The Swedish Covered Bond Corporation

Annual Report 2007

Contents

This is a translation of the Swedish annual report. The translation has not been signed for approval by the auditor.

Administration Report

Summary

	2007	2006
Net interest income, SEK million	840	303
Net operating income, SEK million	566	298
Net profit, SEK million	408	215
Impairment charges, SEK million (income)	1	-
Lending, SEK million	128,205	88,654
Average remaining term in loan portfolio, years	1,7	1,5
Capital adequacy, % [1]	8.5	8.8
Primary capital ratio, % [1]	8.5	8.8
Capital ratio	1.07	n/a
Volume international borrowing, SEK million	50,716	22,220
Rating, long-term borrowing		
Standard & Poor´s	AAA	AAA
Moody´s	Aaa	Aaa

1 *The comparison figures have not been recalculated in accordance with statutory IFRS. The effects of the change of accounting policies are described on page 40.*

A selection of the year's most important events:

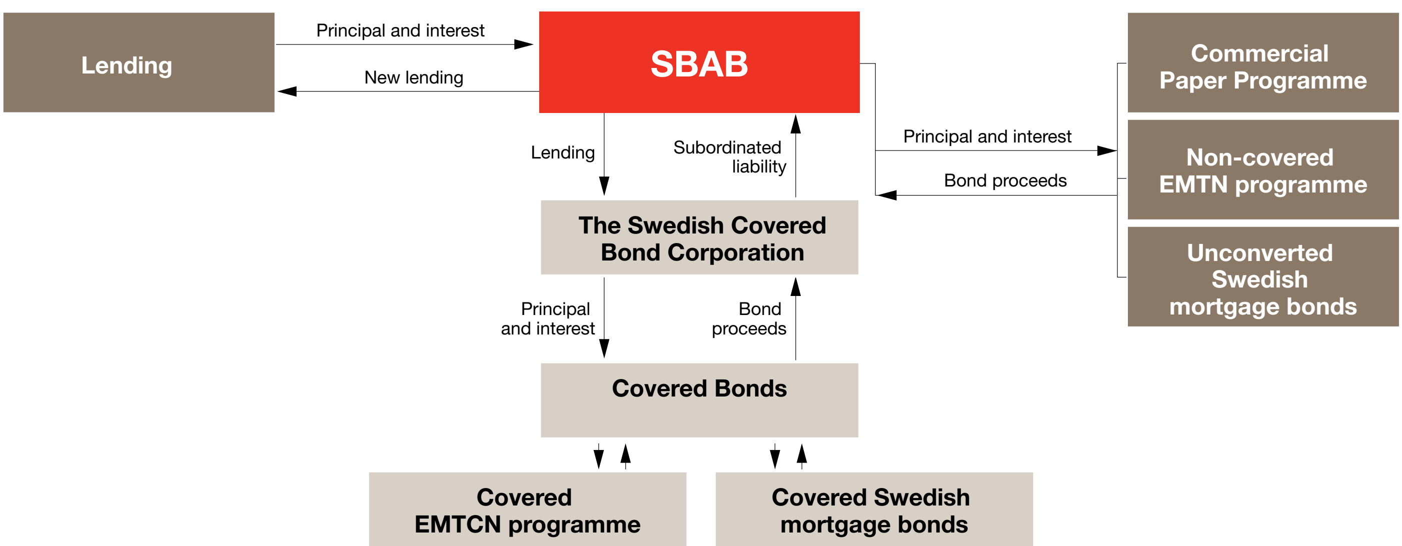
- Follow-up of the successful establishment of SCBC and its covered bond activities in 2006 with two further public benchmark bonds in euro.
- Introduction of Sweden's and SCBC´s second and third Swiss public issue.
- New covered bond issues in a number of currencies such as Swedish kronor, Norwegian kroner, British pounds, Swiss francs and US dollars.

Business activities

The Swedish Covered Bond Corporation, SCBC, is a wholly-owned subsidiary of the Swedish Housing Finance Corporation, SBAB. SCBC´s business activities started in 2006 when the company was granted a licence by the Swedish Financial Supervisory Authority to issue covered bonds and to act as a credit market company. The same year, SCBC became the first Swedish issuer of covered bonds.

SCBC´s business activities are mainly focused on issuing covered bonds in the Swedish and international capital market. For this purpose, the company currently uses two funding programmes, the mortgage bond programme in Sweden and the EMTCN programme predominantely in the international market. These two programmes both have the highest possible long-term credit rating Aaa/AAA by the rating agencies Moody's and Standard & Poor's.

SBAB´s arrangement and corporate structure for issuance of covered bonds (see following illustration), together with the Swedish legislation on covered bonds, has been appreciated by market participants and rating agencies.



Lending

SCBC does not carry out new lending itself, but acquires loans from SBAB on an ongoing basis or when required. The intention of the acquisitions is for these loans to be wholly or partly included in the cover asset pool which is collateral for SCBC´s covered bond investors. During 2007, SCBC increased its loan portfolio by around SEK 40 billion. Loans are also acquired or divested between SBAB and SCBC on an ongoing basis. The general aim is for the acquisition of loans to correspond to a representative cross-section of SBAB´s loans.

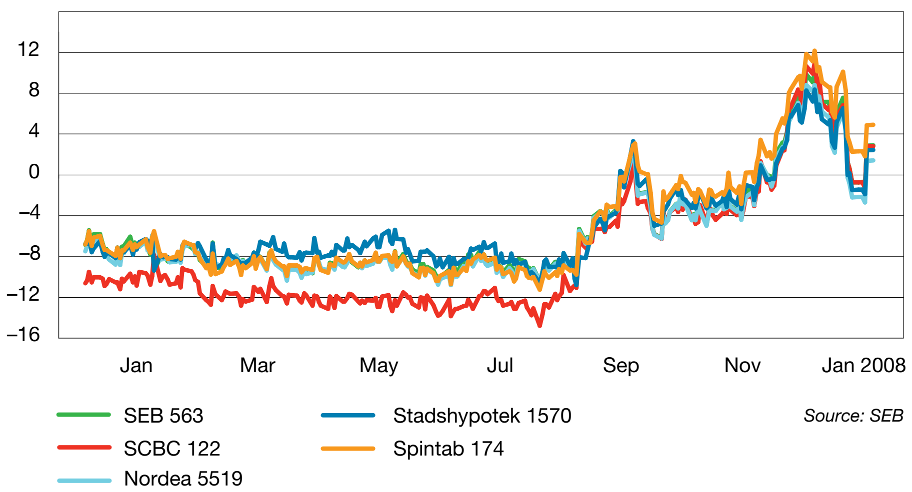
Information about SCBC´s cover asset pool is published monthly on the website www.scbc.se.

