------|-------------------------|------------|--------------|-------|
| | | | | | | 2003 | 2002 |
| Subordinated debenture loan, JPY 1 | 10,000,000,000 | 10,000,000,000 | 2008 | 6.20 | Perpetual | 722 | 722 |
| Subordinated debenture loan, JPY 2 | 10,000,000,000 | 10,000,000,000 | | 6.00 | 15-11-2016 | 760 | 760 |
| Total | | | | | | 1,482 | 1,482 |
| Year's share of discounts and premiums on issue of own subordinated debt | | | | | | – | – |
| Total | | | | | | 1,482 | 1,482 |
| of which: | | | | | | | |
| Group companies | | | | | | – | – |

All funding for the group is raised by the parent company. 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 have been taken up under conditions approved by the Swedish Financial Supervisory Authority. Permission has been obtained to include these in the company's capital base for the purpose of calculating the company's capital cover.

Subordinated debt concerns the two following loans**JPY 1**

The loan is undated.

Interest rate: For the period 30 September 1992 to 29 March 2008, 6.20%. For the period 30 March 2008 to 29 March 2013 the higher of 8.20% and the long-term prime rate for JPY plus a margin of 2%. For the period 30 March 2013 and thereafter the higher of the interest rate fixed for the period 30 March 2008 to 29 March 2013 and the long-term prime rate for JPY for the period plus a margin of 3%.

JPY 2

Term: 16 November 1995 - 16 November 2015.

Interest rate: SBAB can choose to pay interest in EUR, AUD or USD with an interest rate of 6.00, 6.10 and 6.80% respectively.

Circumstances which can lead to early redemption of the subordinated debenture loans

SBAB may call the loans JPY 1 and JPY 2 for early redemption if SBAB for instance is required to withhold tax on interest payment as a result of amendments to tax legislation. SBAB also has the right to call JPY 1 for early redemption as of 30 March 2008 and thereafter every fifth year on the interest payment date that falls in March.

The loans can be called for early redemption 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 (on a date other than the date on which the issuer has the right of early redemption) of undated subordinated debenture loans, such as JPY 1, or subordinated debenture loans with fixed maturity issued after 1 January 1996 requires the permission of the Swedish Financial Supervisory Authority. Early redemption of subordinated debenture loans with fixed maturity issued before 1 January 1996, such as JPY2, should be advised to the Swedish Financial Supervisory Authority as soon as possible after the loan has been redeemed.

Conditions concerning subordination

In the event of the company going into receivership 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 right to payment before holders of undated subordinated loans but have equal right to other holders of fixed maturity subordinated notes. Holders of undated subordinated loans have equal right to receive payment. Subordinated loans that are undated can be converted to equity capital. This may be done to meet losses in order to avoid receivership or liquidation.

Note 27

Untaxed reserves

| | PARENT COMPANY | |
|--|----------------|------|
| | 2003 | 2002 |
| Tax allocation reserve year of taxation 1998 | – | 17 |
| Tax allocation reserve year of taxation 1999 | 102 | 15 |
| Tax allocation reserve year of taxation 2000 | 94 | 25 |
| Tax allocation reserve year of taxation 2001 | 108 | 24 |
| Tax allocation reserve year of taxation 2002 | 167 | 39 |
| Tax allocation reserve year of taxation 2003 | 186 | 44 |
| Tax allocation reserve year of taxation 2004 | 199 | – |
| Depreciation according to plan | 1 | 2 |
| Total | 857 | 166 |

The increase in relation to earlier taxation refers to allocation reserves taken over in connection with the merger.

Note 28

Equity Capital

The share capital amounts to SEK 1,958,300 thousand divided into 19,583 shares each with a nominal value of SEK 100 thousand. All of the shares are owned by the Swedish State. Dividend is proposed by the Board in accordance with the terms of the Companies Act and is determined by the Annual General Meeting. The proposed, but yet to be determined, dividend for 2003 amounts to SEK 143 million (SEK 7,302 per share). Equity capital is distributed between non-distributable earnings and distributable earnings respectively according to Swedish law. In a group, it is only permissible to distribute the lower of the parent company's or the group's unrestricted earnings.

| GROUP | Share capital | Restricted reserves | Un-restricted reserves | Profit for the year | Total equity capital |
|--|---------------|---------------------|------------------------|---------------------|----------------------|
| Equity capital at the beginning of the year | 1,958 | 937 | 1,205 | 444 | 4,544 |
| Profit brought forward from 2002 | – | – | 444 | (444) | 0 |
| Dividend | – | – | (137) | – | (137) |
| Adjustment between restricted and un-restricted reserves | – | 89 | (89) | – | 0 |
| Profit for the year | – | – | – | 519 | 519 |
| Equity capital at the end of the year | 1,958 | 1,026 | 1,423 | 519 | 4,926 |

| PARENT COMPANY | Share capital | Legal reserve | Profits brought forward | Profit for the year | Total equity capital |
|--|---------------|---------------|-------------------------|---------------------|----------------------|
| Equity capital at the beginning of the year | 1,958 | 392 | 59 | 96 | 2,505 |
| Profit from 2002 brought forward | – | – | 96 | (96) | 0 |
| Dividend | – | – | (137) | – | (137) |
| Merger difference | – | – | 1,493 | – | 1,493 |
| Profit for the year | – | – | – | 430 | 430 |
| Equity capital at the end of the year | 1,958 | 392 | 1,511 | 430 | 4,291 |