Funding

During the year, SCBC has reaped the benefit of the previous year's establishment in the capital market. By following up a number of public transactions in the international market, SCBC has further strengthened its position and broadened the investor base in Europe. During the turbulence in the market in the latter half of the year, SCBC´s diversified funding channels in a number of markets and in the Swedish market has proven valuable.

Asset swap spreads Swedish mortgage bond market - maturity 2010

Basis point compared to Stibor



Source: SEB

The outstanding covered debt as at 31 December 2007 totalled around SEK 105 billion (carrying value excluding repo transactions). This is equivalent to an increase of around SEK 37 billion compared with 31 December 2006.

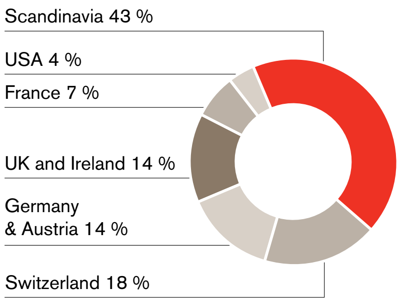
Among the public issues carried out by SCBC in the international market under the EMTCN programme, the following transactions may be mentioned:

- Two issues each of EUR 1 billion were launched in the public euro market.
- Two public issues were launched in the Swiss market.

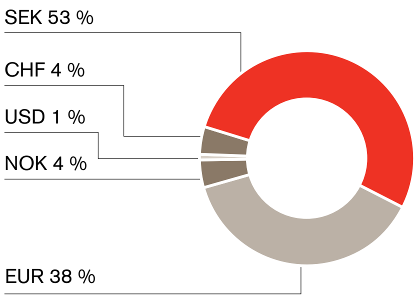
SCBC has moreover issued a number of private placements under the EMTCN programme in a variety of currencies.

Geographical distribution SCBC, EUR 1 billion, 3 years

Equivalent value, SEK 9.1 billion



Allocation of currencies securities issued 2007



Income Statement

SEK million	Note	2007	2006
Interest income	1	4,786	1,775
Interest expense	1	(3,946)	(1,472)
Net interest income		**840**	**303**
Commission income	2	7	3
Commission expense	2	(1)	(0)
Net income from financial instruments designated at fair value	3	28	149
Other operating income		(0)	0
Total operating income		**874**	**455**
General administration expenses	4	(307)	(157)
Other operating expenses	5	(2)	(0)
Total expenses before impairment charges		**(309)**	**(157)**
Impairment charges	6	1	-
Operating profit		**566**	**298**
Income tax expense	7	(158)	(83)
Profit for the year		**408**	**215**

Balance Sheet

SEK million

ASSETS

	Note	31 December 2007	31 December 2006
Loans and advances to credit institutions	8	7,015	0
Loans and advances to customers	9	128,205	88,654
Fair value adjustment of interest-rate hedged loan receivables	10	(708)	(40)
Derivative financial instruments	11	3,113	573
Other assets	13	129	46
Prepaid expenses and accrued income	14	299	193
Total assets		**138,053**	**89,426**

LIABILITIES AND EQUITY

Liabilities

	Note	31 December 2007	31 December 2006
Liabilities to credit institutions	15	8,435	4,793
Debt securities in issue	16	105,361	68,741
Derivative financial instruments	11	994	832
Other liabilities	17	83	297
Accrued expenses and prepaid income	18	1,897	652
Deferred income tax liabilities	19	21	-
Subordinated debt to parent company	20	15,439	9,896
Total liabilities		**132,230**	**85,211**

Equity

	Note	31 December 2007	31 December 2006
Share capital		50	50
Shareholder's contribution		5,150	3,950
Retained earnings		215	0
Net profit for the year		408	215
Total equity	21	**5,823**	**4,215**
Total liabilities and equity		**138,053**	**89,426**

Off-balance sheet items

	Note	31 December 2007	31 December 2006
Assets pledged for own liabilities	22	123,687	84,283
Other assets pledged		None	None
Contingencies		None	None
Commitments		None	None

Statement of Changes in Equity

	Restricted equity	Non-restricted equity		
SEK million	Share capital	Shareholder´s contribution	Retained earnings	Total equity
Opening balance 1 January 2006	**0[1]**	**-**	**-**	**0[1]**
Shareholder’s contribution		3,950		3,950
New issue	50			50
Net profit for the year			215	215
Closing balance 31 December 2006	**50**	**3,950**	**215**	**4,215**

1 The share capital amounts to SEK 500,000

	Restricted equity	Non-restricted equity		
SEK million	Share capital	Shareholder´s contribution	Retained earnings	Total equity
Opening balance 1 January 2007	**50**	**3,950**	**215**	**4,215**
Shareholder’s contribution		1,200		1,200
Net profit for the year			408	408
Closing balance 31 December 2007	**50**	**5,150**	**623**	**5,823**

The shareholder’s contributions provided are conditional and the parent company SBAB has the right to receive repayment of the contributions from SCBC´s profit subject to the approval of the Annual General Meeting.