Note 29

Assets Pledged for own Liabilities

| | GROUP | | | | PARENT COMPANY | | | |
|------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| | 2003 | | 2002 | | 2003 | | 2002 | |
| | Nominal amount | Book amount | Nominal amount | Book amount | Nominal amount | Book amount | Nominal amount | Book amount |
| Mortgages | – | – | – | – | – | – | – | – |
| Securities | 620 | 617 | 80 | 79 | 620 | 617 | 80 | 79 |
| Other collateral | – | – | – | – | – | – | – | – |
| Total | 620 | 617 | 80 | 79 | 620 | 617 | 80 | 79 |

Note 30

Off-Balance Sheet Commitments

| | GROUP | | PARENT COMPANY | |
|---|----------------|---------|----------------|---------|
| | 2003 | 2002 | 2003 | 2002 |
| | Nominal Amount | | Nominal Amount | |
| <i>Future commitments</i> | | | | |
| – Agreements on the purchase and sale of forward securities contracts | – | – | – | – |
| – Other commitments to future payments | – | – | – | – |
| <i>Interest rate- and currency-related contracts</i> | | | | |
| – Interest rate futures | – | – | – | – |
| – Currency futures | 15,516 | 17,051 | 15,516 | 17,051 |
| – Interest and currency swaps | 179,826 | 164,181 | 179,826 | 164,181 |
| <i>Other commitments</i> | | | | |
| – Loan commitments | 4,595 | 3,715 | 4,464 | – |
| – Other commitments | – | – | – | – |
| Total | 199,937 | 184,947 | 199,806 | 181,232 |

To limit the potential counter party risk in derivative transactions, SBAB has entered into a number of so called security agreements which means that the parties have agreed beforehand on providing acceptable securities for exposures exceeding a certain so called threshold amount.

Note 31

Book Values and Actual Values of Items both on and off the Balance Sheet

| | GROUP | | | | PARENT COMPANY | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Current assets | | Fixed assets | | Current assets | | Fixed assets | |
| ASSETS | Book value | Actual value | Book value | Actual value | Book value | Actual value | Book value | Actual value |
| Cash in hand and balance in central banks | 0 | 0 | – | – | 0 | 0 | – | – |
| Eligible Treasury Bills, etc. | 709 | 710 | – | – | 709 | 710 | – | – |
| Lending to credit institutions | 3,777 | 3,777 | – | – | 11,963 | 12,139 | – | – |
| Lending to the public | – | – | 125,772 | 128,150 | – | – | 117,540 | 119,741 |
| Shares and participations, etc. | – | – | 1 | 1 | – | – | 1 | 1 |
| Shares and participations in group companies | – | – | – | – | – | – | 204 | 204 |
| Intangible assets | – | – | 31 | 31 | – | – | 9 | 9 |
| Tangible assets | – | – | 22 | 22 | – | – | 22 | 22 |
| Other assets | 931 | 931 | – | – | 929 | 929 | – | – |
| Pre-paid costs and accrued income | 611 | 611 | – | – | 620 | 620 | – | – |
| Total assets | 6,028 | 6,029 | 125,826 | 128,204 | 14,221 | 14,398 | 117,776 | 119,977 |
| LIABILITIES | Book value | Actual value | | | Book value | Actual value | | |
| Liabilities to credit institutions | 4,562 | 4,562 | | | 4,550 | 4,550 | | |
| Borrowing from the public | – | – | | | – | – | | |
| Bonds issued, etc. | 118,018 | 118,204 | | | 118,418 | 118,613 | | |
| Other liabilities | 170 | 170 | | | 171 | 171 | | |
| Accrued costs and pre-paid income | 2,252 | 2,252 | | | 2,228 | 2,228 | | |
| Allocations | 246 | 246 | | | – | – | | |
| Subordinated debt | 1,482 | 1,410 | | | 1,482 | 1,410 | | |
| Total liabilities | 126,730 | 126,844 | | | 126,849 | 126,972 | | |
| POSITIONS NOT REPORTED ON THE BALANCE SHEET | | Actual value | | | | Actual value | | |
| Positive positions | | 1,235 | | | | 1,235 | | |
| Negative positions | | 2,762 | | | | 2,762 | | |
| DURATION | | Year | | | | Year | | |
| Assets, year | | 1.4 | | | | 1.4 | | |
| Liabilities, year | | 1.6 | | | | 1.6 | | |

In order to arrive at the actual value of borrowing and lending at fixed interest rates, the future cash flows from the year-end up to first interest rate adjustment date have been discounted to give a present value. In arriving at the present value of SBAB's lending, the interest rates on SBAB's borrowing at year-end have been used as the discount rate, adding a margin for administration costs. To calculate the present value of SBAB's borrowing, interest rates on SBAB's borrowing at year-end have been used as the discount rate. It should be noted that reported information of actual value does not constitute an evaluation of SBAB as a company.

Note 32

Booked, Actual and Nominal Values of Derivatives

| GROUP AND PARENT COMPANY DERIVATIVES WITH POSITIVE OR ZERO VALUES | 2003 | | 2002 | |
|---|----------------|--------------|----------------|--------------|
| | Nominal value | Actual value | Nominal value | Actual value |
| <i>– not reported in the Balance Sheet</i> | | | | |
| < 1 year interest rate swaps | 3,636 | 28 | 19,975 | 297 |
| > 1 year interest rate swaps | 48,641 | 1,186 | 11,888 | 564 |
| < 1 year interest rate and currency swaps | 9,966 | 180 | 10,673 | 589 |
| > 1 year interest rate and currency swaps | 6,487 | 974 | 14,122 | 926 |
| < 1 year equity-linked derivative contracts | 0 | 0 | 125 | 10 |
| > 1 year equity-linked derivative contracts | 245 | 21 | 0 | 0 |
| Total | 68,975 | 2,389 | 56,783 | 2,386 |
| | | | | |
| GROUP AND PARENT COMPANY DERIVATIVES WITH NEGATIVE VALUES | 2003 | | 2002 | |
| | Nominal value | Actual value | Nominal value | Actual value |
| <i>– not reported in the Balance Sheet</i> | | | | |
| < 1 year interest rate swaps | 16,961 | 416 | 18,094 | 288 |
| > 1 year interest rate swaps | 50,582 | 2,315 | 59,428 | 2,255 |
| < 1 year interest rate and currency swaps | 38,380 | 2,703 | 34,205 | 2,418 |
| > 1 year interest rate and currency swaps | 19,975 | 1,117 | 12,065 | 957 |
| < 1 year equity-linked derivative contracts | 65 | 1 | 52 | 0 |
| > 1 year equity-linked derivative contracts | 404 | 32 | 605 | 65 |
| Total | 126,367 | 6,584 | 124,449 | 5,983 |