Cash Flow Statement

SEK million

	2007	2006
Cash and cash equivalents at the beginning of the year	**0**	**0**
Operating activities		
Interest and commission received	4,624	1,559
Interest and commission paid	(3,378)	(1,436)
Realised changes in value	29	-
Cash payments to suppliers	(365)	(119)
Income taxes paid	(158)	-
Net changes in subordinated debt	5,543	9,896
Net changes is loans and advances to customers	(39,539)	(88,654)
Net changes in liabilities to credit institutions	3,642	4,793
Issue of long-term debt securities	50,979	69,768
Repayment of long-term debt securities	(15,366)	-
Net changes in other assets and liabilities	(196)	193
Cash flows from operating activities	**5,815**	**(4,000)**
Investing activities		
Cash flows from investing activities	**-**	**-**
Financing activities		
Dividend paid	-	-
New share issue	-	50
Shareholder's contribution received from parent company	1,200	3,950
Cash flows from financing activities	**1,200**	**4,000**
Increase/decrease in cash and cash equivalents	**7,015**	**0**
Cash and cash equivalents at the end of the year	**7,015**	**0**

Cash and cash equivalents are defined as loans to credit institutions with a maturity of at most three months from the acquisition date.

Risk Management

Successful risk management is a corner-stone for financial business. The central independent risk section within SBAB (Risk) has improved the quality of existing models for credit risk during the year. Additional system support has been acquired to further improve the ability to analyse the SBAB Group´s risk-taking.

Overall goals for risk management

- Risk management shall support the company's business activities and rating targets. Risk-taking is to be balanced, which is to be achieved by the total risk level being kept at such a level as to be compatible with the long-term financial goals for return, for the size of risk capital and for the rating aimed at.
- Relevant target risks shall be identified, measured, controlled and managed.
- Allocation of capital should be based on the desired risk level and earning capacity.
- Risk management shall be transparent and thus able to be presented to and followed by outside stakeholders.

Organisation and responsibility

The Board of SCBC is ultimately responsible for risk management and decides on the risk strategy, risk propensity, risk policy and instructions for management and measurement of risk. In the finance instruction, the Board sets limits for, for instance, market and liquidity risk. The Finance Committee of SBAB makes certain limit decisions in accordance with the credit instruction. The Board also decides on the powers granted to decision-makers through the credit instruction.

SCBC has signed an agreement with SBAB to acquire property loans currently from SBAB. Furthermore, an outsourcing agreement has been entered into, according to which SBAB is to carry out the administrative services, credit management services, operating services and financing services required to operate SCBC´s activities.

Risk is a section within SBAB´s finance department which is responsible for analysing, assessing and reporting on the overall risks of the SBAB Group. In particular, credit risk, which is the most important risk, is monitored and analysed. Risk is responsible for the design, implementation, reliability and monitoring of the risk classification systems and for the internal capital evaluation. The specific risks are dealt with by the respective business area in SBAB.

A monthly report on the Group's overall risk scenario is made by Risk to SBAB´s CEO, to the executive management and to the Board, together with a description of the development of economic capital and risk-adjusted return. Furthermore, continuous reports are made on capital adequacy to SCBC´s CEO and the Board. Quarterly reports are made with a more detailed description of risks.

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

SCBC has been granted permission by the Financial Supervisory Authority to base the capital requirement for credit risk on internal risk classification methods (IRB methods). The Financial Supervisory Authority has assessed the company's internal methods and found them reliable.

The Financial Supervisory Authority has moreover assessed SCBC´s method for measuring and managing operational risk. This method complies with the provisions in the Financial Supervisory Authority's regulations and the authority regards the method as reliable. SCBC uses the standard method for measuring and managing operational risk.

SCBC´s business activities

SCBC does not carry out new lending itself, but acquires loans from SBAB on an ongoing basis or when required. The intention of the acquisitions is for these loans to be wholly or partly included in the cover asset pool which is collateral for SCBC´s covered bond inverstors.

Information about SCBC´s cover asset pool is published monthly on the website www.scbc.se.

SCBC´s business activities shall be conducted in such a way as to comply with the requirements, including any contractual commitments, made in the Swedish Covered Bonds (Issuance) Act (SFS 2003:1223) and in the Financial Supervisory Authority's regulations FFFS 2004:11.

The nominal value of the cover asset pool shall at all times exceed the aggregate nominal value of the claims that may be made on the company due to the covered bonds. Daily market valuation of the cash flows from the cover assets and the liabilities in the SCBC pool is made. When calculating the nominal value of the cover asset pool and the covered bonds, the current values are calculated taking into consideration any price differences and any contracts for derivative financial instruments. The present value of the assets in the cover pool for the covered bonds shall at all times exceed the present value of the corresponding liabilities. The requirement concerning the present value of the cover asset pool in relation to the corresponding liabilities shall also be met after a parallel shift by +/- one percentage point or a twist in the current interest rate curve and in the event of a ten per cent sudden and durable change in the relations between the bond currencies (taking into consideration derivative financial instruments) and asset currencies. Calculation of the present value shall take into consideration all cash flows and take place daily applying the accepted methods in the finance market. In present value computation, consideration shall be taken to price differences for issued and acquired bonds and derivative contracts.

The company may acquire securities if supplementary collateral is required in the cover asset pool. The securities in question shall be eligible as supplementary collateral in accordance with current external regulations. There shall always be a valid limit.

Risks

Credit risk

The following table shows the maximum credit exposure for SCBC at the end of 2006 and 2007 respectively without taking pledged assets into consideration. The carrying value is used for assets on the balance sheet. 97 % (99 %) of the total credit exposure derives from lending to credit institutions and customers (taking into consideration, the change in fair value for interest- rate hedged loan receivables and loans that have been granted but not released).

Maximum credit risk exposure before collateral held or other credit enhancements

(SEK million)

	Maximum exposure	
	2007	**2006**
Credit risk exposure for on-balance sheet items		
Loans and advances to credit institutions	7,015	0
Loans and advances to customers:		
Loans to consumers		
- Single-family dwellings and holiday homes	54,458	40,869
- Tenant-owned apartments	26,097	15,836
Loans to companies/legal entities		
- Tenant-owner associations	27,699	14,395
- Private multi-family dwellings	12,982	9,189
- Municipal multi-family dwellings	6,954	8,365
- Commercial properties	15	-
Fair value adjustment of interest-rate hedged loan receivables	(708)	(40)
Derivative financial instruments	3,113	573
Other assets	129	46
Prepaid expenses and accrued income	299	193
Credit risk exposure for off-balance sheet items		
Financial guarantees	-	-
Loans granted but not released	-	-
Maximum credit exposure as at 31 December	**138,053**	**89,426**

Credit risk exposure for on-balance sheet items

The credit risk is defined as the risk of loss due to the customer or counterparty being unable to furfil their interest and amortisation payments or otherwise comply with the loan agreement. Besides in loans and loan commitments, credit risk also arises, in the event of changes in value of pledged assets in such a way that these assets no longer cover the Group's claims.

According to the agreement between SBAB and SCBC, SBAB undertakes to repurchase loans that no longer comply with the requirements that the parties have agreed on from time to time. For example, SBAB undertakes to repurchase loans that are 60 days or more overdue.

The credit risk in lending activities is restricted by the limits set by SBAB for the customer or customer group. The credit risk is also managed by the ability of potential borrowers to pay interest being analysed in SBAB´s process of approval. New loans to consumers, for instance, are only granted to borrowers who are expected to be able pay interest and amortisation at interest rates above the current levels. Furthermore, risk class assessment based on internal risk classification is used, in analysis of the credit risk of new and existing customers in the loan portfolios.

A standardised method, a basic or advanced IRB method may be used for measurement and monitoring credit risk. SCBC applies an advanced IRB method for consumer loans. During 2008, it is possible to apply for a licence to use advanced IRB methods for corporate loans as well, which SCBC intends to do. Until this licence has been obtained, the Foundation IRB method will be used.

The IRB method is used for measurement of credit risk in every part of a particular commitment to households or companies, where the collateral consists of a mortgage deed or pledge in tenant-owned apartment. The standardised method is used for measurements of credit risk in other cases. External rating is obtained from Standard & Poor´s, if used. In credit risk models, an assessment is made of the probability of default (PD), the loss given default (LGD) and the share of the loan undertaking utilised in the event of default, the conversion factor (CF). On the basis of these parameters, together with the exposure at default (EAD), customers can be ranked according to risk and to the anticipated or unanticipated loss estimated. After assessment, the loan is referred to one of eight risk classes for corporate and consumer loans respectively, where the eighth class consists of customers in default. The development of customers in poorer risk classes is monitored with especial care and the loan is, when necessary, actively managed by the credit department. Models developed are validated annually.

The expected loan impairment EL is measured by the formula EL = PD*LGD*EAD where

- PD (probability of default) states the probability of the customer default
- LGD (loss given default) states the share of loss in the event of default and
- EAD (exposure at default) measures the expected exposure in the event of default

A more uniform procedure where qualitative factors now complement the previous quantitative assessment of a customer's risk class has been developed and implemented during for the year in Corporate Market* for the customer segment where current financial reports are available, which entails increased uniformity in the assessment and easier handling of the underlying data. For other customer segments, the credit analysts, as before, add their assessment of the risk class together with an explanatory statement to the supporting material for assessment of risk class in the decision processing system.

The estimated expected loss (EL) from models can be compared with the estimated probable loss in the accounts viewed over a longer period of time. The latter is managed in compliance with IAS 39. According to these standards, impairment is to take place where there is objective evidence of impairment due to one or more events having taken place which have a negative impact on future cash flows, unlike the expected loss produced by the models, where the risk in each individual loan is to be calculated on the basis of the outcome over a long period of time in a statistical model. The calculation of EL is regulated by the Act concerning Capital Adequacy and Large Exposures (SFS 2006:1371) and the Financial Supervisory Authority's regulations FFFS 2007:1, where the risk in each particular loan is to be calculated on the basis of the outcome over a longer period of time in a statistical model.

The different methods will lead to different results in different phases of the business cycle. When the level of economic activity is high, the reported impairment will be lower than according to that estimated by IRB models since the latter is based on the development of default over a longer period of time, which will generate a more standardised value. For the same reason, the reported impairment in a period of low economic activity will be larger than that calculated according to the IRB method.

** The consumer market refers to all lending to consumers for single-family dwellings, holiday homes and tenant-owned apartments. The corporate market refers to all other lending to customers. Among other things, this means that loans to private persons for multi-family dwellings are treated as corporate loans.*

Loan portfolios by risk class

SCBC´s lending to consumers amounted to SEK 128 billion (SEK 89 billion) as at 31 December 2007. Every customer is allocated to a risk class. Customers with individually reserved corporate market loans are also allocated to the risk class C8. The loans covered by collective provisions are obtained for the corporate market from risk classes C6 and C7 and collectively impaired consumer market loans consist of loans in risk classes R5-R8. Risk class C/R0 are loans where the customers are not classified in accordance with a model. Customers in risk class C0 consists of Swedish municipalities.

Internal rating of the loan portfolio 2007

Corporate market			**Consumer market**		
Risk class	*Lending (%)*	*Provisions (%)*	*Risk class*	*Lending (%)*	*Provisions (%)*
C0	2.06	-	R0	0.00	-
C1	54.26	-	R1	39.33	-
C2	21.32	-	R2	21.10	-
C3	13.83	-	R3	23.98	-
C4	3.91	-	R4	10.78	-
C5	3.09	-	R5	2.91	0.30
C6	1.44	1.05	R6	1,27	1.17
C7	0.09	30.21	R7	0.61	6.22
C8	0.00	0.00	R8	0.02	11.40
	100.00	**0.04**		**100.00**	**0.06**

Internal rating of the loan portfolio 2006

Corporate market			**Consumer market**		
Risk class	*Lending (%)*	*Provisions (%)*	*Risk class*	*Lending (%)*	*Provisions (%)*
C0	2.56	-	R0	0.02	-
C1	28.21	-	R1	26.13	-
C2	12.26	-	R2	29.71	-
C3	40.11	-	R3	32.91	-
C4	5.26	-	R4	8.15	-
C5	9.71	-	R5	1.57	0.43
C6	1.76	3.03	R6	1.01	1.48
C7	0.09	6.70	R7	0.47	8.98
C8	0.04	95.03	R8	0.03	7.71
	100.00	**0.10**		**100.00**	**0.07**

Loans and advances to customers and credit institutions

The loan portfolio has been allocated to loans, where the borrower has performed his obligations according to the terms of the loan, loans where the borrower has not performed his obligations according to the terms of the loan and loans with individual provisions.