Derivatives for hedge accounting - see Accounting principles – "Derivative instruments".

Note 33

Fixed-Interest Terms for Financial Assets and Liabilities

| GROUP | Without fixed- interest term | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | TOTAL |
|--|---------------------------------|-----------|------------|-------------|-----------|----------|-----------|
| ASSETS | | | | | | | |
| Cash in hand and balance in central banks | – | 0 | – | – | – | – | 0 |
| Eligible Treasury Bills | – | 709 | – | – | – | – | 709 |
| Lending to credit institutions | – | 3,777 | – | – | – | – | 3,777 |
| Lending to the public | – | 43,687 | 9,113 | 10,534 | 59,751 | 2,687 | 125,772 |
| Other assets | 1,131 | 431 | 18 | 14 | 2 | – | 1,596 |
| Total financial assets | 1,131 | 48,604 | 9,131 | 10,548 | 59,753 | 2,687 | 131,854 |
| LIABILITIES | | | | | | | |
| Liabilities to credit institutions | – | 4,562 | – | – | – | – | 4,562 |
| Bonds issued, etc. | – | 73,768 | 3,966 | 3,154 | 36,705 | 425 | 118,018 |
| Other liabilities | 533 | 998 | 815 | 262 | 47 | 13 | 2,668 |
| Subordinated debt | – | 1,482 | – | – | – | – | 1,482 |
| Total financial liabilities | 533 | 80,810 | 4,781 | 3,416 | 36,752 | 438 | 126,730 |
| POSITIONS NOT REPORTED ON THE BALANCE SHEET | | | | | | | |
| Long positions | – | 78,362 | 2,971 | 3,394 | 31,599 | 643 | 116,969 |
| Short positions | – | (47,911) | (8,222) | (7,365) | (50,865) | (2,606) | (116,969) |
| Difference between assets and liabilities | | | | | | | |
| including positions off the Balance Sheet | 598 | (1,755) | (901) | 3,161 | 3,735 | 286 | 5,124 |
| Cumulative interest rate sensitivity | 598 | (1,157) | (2,058) | 1,103 | 4,838 | 5,124 | |
| PARENT COMPANY | | | | | | | |
| | Without fixed- interest term | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | TOTAL |
| ASSETS | | | | | | | |
| Cash in hand and balance in central banks | – | 0 | – | – | – | – | 0 |
| Eligible Treasury Bills | – | 709 | – | – | – | – | 709 |
| Lending to credit institutions | – | 6,572 | 557 | 572 | 4,113 | 149 | 11,963 |
| Lending to the public | – | 40,846 | 8,556 | 9,962 | 55,638 | 2,538 | 117,540 |
| Other assets | 1,320 | 431 | 18 | 14 | 2 | – | 1,785 |
| Total financial assets | 1,320 | 48,558 | 9,131 | 10,548 | 59,753 | 2,687 | 131,997 |
| LIABILITIES | | | | | | | |
| Liabilities to credit institutions | – | 4,550 | – | – | – | – | 4,550 |
| Bonds issued, etc. | – | 73,768 | 3,966 | 3,154 | 37,105 | 425 | 118,418 |
| Other liabilities | 264 | 998 | 815 | 262 | 47 | 13 | 2,399 |
| Subordinated debt | – | 1,482 | – | – | – | – | 1,482 |
| Total financial liabilities | 264 | 80,798 | 4,781 | 3,416 | 37,152 | 438 | 126,849 |
| POSITIONS NOT REPORTED ON THE BALANCE SHEET | | | | | | | |
| Long positions | – | 78,362 | 2,971 | 3,394 | 31,599 | 643 | 116,969 |
| Short positions | – | (47,911) | (8,222) | (7,365) | (50,865) | (2,606) | (116,969) |
| Difference between assets and liabilities | | | | | | | |
| including positions off the Balance Sheet | 1,056 | (1,789) | (901) | 3,161 | 3,335 | 286 | 5,148 |
| Cumulative interest rate sensitivity | 1,056 | (733) | (1,634) | 1,527 | 4,862 | 5,148 | |