In the case of a loan for which individual provision has been made, an individual assessment of the future cash flow has been made together with an estimate of the market value of the underlying collateral. This serves as the basis for the individual provision. In the case of collective provisions, change has occured in the risk of the loan although this change cannot be attributed to any particular customer. The table specifies the provision without taking guarantees into consideration, and the amount guaranteed for the respective provision group are shown seperately.

Loans and advances to customers and credit institutions without amounts past due, with unpaid amounts past due and with provisions

(SEK million)

	31 Dec 2007		31 Dec 2006	
	Customers	Credit institutions	Customers	Credit institutions
Current loans without amounts past due or provisions	127,953	7,015	88,589	-
Loans with unpaid amount past due > 5 days	323	-	121	-
Loans with individual provisions	-	-	-	-
Total outstanding loans	**128,276**	**7,015**	**88,710**	**-**
Individual provisions	-	-	-	-
Collective provisions, corporate market	(20)	-	(18)	-
Collective provisions, consumer market	(51)	-	(38)	-
Total provisions	**(71)**	**-**	**(56)**	**-**
Total lending after provisions	**128,205**	**7,015**	**88,654**	**-**
Guarantees for loans with individual provisions	-	-	-	-
Guarantees for loans with collective provisions, corporate market	7	-	5	-
Guarantees for loans with collective provisions, consumer market	21	-	16	-
Total guarantees	**28**	**-**	**21**	**-**
Total loans and advances after provisions and guarantees	**128,233**	**7,015**	**88,675**	**-**

As at 31 December 2007, collective provisions totalled SEK 43 million (SEK 35 million) after deduction of guarantees, which amounted to 0.03 % (0.04 %) of the loan portfolio. No provisions have been made for loans to credit institutions.

Loans and advances to customers without amounts past due or provisions
The allocation of loans per risk class for the loans which have neither unpaid amounts past due nor provisions shows that 95 % in 2007 and 92 % in 2006 are in the four best risk classes. The loans to commercial properties are covered by municipal guarantees or by a mortgage in a residential property. The allocation does not include transaction costs totalling SEK 17 million (-) which could not be attributed to individual loans. The cost is mainly attributable to single-family dwellings and holiday homes segment.

Loans and advances to customers 2007
(SEK million)

Risk class	*Single-family dwellings and holiday homes*	*Tenant-owned apartments*	*Tenant-owner associations*	*Private mulitfamily dwellings*	*Municipal multifamily dwellings*	*Commercial properties*
C/R0	-	-	-	49	932	-
C/R1	23,939	7,762	17,665	5,148	3,002	-
C/R2	11,262	5,736	4,409	3,853	1,887	-
C/R3	11,652	7,621	3,593	2,269	719	10
C/R4	4,990	3,656	689	895	269	-
C/R5	1,482	813	794	565	123	5
C/R6	640	334	482	180	22	-
C/R7	338	106	26	8	-	-
C/R8	7	4	-	-	-	-
Total	**54,310**	**26,032**	**27,658**	**12,967**	**6,954**	**15**

Loans and advances to customers 2006
(SEK million)

Risk class	*Single-family dwellings and holiday homes*	*Tenant-owned apartments*	*Tenant-owner associations*	*Private mulitfamily dwellings*	*Municipal multifamily dwellings*	*Commercial properties*
C/R0	-	-	21	9	783	-
C/R1	12,193	2,787	7,273	1,553	26	-
C/R2	12,770	4,249	2,846	1,007	5	-
C/R3	11,936	6,786	2,804	4,003	5,905	-
C/R4	2,729	1,598	433	1,190	338	-
C/R5	582	223	591	1,266	1,275	-
C/R6	402	123	409	164	29	-
C/R7	189	50	18	7	-	-
C/R8	16	1	-	0	-	-
Total	**40,817**	**15,817**	**14,395**	**9,199**	**8,361**	**0**

Loans with amounts past due for payment but without individual provisions
The table describes loans with amounts past due for payment without individual provisions broken down by amortisation past due, accrued interest past due and principal for which notice of termination has been given. Furthermore, for the sake of completeness, principal and accrued interest not yet due are also stated for these loans. All amounts have been allocated to lending segments. For loans with amounts past due in several time intervals, the part not past due is in relevant cases shown in the oldest time interval. In the case of the first time interval, it has been decided not to take into consideration amounts past due up to five days before the most recent due date to avoid the analysis being disrupted by payment not received due to holidays.

99.9 % of lending in 2007 does not have any unpaid amount past due or has not been regarded as impaired, which is the same as in 2006. Of SCBC´s loan portfolio of SEK 128 billion (SEK 89 billion), SEK 0 of the principal for which notice of termination had been given was past due for payment in 2007 compared with SEK 1 million in 2006. Of the loans which have unpaid amounts past due, the largest proportion consists of loans to single-family dwellings and holiday homes (0.33 % and 0.20 % respectively of lending to this segment).

Loans and advances to customers with unpaid amounts past due but without individual provisions 2007

(SEK thousand)

	Consumer market		Corporate market			
	Single-family dwellings and holiday homes	*Tenant-owned apartements*	*Tenant-owner associations*	*Private multi-family dwellings*	*Muncipal multi-family dwellings*	*Commer-cial properties*
Past due 5-30 days						
Amortisation past due	3,552	2,247	20,029	1,399	-	-
Accrued interest past due	108	5	69	29	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	11,135	2,084	8,266	3,218	-	-
Accrued interest not past due	31	2	44	12	-	-
Past due 31-60 days						
Amortisation past due	1,732	297	27	69	-	-
Accrued interest past due	834	333	10	261	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	144,821	60,721	10,521	25,962	-	-
Accrued interest not past due	178	58	50	117	-	-
Past due 61-90 days[1]						
Amortisation past due	13	8	0	0	-	-
Accrued interest past due	81	24	-	-	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	17,493	4,324	4,167	895	-	-
Accrued interest not past due	62	16	35	9	-	-
Past due > 90 days[2]						
Amortisation past due	1	1	-	-	-	-
Accrued interest past due	-	-	-	-	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	-	-	-	-	-	-
Accrued interest not past due	-	-	-	-	-	-
Total past due						
Total amortisation past due	5,298	2,553	20,056	1,468	-	-
Total accrued interest past due	1,023	362	79	290	-	-
Total terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Total principal not past due	173,449	67,129	22,954	30,075	-	-
Total accrued interest not past due	271	76	129	138	-	-
Total lending for loans with claim past due without provision	178,747	69,681	43,010	31,543	-	-
Value of collateral and guarantees	178,383	69,681	43,010	31,543	-	-

1 *Amounts past due 61-90 days refers to payment advices which became over 60 days past due during the period 29-31 December 2007.*
2 *Amounts past due >90 days consists of residual amounts on a few payment advices.*

Loans and advances to customers with unpaid amounts past due but without individual provisions 2006

(SEK thousand)

	Consumer market		Corporate market			
	Single-family dwellings and holiday homes	*Tenant-owned apartements*	*Tenant-owner associations*	*Private multi-family dwellings*	*Muncipal multi-family dwellings*	*Commer-cial properties*
Past due 5-30 days						
Amortisation past due	2,800	850	2,955	636	4	-
Accrued interest past due	53	3	-	40	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	5,710	1,909	0	3,281	0	-
Accrued interest not past due	16	1	-	8	-	-
Past due 31-60 days						
Amortisation past due	574	220	-	4	0	-
Accrued interest past due	324	85	-	5	-	-
Terminated principal past due excl. amortisation past due	894	-	-	-	-	-
Principal not past due	70,194	22,546	-	468	3,822	-
Accrued interest not past due	69	30	-	2	20	-
Past due 61-90 days[1]						
Amortisation past due	7	398	0	-	-	-
Accrued interest past due	11	1	-	-	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	2,765	159	842	-	-	-
Accrued interest not past due	9	0	5	-	-	-
Past due > 90 days[2]						
Amortisation past due	0	0	-	-	-	-
Accrued interest past due	-	-	-	-	-	-
Terminated principal past due excl. amortisation past due	-	-	-	-	-	-
Principal not past due	-	-	-	-	-	-
Accrued interest not past due	-	-	-	-	-	-
Total past due						
Total amortisation past due	3,381	1,468	2,955	640	4	-
Total accrued interest past due	388	89	-	45	-	-
Total terminated principal past due excl. amortisation past due	894	-	-	-	-	-
Total principal not past due	78,669	24,614	842	3,749	3,822	-
Total accrued interest not past due	94	31	5	10	20	-
Total lending for loans with claim past due without provision	82,944	26,082	3,797	4,389	3,826	-
Value of collateral and guarantees	82,783	26,082	3,797	4,389	3,826	-

[1] *Amounts past due 61-90 days refers to payment advices which became over 60 days past due during the period 29-31 December 2006.*

[2] *Amounts past due >90 days consists of residual amounts on a few payment advices.*

Impaired customers loans

Impaired loans refers to claims where provision has been made on the basis of individual risk assessment. SCBC has no impaired loans.

Restructured loans receivables

Restructured loan receivables consist of receivables where the borrower has been granted some form of concession due to deterioration of the borrower's financial position or to the borrower having encountered other financial problems. After the receivables have been restructured, they are considered as satisfactory on the basis of the new terms.

Restructuring of a loan receivables may mean

a. that the terms of the loan are modified by terms which are not commercial,
b. that the borrower partly repays his loan by handing over various assets,
c. that the borrower agrees to convert part of the loan receivables into an ownership share or
d. that the borrower is replaced or supplemented by a new borrower.

Reported value of renegotiated loans by borrower category

(SEK million)

	2007	2006
Single-family dwellings and holiday homes	6	-
Tenant-owned apartments	-	-
Tenant-owner associations	54	-
Private multi-family dwellings	-	-
Municipal multi-family dwellings	-	-
Commercial properties	-	-
Total	**60**	**-**

The reported value of financial assets which would otherwise have been reported as past due for payment or written-down and whose terms have been renegotiated.

Collateral in lending activity

In order for SBAB to provide a loan, it is required that satisfactory collateral can be provided in real estate or a tenant-owned apartment.

Satisfactory collateral usually means a mortgage in the property or tenant-owned apartment within 75 % – 85 % of the market value. 85 % applies provided that collateral can be obtained with priority right and that the customer has risk class R1-R4 for a consumer or C1-C4 for a corporate customer. In other cases, a loan-to-value ratio of 75 % applies. If the collateral is supplemented by credit insurance, it is possible to borrow within 100 % of the market value. Besides the above collateral, it is possible to provide loans, inter alia, against collateral in the form of a government loan guarantee, municipal guarantee, securities, bank guarantee and deposits in a Swedish bank.. SCBC does not hold any collateral which has been taken over to protect claims.

Credit risk in financing activity

Within financing activities, credit risk arises partly in the form of counterparty risk for the derivative contracts SCBC enters into to manage the company's risks.

Counterparty risks

Counterparty risks consists of the exposure to leading banks and is predominantly covered by "collateral contracts", where the counterparty provides collateral for the exposure.