The interest period 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 | Without tenor | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | TOTAL |
|---|---------------|-----------|------------|-------------|-----------|----------|---------|
| ASSETS | | | | | | | |
| Cash in hand and balance in central banks | – | 0 | – | – | – | – | 0 |
| Eligible Treasury Bills | – | 709 | – | – | – | – | 709 |
| Lending to credit institutions | – | 3,777 | – | – | – | – | 3,777 |
| Lending to the public | – | 13,235 | 16,534 | 32,829 | 60,487 | 2,687 | 125,772 |
| Other assets | 1,131 | 431 | 18 | 14 | 2 | – | 1,596 |
| Total financial assets | 1,131 | 18,152 | 16,552 | 32,843 | 60,489 | 2,687 | 131,854 |
| LIABILITIES | | | | | | | |
| Liabilities to credit institutions | – | 4,562 | – | – | – | – | 4,562 |
| Bonds issued, etc. | – | 29,659 | 13,612 | 15,876 | 56,121 | 2,750 | 118,018 |
| Other liabilities | 533 | 998 | 815 | 262 | 47 | 13 | 2,668 |
| Subordinated debt | – | – | – | – | – | 1,482 | 1,482 |
| Total financial liabilities | 533 | 35,219 | 14,427 | 16,138 | 56,168 | 4,245 | 126,730 |

cont'd Note 34

| PARENT COMPANY | Without tenor | <3 months | 3–6 months | 6–12 months | 1–5 years | >5 years | TOTAL |
|---|---------------|---------------|---------------|---------------|---------------|--------------|----------------|
| ASSETS | | | | | | | |
| Cash in hand and balance in central banks | – | 0 | – | – | – | – | 0 |
| Eligible Treasury Bills | – | 709 | – | – | – | – | 709 |
| Lending to credit institutions | – | 4,321 | 1,140 | 2,263 | 4,091 | 148 | 11,963 |
| Lending to the public | – | 12,687 | 15,388 | 30,553 | 56,374 | 2,538 | 117,540 |
| Other assets | 1,320 | 431 | 18 | 14 | 2 | – | 1,785 |
| Total financial assets | 1,320 | 18,148 | 16,546 | 32,830 | 60,467 | 2,686 | 131,997 |
| LIABILITIES | | | | | | | |
| Liabilities to credit institutions | – | 4,550 | – | – | – | – | 4,550 |
| Bonds issued, etc | – | 29,659 | 13,612 | 15,876 | 56,521 | 2,750 | 118,418 |
| Other liabilities | 264 | 998 | 815 | 262 | 47 | 13 | 2,399 |
| Subordinated debt | – | – | – | – | – | 1,482 | 1,482 |
| Total financial liabilities | 264 | 35,207 | 14,427 | 16,138 | 56,568 | 4,245 | 126,849 |

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

Note 35**Distribution of Security for Balance Sheet and Off Balance Sheet Items**

| GROUP DISTRIBUTION OF SECURITY | Municipal guarantee | Municipal responsibility for losses | Government credit guarantee | Bank guarantee | Mortgage | Other | Total | Of which off balance sheet |
|--|------------------------|---|-----------------------------------|-------------------|---------------|---------------|----------------|----------------------------------|
| Investments | | | | | | 1,054 | 1,054 | |
| Derivative contracts | | | | | | 1,549 | 1,549 | 1,549 |
| Credit institutions | | | | | | 3,777 | 3,777 | |
| Other companies | | | | | | | | |
| – Tenant-owner co-operatives | 2,690 | 4 | 2,326 | 80 | 23,482 | | 28,582 | 383 |
| – Private property companies | 1,062 | 7 | 1,269 | 17 | 26,469 | | 28,824 | 1,887 |
| – Business and commercial properties | 98 | | | | 3,943 | | 4,041 | 165 |
| – Other companies | | | | | | 697 | 697 | |
| Households | | | | | | | | |
| – Private homes and holiday homes | 8 | 1,676 | 358 | | 37,387 | | 39,429 | 1,347 |
| – Tenant-owner apartments | | | | | | 8,956 | 8,956 | 658 |
| Public sector | | | | | | | | |
| – Municipal property companies | 18,844 | | | 5 | 2,240 | | 21,089 | 155 |
| Total | 22,702 | 1,687 | 3,953 | 102 | 93,521 | 16,033 | 137,998 | 6,144 |
| PARENT COMPANY DISTRIBUTION OF SECURITY | Municipal guarantee | Municipal responsibility for losses | Government credit guarantee | Bank guarantee | Mortgage | Other | Total | Of which off balance sheet |
| Investments | | | | | | 1,252 | 1,252 | |
| Derivative contracts | | | | | | 1,549 | 1,549 | 1,549 |
| Credit institutions | | | | | 7,477 | 4,486 | 11,963 | |
| Other companies | | | | | | | | |
| – Tenant-owner co-operatives | 2,690 | 4 | 2,326 | 80 | 23,435 | | 28,535 | 383 |
| – Private property companies | 1,062 | 7 | 1,269 | 17 | 26,450 | | 28,805 | 1,887 |
| – Business and commercial properties | 98 | | | | 3,943 | | 4,041 | 165 |
| – Other companies | | | | | | 697 | 697 | |
| Households | | | | | | | | |
| – Private homes and holiday homes | 8 | 1,676 | 358 | | 29,808 | | 31,850 | 1,233 |
| – Tenant-owner apartments | | | | | | 8,230 | 8,230 | 642 |
| Public sector | | | | | | | | |
| – Municipal property companies | 18,844 | | | 5 | 2,240 | | 21,089 | 155 |
| Total | 22,702 | 1,687 | 3,953 | 102 | 93,353 | 16,214 | 138,011 | 6,014 |

Note 36**Genuine Repurchase Transactions**

| | GROUP 2003 | 2002 | PARENT COMPANY 2003 | 2002 |
|---|---------------|-------|------------------------|-------|
| Amount borrowed through the sale of securities with the subsequent repurchase of corresponding assets included in the following items in the Balance Sheet: | | | | |
| – Debt to credit institutions | 4,550 | 6,289 | 4,550 | 6,289 |
| – Borrowing from the public | – | – | – | – |
| Amount lent through the purchase of securities with the subsequent sale of corresponding assets included in the following items in the Balance Sheet: | | | | |
| – Lending to credit institutions | 3,126 | – | 3,126 | – |
| – Lending to the public | – | – | – | – |