Counterparty risks

(SEK million)

	2007-12-31		2006-12-31	
Rating categori	**Limit**	**Utilised limit**	**Limit**	**Utilised limit**
Counterparty with rating				
-AAA				
-AA	7,087	1,467	5,837	5
-A	430	0	430	20
Total	**7,517**	**1,467**	**6,267**	**25**

The table shows the utilised limit and the limit respectively, at an aggregated level per rating category for SCBC´s counterparties. The compilation includes external, derivative contracts entered into by SCBC as at 31 December 2007. At group level, the limit is set per counterparty for all investments (excluding liquidity portfolio), contracts for derivative financial instruments and repo contracts. In accordance with the financial directives, the limits are set by SBAB´s finance committee within the scope of the rating related framework set by SBAB´s Board. Utilised limits are calculated as the market value of derivative financial instruments, repo contracts and investments. The limit shall be coordinated with the credit limit for the counterparties who are also loan customers. The limit can be established for a period of time of at most a year before a new consideration is made. The decisions of the finance committee are to be reported to the Board at the next board meeting. Unilateral "collateral agreements" exist for all counterparties.

Market risk

The market risk is the risk that unfavourable market movements may affect the result of the company negatively. SCBC shall be characterised by a low risk taking and SBAB´s Board decides ultimately on methods for risk measurement and limits. The market risk is followed up at group level and the Risk departement monitors current risk levels and compliance with limits by daily reporting.

SCBC´s interest rate risk exposure arises mainly through the company's lending and funding not being fully matched and to a lesser extent by changes in exchange rates.

Interest rate risk

Interest rate risk arises naturally in SCBC´s activities and arises primarily when the interest rate structure between the company's deposits and lending ”Asset and Liability Management Risk” (ALM risk) is not fully matched. SCBC´s interest rate structure as at 31 December 2007 is shown in the table ”Fixed-interest terms for financial assets and liabilities”. The main principle for ALM is to hedge interest rate exposure in SCBC directly, either with the parent company SBAB or with external counterparties. Accordingly, interest rate exposure only exists in SCBC to a limited extent.

SCBC does not engage in trading activities.

The interest rate risk limits set by SBAB´s Board for the group include SCBC and consist of an operational and a strategic component. The operational interest rate risk at group level amounted as at 31 December 2007 to SEK -11 million (SEK –72 million).

The strategic interest rate risk exposure is dealt with in SBAB.

The interest rate risk is measured continuously at group level in the form of ”Value at Risk” (VaR) and through sensitivity analysis of the change in value of the portfolio in the event of a parallel shift of the yield curve by one percentage point.

The change in value of the portfolio in the event of a parallel shift of the yield curve is used when setting limits and limit monitoring while the result from VaR is included in the company's model for economic capital.

Currency risk

Fixed-rate interest terms for financial assets and liabilities
Carrying values

(SEK million)

	2007							2006						
	Without fixed-rate term	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without fixed-rate term	< 3 months	3-6 months	6-12 months	1-5 years	>5 years	Totalt
Assets														
Loans and advances to credit institutions	-	7,015	-	-	-	-	7,015	-	-	-	-	-	-	-
Loans and advances to customers	-	51,991	6,454	15,782	47,353	6,625	128,205	-	39,780	5,179	9,058	31,564	3,073	88,654
Fair value adjustment of interest-rate hedged loan receivables	(708)	-	-	-	-	-	(708)	(40)	-	-	-	-	-	(40)
Derivative financial instruments		26,585	(1,162)	(8,599)	(10,775)	(2,936)	3,113		24,842	(6,092)	(2,270)	(13,450)	(2,457)	573
Other assets	428	-	-	-	-	-	428	239						239
Total financial assets	**(280)**	**85,591**	**5,292**	**7,183**	**36,578**	**3,689**	**138,053**	**199**	**64,622**	**(913)**	**6,788**	**18,114**	**616**	**89,426**
Liabilities														
Liabilities to credit institutions	-	8,435	-	-	-	-	8,435	-	4,793	-	-	-	-	4,793
Debt securities in issue	-	855	5,767	25,168	67,857	5,714	105,361	-	-	-	14,901	50,475	3,366	68,741
Derivative financial instruments	-	57,705	0	(17,759)	(35,230)	(3,722)	994	-	43,348	-	(7,359)	(31,560)	(3,597)	832
Other liabilities	2,001	-	-	-	-	-	2,001	949	-	-	-	-	-	949
Subordinated liabilities	-	15,439	-	-	-	-	15,439	-	9,896	-	-	-	-	9,896
Total financial liabilities	**2,001**	**82,434**	**5,767**	**7,409**	**32,627**	**1,992**	**132,230**	**949**	**58,037**	**0**	**7,542**	**18,915**	**(231)**	**85,211**
Difference assets and liabilities	**(2,281)**	**3,157**	**(475)**	**(226)**	**3,951**	**1,697**	**5,823**	**(750)**	**6,585**	**(913)**	**(754)**	**(801)**	**847**	**4,215**

Other assets and liabilities consist largely of accrued interest.

All of SCBC´s funding in foreign currency is converted and hedged to Swedish kronor through the market for derivative financial instruments. SCBC therefore has no exposure to currency risk.

Option risk

There is no option risk in SCBC.

Operational risk

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

SCBC uses the standard method for calculation of capital requirements. This method calculates the capital requirement on the basis of 12-18 % of the average operating income of the business areas in the past three years. A prerequisite for being able to use the standard method is that the company complies with the regulatory requirements for documentation, procedures and structure.

SCBC uses the Opera model for management of operational risk. This model is based partly on self-assessment of operational risks for established procedures and partly on incident reporting.

Trading risk

Trading risk means the risk of unfavourable market movements, for example a downturn in the market. This is then allocated to two main groups: new business and existing business. Trading risk is included in the calculation of the capital requirement on the basis of economic capital with the aid of a standard method.