Note 37

Risk Mandate and Utilised Limits

| SEK million | GROUP 2003 | | PARENT COMPANY 2003 | |
|---|---------------|----------------|------------------------|----------------|
| | Limit | Utilised limit | Limit | Utilised limit |
| <i>Interest rate risk</i> | | | | |
| – Operative interest rate risk* | 44 | (33) | 44 | (33) |
| – Strategic interest rate risk* | 220 | (85) | 220 | (85) |
| of which exposures within 12 months | 55 | 0 | 55 | 0 |
| – Target value strategic interest rate risk | 92 ±20 | (85) | 92 ±20 | (85) |
| – Reverse spread positions | 20 | – | 20 | – |
| – Spread risk at pre-financing | 50 | – | 50 | – |
| Total | 334 | (118) | 334 | (118) |
| <i>Currency risk</i> | 10 | 4 | 10 | 4 |
| <i>Option risk</i> | 2 | 0 | 2 | 0 |
| <i>Liquidity and refinancing risk</i> | | | | |
| – Reverse spread positions | 5,000 | – | 5,000 | – |
| – Pre-financing | 5,000 | – | 5,000 | – |
| – Unmatched swaps** | 6,000 | 2,800 | 6,000 | 2,800 |
| – Investment portfolio | 13,700 | 700 | 13,700 | 700 |
| <i>Credit facilities***</i> | 11,000 | – | 11,000 | – |

* The limit is stated in absolute terms.

** According to the finance instruction, larger loan renewals may temporarily increase the limit provided that a Board decision is taken in each individual case. The limit for unmatched swaps was increased to SEK 8,000 million during the period 1 October 2003 to 31 December 2003.

*** Of the credit facilities, SEK 9,000 million has been granted by the Swedish National Debt Office which reduces by SEK 1,000 million yearly.

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, to the sum of external borrowing and derivative instruments. The operational interest rate risk may not exceed an absolute amount corresponding to 1 per cent of equity capital at the beginning of the year. 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 per cent of equity capital at the beginning of the year, of which the interest rate risk concerning the next 12 months' exposure may amount, at the most, to an absolute amount corresponding to 25 per cent of the total limit.

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. For the operating risk, the interest rate risk is calculated based on the market value and for the strategic interest rate risk it is based on all contracted cash flows.

– Interest rate risk in reverse spread positions and pre-financing

So called reverse spread positions, where interest rate hedging is initially achieved by sales of forward transactions in government securities, may be taken up 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.

Pre-financing may be used to reduce interest rate, and/or financing or liquidity risk and in monetary terms is limited to SEK 5 billion.

The interest rate risk for pre-financing, calculated as the cost of a spread change of +/- 0.25 percentage points may at most amount to SEK 50 million.

Borrowed funds should be invested in liquid interest bearing assets with matching fixed interest terms.

– Total interest rate risk

The total interest rate risk, the sum of operative and strategic interest rate risk and spread risks, may at most amount to SEK 334 million.

Currency and Option Risk

The maximum currency risk exposure may not exceed the equivalent of SEK 10 million.

The loss risk in the open interest option position should be calculated as the combined maximum risk of loss at a change in interest of +/-1 per cent as well as a volatility change of 50 per cent. The risk of loss in the options position may at most amount to SEK 2 million.

Liquidity and Refinancing Risks

– Unmatched swaps

Unmatched swaps may be used with the aim of changing the interest rate risk. By non-financed swaps is meant currency interest rate swaps and interest rate swaps which are either not matched by any underlying borrowing or have been financed via own equity capital or the float, or which have a maturity which is longer than the final due date of the underlying borrowing.

The limit for non-financed swaps amounts to SEK 6 billion.

– Investment portfolio

Borrowing aimed at investing in liquid interest-bearing securities (Investment portfolio) may occur up to an amount corresponding to 10 per cent of the balance sheet total at the start of the year. The term of the investment may run up to 10 years at most. The term of the borrowing and the investment should be matched as far as possible. The term of the investment may not exceed the term of the borrowing. Where the term of the borrowing exceeds that of the investment it may not have a fixed interest term for more than 3 months of the excess period.

Note 38

Counterparty Risks

| SEK million | GROUP 2003 | | PARENT COMPANY 2003 | |
|-----------------------------------|---------------|----------------|------------------------|----------------|
| | Limit | Utilised limit | Limit | Utilised limit |
| <i>Counterparties with rating</i> | | | | |
| AAA | 2,110 | 696 | 2,110 | 696 |
| AA | 5,055 | 375 | 5,055 | 375 |
| A | 5,116 | 57 | 5,116 | 57 |
| Total | 12,281 | 1,128 | 12,281 | 1,128 |
| <i>Termination commitments</i> | 80 | 6 | 80 | 6 |

A credit risk limit is determined for all counterparties (i.e. borrowers and financial counterparties) with the exception of the Swedish state. The limits are set by the Credit Committee. For those counterparties who are also loan customers the limit should be co-ordinated with the credit limit. Investments, entering into derivative contracts and repo contracts may only be done with counterparties for whom there is a valid limit and may be done in interest-bearing instruments issued by the counterparty or alternatively with an interest bearing account with the counterparty.

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

Calculation of credit and counterparty risks should, with two exceptions, take place according to the regulations set by the Swedish Financial Supervisory Authority, which are valid at the time (or the corresponding government authority decision) concerning capital adequacy and the reporting of large exposures. The first exception is that the exposure should not be reduced with regard to the counterparty's risk weight. The other exception is that, where it concerns derivative transactions, the market value and potential risk are fully offset although the counterparty risk may never be below the estimated exposure according to current regulations (see above).

Note 39

SBAB Including Securitisation Companies

The securitisation companies (SC) are not consolidated into the SBAB group, which is in accordance with the Swedish Financial Supervisory Authority regulations. If the consolidated accounting definition in the recommendation by the Swedish Financial Accounting Standards (RR1:00) Consolidated Financial Statements and Accounting for Investments in Subsidiaries" is applied, it means that the companies are consolidated. The SBAB group is shown below by following the Swedish Financial Accounting Standards recommendation.

| INCOME STATEMENT | SBAB excl. SCs | Morfun | SRM No. 1 | SRM No. 2 | SRM No. 3 | Consolidation difference | SBAB incl. SCs |
|---------------------------|----------------|----------|-----------|-----------|-----------|-----------------------------|----------------|
| Net interest income | 1,253 | 6 | 47 | 56 | 17 | (92) | 1,287 |
| Other income and expenses | (28) | (6) | (46) | (55) | (17) | 92 | (60) |
| Overhead expenses | (481) | (0) | (1) | (1) | (0) | 0 | (483) |
| Loan losses | (23) | – | – | – | – | – | (23) |
| Profit before tax | 721 | – | – | – | – | – | 721 |

| BALANCE SHEET | SBAB excl. SCs | Morfun | SRM No. 1 | SRM No. 2 | SRM No. 3 | Consolidation difference | SBAB incl. SCs |
|---|----------------|--------------|--------------|--------------|--------------|-----------------------------|----------------|
| ASSETS | | | | | | | |
| Eligible Treasury Bills | 709 | – | – | – | – | – | 709 |
| Lending to credit institutions | 3,777 | 52 | 574 | 343 | 399 | – | 5,145 |
| Lending to the public | 125,772 | 1,010 | 8,075 | 8,081 | 8,876 | – | 151,814 |
| Other assets | 1,596 | 6 | 24 | 29 | 88 | (753) | 990 |
| Total assets | 131,854 | 1,068 | 8,673 | 8,453 | 9,363 | (753) | 158,658 |
| LIABILITIES AND EQUITY CAPITAL | | | | | | | |
| Debt to credit institution | 4,562 | – | – | – | – | – | 4,562 |
| Securities issued incl. subordinated loans | 119,500 | 1,010 | 8,477 | 8,291 | 8,955 | – | 146,233 |
| Other allocations and liabilities | 2,668 | 58 | 196 | 162 | 408 | (753) | 2,739 |
| Minority | 198 | – | – | – | – | – | 198 |
| Equity capital | 4,926 | 0 | 0 | 0 | 0 | – | 4,926 |
| Total liabilities and equity capital | 131,854 | 1,068 | 8,673 | 8,453 | 9,363 | (753) | 158,658 |

Five Year Overview

| SEK million | 2003 | 2002 | 2001 | 2000 | 1999 |
|---|----------------|----------------|----------------|----------------|----------------|
| Interest income | 6,774 | 7,675 | 8,078 | 8,398 | 8,807 |
| Interest expenses | (5,521) | (6,500) | (7,009) | (7,500) | (8,023) |
| Net interest income | 1,253 | 1,175 | 1,069 | 898 | 784 |
| Other operating income | (28) | (12) | (11) | (8) | (2) |
| Total operating income | 1,225 | 1,163 | 1,058 | 890 | 782 |
| Depreciation of tangible and intangible assets | (12) | (12) | (15) | (16) | (15) |
| Other operating expenses | (469) | (459) | (447) | (393) | (382) |
| Total operating expenses before loan losses | (481) | (471) | (462) | (409) | (397) |
| Operating income before loan losses | 744 | 692 | 596 | 481 | 385 |
| Loan losses including change in value of repossessed property | (23) | (74) | (55) | (12) | 12 |
| Net operating income | 721 | 618 | 541 | 469 | 397 |
| Loan portfolio | 125,772 | 133,840 | 137,430 | 139,734 | 145,543 |
| Other assets | 6,082 | 3,978 | 9,295 | 11,359 | 5,439 |
| Total assets | 131,854 | 137,818 | 146,725 | 151,093 | 150,982 |
| Bonds issued, etc. | 118,018 | 122,970 | 132,498 | 129,206 | 138,552 |
| Other liabilities | 6,984 | 8,461 | 7,291 | 15,470 | 6,453 |
| Provision for deferred tax | 246 | 212 | 199 | 188 | 177 |
| Subordinated debt | 1,482 | 1,482 | 2,418 | 2,221 | 2,114 |
| Equity capital incl. minority shareholding | 5,124 | 4,693 | 4,319 | 4,008 | 3,686 |
| Total liabilities and equity capital | 131,854 | 137,818 | 146,725 | 151,093 | 150,982 |
| Number of employees (annual average) | 384 | 388 | 368 | 365 | 374 |
| New lending (SEK million) | 21,888 | 15,144 | 23,638 | 21,930 | 22,523 |
| Loan losses (per cent of lending) | 0.02 % | 0.06 % | 0.04 % | 0.01 % | -0.01 % |
| Doubtful loans after specific provision (SEK million) | 102 | 379 | 284 | 498 | 626 |
| Provision ratio in relation to lending | 0.24 % | 0.29 % | 0.24 % | 0.25 % | 0.29 % |
| Equity ratio, unadjusted | 4.1 % | 3.6 % | 3.1 % | 2.8 % | 2.6 % |
| Equity ratio | 3.9 % | 3.4 % | 2.9 % | 2.7 % | 2.4 % |
| Capital ratio | 10.2 % | 10.0 % | 9.5 % | 9.7 % | 9.5 % |
| Primary capital ratio | 8.4 % | 7.8 % | 7.0 % | 6.8 % | 6.5 % |
| Return on equity capital, tax at standard rate | 11.0 % | 10.2 % | 9.6 % | 8.9 % | 8.0 % |
| Return on equity capital, actual tax | 11.0 % | 10.1 % | 9.5 % | 8.8 % | 7.9 % |
| I/E ratio, excluding loan losses | 2.5 | 2.5 | 2.3 | 2.2 | 2.0 |
| I/E ratio, including loan losses | 2.4 | 2.1 | 2.0 | 2.1 | 2.0 |
| Investment margin | 0.93 % | 0.83 % | 0.72 % | 0.59 % | 0.51 % |
| Investment margin – excl. deferred purchase price | 0.85 % | 0.75 % | 0.68 % | 0.59 % | 0.51 % |

DEFINITIONS OF KEY RATIOS

Number of employees · permanent and temporary employees (annual average).

New lending · paid-out term loans.

Loan losses as a percentage of lending · loan losses in relation to lending at the year-end.

Doubtful loan receivables after specific provision · doubtful loan receivables net after specific provision for loans assessed individually.

Provision ratio in relation to lending · total provision for probable loan losses in relation to lending.

Equity ratio (unadjusted) · equity capital, minority share holding and deferred tax liability in relation to total assets at year-end.

Equity ratio · equity capital incl. minority share holding in relation to total assets at year-end.

Capital ratio · Capital base/risk-weighted assets.

Primary capital ratio · primary capital/risk-weighted assets.

Rate of return on equity capital · operating income after tax at the standard and actual rate respectively in relation to average equity capital.

I/E ratio excl. loan losses · total income / (total operating expenses - loan losses).

I/E ratio incl. loan losses · total income/total operating expenses.

Investment margin · net interest income in relation to average total assets.

Investment margin excl. deferred purchase price · net interest income excluding deferred purchase price from the securitised portfolio in relation to average total assets.

Proposed Appropriation of Profit

The group's free equity capital according to the group balance sheet amounts to SEK 1,942 million, of which the year's result amounts to SEK 519 million. No allocation to restricted reserves is necessary.

The Board of Directors 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 1,511 million and the year's result, SEK 430, totally SEK 1,941 million are appropriated as follows:

| | |
|--|--------------------------|
| To the share holder, a dividend of SEK 7,302 per share | SEK 143 million |
| Carried forward | SEK 1,798 million |
| <u>Total</u> | <u>SEK 1,941 million</u> |

Stockholm, 19 February 2004

Claes Kjellander
Chairman

Christina Ragsten Pettersson

Jan Berg

Per Erik Granström

Kerstin Grönwall

Lars Linder-Aronson

Michael Thorén

Christer Malm
Chief Executive Officer

Our audit report has been given on 20 February 2004

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

Lars-Ola Andersson
*Authorised Public Accountant
Appointed by the
Financial Supervisory Authority*

Audit Report

To the General Meeting of the Shareholders of the Swedish Housing Finance Corporation, SBAB (publ) Organisation number 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 (publ) for the year 2003. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit 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 Financial Operations 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 principles in Sweden.

We recommend to the General Meeting of Shareholders 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, 20 February 2004

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

Lars-Ola Andersson
Authorised Public Accountant
Appointed by the
Financial Supervisory Authority

Board of Directors



Claes Kjellander
Chairman, CEO
Jones Lang LaSalle AB



Christina Ragsten Pettersson
Deputy Chairman, Director,
Ministry of Industry



Jan Berg
Master of Science and
Engineering



Per Erik Granström
Member of Parliament



Kerstin Grönwall
Chief of Social Responsibility
Folksam



Lars Linder-Aronson
CEO Ventshare Management AB



Christer Malm
CEO SBAB



Michael Thorén
Senior Investment Manager,
Ministry of Industry

The Board of Directors Activities

At the Annual General Meeting on 25 March 2003, the following Board Members were re-elected: Christina Ragsten Pettersson, Chairman, Jan Berg, Per Erik Granström, Kerstin Grönwall, Lars Linder-Aronson and Christer Malm. In addition, Michael Thorén was elected as a new Member of the Board.

At an extra Board Meeting on 19 May 2003, Claes Kjellander was elected Member and Chairman of the Board. At the following meeting Christina Ragsten Pettersson was elected Deputy Chairman.

The Board's Activities

The Board had six scheduled meetings during 2003. The Board's work is carried out according to a yearly plan, decided in the Board's rules of procedure. During the year the areas covered have been:

February meeting

Proposal for annual report and bonus confirmation. Account of SBAB's auditors' assessment of operations and confirmation of auditing plan.

March meeting

Stipulation of policies and instructions valid for the election of the Board's officers and the election of board members in the subsidiaries and giving of various authorisations.

May meeting

Strategic direction and preliminary goal formulations in the business plan for 2004. Election of members to the Board's committees.

August meeting

Strategy meeting including discussion of the preliminary business plan for 2004 and boundaries for the autumn's work with the business plan in the organisation.

October meeting

Evaluation of the Board's and the Chief Executive Officer's work.

December meeting

Final confirmation of business plan, budget, bonus system and audit plan for 2004's operations and a decision regarding the new Chief Executive Officer.

In addition to this, the Board has worked with the requirements for Basel II (new capital adequacy regulations), IAS-preparations (new accounting rules), a possible adoption of the Euro by Sweden and questions pertaining to the securitisation transactions undertaken during 2003. In addition issues regarding an increased lending limit, the basis for limit management, setting interest rates on loans to owners of tenant-owner apartments and new products in the form of top-up loans and down payment loans. Furthermore the owner's guidelines were followed up with regard to salaries and other benefits to the management.

In addition to the Board meetings, the Board follows the day-to-day work in SBAB through the extensive monthly reports submitted by the Chief Executive Officer.

The Board has furthermore extended its work through special committees:

- Credit Committee; decisions regarding larger credits, policy questions. Members: Jan Berg, Christer Malm, Christina Ragsten Pettersson, 13 meetings.
- Audit Committee, members: Jan Berg, Kerstin Grönwall, Christina Ragsten Pettersson, three meetings.
- Compensation Committee: members: Claes Kjellander, Michael Thorén, two meetings.

Board of Directors, Auditors and Executive Management

Board of Directors

Claes Kjellander (1945)
Chairman,
Chief Executive Officer
Jones Lang LaSalle AB

Christina Ragsten Pettersson (1958)
Director, Ministry of Industry

Jan Berg (1953)
Master of Science and Engineering

Per Erik Granström (1942)
Member of Parliament

Kerstin Grönwall (1948)
Chief of Social Responsibility
Folksam

Lars Linder-Aronson (1953)
Chief Executive Officer
Ventshare Management AB

Christer Malm (1943)
Chief Executive Officer
SBAB

Michael Thorén (1969)
Senior Investment Manager
Ministry of Industry

Auditors

KPMG with Per Bergman (1946)
as the Lead auditor
Authorised Public Accountant
KPMG

Lars-Ola Andersson (1954)
Authorised Public Accountant
Appointed by the Financial Supervisory Authority
SET Revisionsbyrå AB

Board of the subsidiary FriSpar Bolån AB

Lars-Olof Svensson,
Chairman

Tomas Bredgard

Peter Bjurenvall

Erik Ekström

Peter Gertman

Gustav Hoorn

Bengt Johansson

Bengt-Olof Nilsson Lalér

Executive Management

Christer Malm
CEO
Year of employment 1999

Peter Gertman
Deputy CEO, Chief Lending Officer
Year of employment 1991

Krister Orrell
Deputy CEO
Year of employment 1989

Per Balazsi
Chief H R Officer and Chief Financial Controller
Year of employment 2002

Christine Ehnström
Chief Legal Counsel
Year of employment 1999

Ricard Grundwall
Chief Accounting Officer
Year of employment 1989

Lena Hedlund
Deputy Chief Lending Officer
Year of employment 1994

Annelise Jansson
Chief Communication Officer
Year of employment 2001

Göran Laurén
Chief Financial Officer
Year of employment 1991

Bengt-Olof Nilsson Lalér
Chief Credit Officer
Year of employment 2000

Ulf Tingström
Chief Information Officer
Year of employment 2001

Executive Management



Christer Malm
CEO



Krister Orrell
Deputy CEO, CEO's first
substitute



Peter Gertman
Deputy CEO, Chief Lending
Officer



Per Balazsi
Chief H R Officer and Chief
Financial Controller



Christine Ehnström
Chief Legal Counsel



Ricard Grundwall
Chief Accounting Officer



Lena Hedlund
Deputy Chief Lending Officer



Annelise Jansson
Chief Communication Officer



Göran Laurén
Chief Financial Officer



Bengt-Olof Nilsson Lalér
Chief Credit Officer



Ulf Tingström
Chief Information Officer

Addresses

Head Office

SBAB

Box 27308
SE-102 54 Stockholm
(Löjtnantsgatan 21)
Tel. Int. +46-8-614 43 00
Fax. Int. +46-8-611 46 00
www.sbab.se
e-mail headoffice@sbab.se
Org nr 556253-7513

Local offices

Göteborg

SBAB
Kungstorget 2
SE-411 17 Göteborg
Tel. Int. +46-31-743 37 00
Fax. Int. +46-31-743 37 10
e-mail goteborg@sbab.se



Karlstad

SBAB
Box 1012
SE-651 15 Karlstad
(Tingvallagatan 11)
Tel. Int. +46-54-17 44 00
Fax. Int. +46-54-17 44 83
e-mail privatmarknad@sbab.se

Stockholm

SBAB
Box 27308
SE-102 54 Stockholm
(Löjtnantsgatan 21)
Tel. Int. +46-8-614 43 00
Fax. Int. +46-8-614 38 60
e-mail stockholm@sbab.se

Linköping

SBAB
Platensgatan 2
Box 353
SE-581 03 Linköping
Tel. Int. +46-13-35 52 50
Fax. Int. +46-13-24 52 11
e-mail linkoping@sbab.se

Umeå

SBAB
Box 373
SE-901 08 Umeå
(Renmarkstorget 10)
Tel. Int. +46-90-71 74 00
Fax. Int. +46-90-77 87 88
e-mail umea@sbab.se

Malmö

SBAB
Stortorget 17
SE-211 22 Malmö
Tel. Int. +46-40-664 53 40
Fax. Int. +46-40-30 61 55
e-mail malmo@sbab.se

Production: SBAB in co-operation with Wildeco
Photo: Babis Tsokas, IMS Bildbyrå, EyeQnet, Gettyimages, Peter Jönsson AB, Tiofoto,
Mats Bagger, Anna-Karin Tollin, Kristina Öjjeberg and Margot Örn, SBAB
Printing: Jernström offset, Stockholm, Sweden 2004
Printed on environmental friendly paper Agrippina Offset



www.sbab.se



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

Visiting address: Löjtnantsgatan 21 ■ Postal address: Box 27308, SE-102 54 Stockholm, Sweden
Telephone: +46-8-614 43 00 ■ Fax: +46-8-611 46 00 ■ Internet: www.sbab.se ■ E-mail: headoffice@sbab.se
(Org.nr. 556253-7513)