Liquidity risk

Liquidity risk means the risk of the SBAB group (the group) having problems in meeting its payment obligations which are associated with financial liabilities. There has been a strong focus on liquidity risk management in the whole bank sector since the credit turbulence broke out in the latter half of 2007. For a long time, the group has identified the importance of an advanced liquidity risk management. SBAB´s liquidity risk management is based on the following principles:

Broad and diversified funding

SBAB has had an active presence in the international capital market since 1989. This means that SBAB´s brand is well-established and that funding takes place on a global basis with both short-term and long-term debt. Moreover, the SBAB Group, as the first Swedish issuer, has had access to the covered bond market since 2006, through the SCBC.

Conservative matching of assets and liabilities

SBAB has strict regulations as to how assets and liabilities are to be matched, where lending as a rule shall have at least as long funding as the period of tied-up capital.

Liquidity reserve with immediately available liquidity

As at 31 December 2007, the group had the following reserves of immediately available liquidity:

- SEK 5 billion loan facility at the Swedish National Debt Office
- SEK 3,9 billion of bank facilities
- SEK 31,1 billion of liquid securities

Liquidity reserves

When calculating the value of reserves, the group applies the valuation deductions issued by the Riksbank, according to ”The Riksbank's guidelines for collateral management” in the Riksbank's regulatory framework for RIX and Monetary Policy Instruments.

The reserve value is always calculated as zero for all bonds issued or guaranteed by SBAB or SCBC. For calculation of the issue capacity of covered bonds, the quantity of qualified assets is measured which are not already taken into use for strategic covering of outstanding debt in SCBC. In addition to this, a valuation deduction is added corresponding to SCBC´s minimum possible extent of excess collateral.

A liquid balance sheet

The group's assets consist largely of lending for collateral in property. SCBC was established in 2006 with the purpose of issuing covered bonds. This has also entailed increased liquidity in the group's balance sheet. In addition, SBAB has expertise for securitisation of assets if required. During the years 2000-2003, SBAB carried out four securitisations in the form of ”Mortgage Backed Securities”.

Low dependence on non-covered funding

Overall, the SBAB group has a low level of dependency on non-covered funding through the company's liquidity reserves and a liquid balance sheet. The group measures the liquidity of the balance sheet regularly.

Continuous monitoring of liquidity risk

The size of the group's liquidity reserves and the liquidity of the balance sheet are key factors in the management of liquidity risk. By coordinating funding and liquidity risk management, concentration of large funding maturities are avoided.

Liquidity risk measures

The SBAB group measures liquidity risk by totalling the maximum conceivable need of liquidity for every day during the next 365 days. This measure of liquidity risk is referred to as ”Maximum Cumulative Outflow” (MCO) and is limited. The model is based on the assumption that all loans are extended on maturity and that liquidity is never received by loan redemption. In this way, the maximum need of liquidity can be identified for every given future period. The group's future funding need can be assessed by counterpoising the size of the liquidity reserves to the measured liquidity risk.

The most important liquidity risk measure for the group is:

1. how long a period of time the company can cope without raising new loans
2. how long a period of time the company can cope if the company can only issue covered debt*

**This latter measure is limited by the amount of qualified collateral for covered bonds in the group's balance sheet.*

As at 31 December 2007, the size of SBAB´s liquidity reserve corresponds to 63 days (38 days) MCO. The volume of the qualified total collateral means that SBAB need not rely on non-covered funding in 2008. During 2007, SBAB´s liquidity reserve was never less than the equivalent of 30 days future liquidity requirements, including maturities of large benchmark bonds.

Financial risk

The SBAB group endeavours to achieve an overall matching in the period of tied-up capital between liabilities and assets. The financing risk is an expression of deviations from this matching.

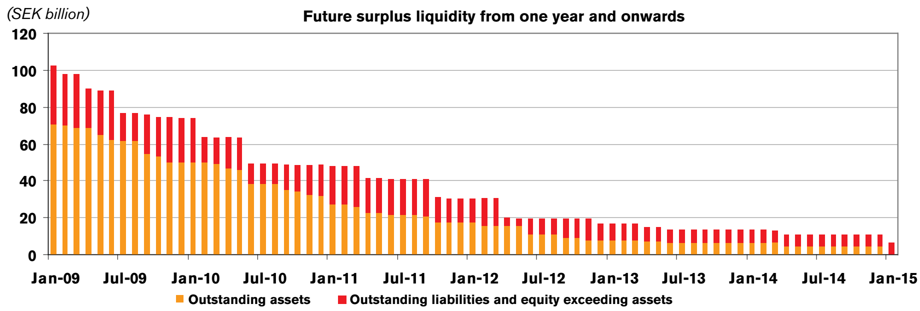
The group's calculation of financial risk is to be based on all contracted capital amounts with a remaining maturity of over one year, which thus supplements SBAB´s use of the liquidity risk model, which covers the interval up to one year.

In the financial risk model, equity is calculated as having the same maturity as SBAB´s longest lending assets. The financial risk is calculated as

(1) the costs of achieving risk neutrality by matching and

(2) the size of any future liquidity deficits. Both these measures are subject to limits.

As at 31 December 2007, the cost of achieving risk neutrality was calculated as negative, i.e. the group should be able to realise a profit if liabilities and assets were changed to perfect matching.



Assets and liabilities from one year and onwards as at 31 December 2007. The graph shows that the SBAB group has longer liabilities and equity than assets and therefore does not lack future funding for existing assets.

The tables “Maturities for financial assets and liabilities” and “Derivative cash flows” show SCBC´s cash flows as at 31 December 2007 and 31 December 2006 respectively, both in the short and the longer perspective.

Maturities for financial assets and liabilities

The amounts refer to contracted, undiscounted, cash flows.
(SEK million)

	2007							2006						
	Without maturity	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total	Without maturity	< 3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
Assets														
Loans and advances to credit institutions	-	7,021	-	-	-	-	7,021	-	-	-	-	-	-	-
Loans and advances to customers	-	18,742	19,780	40,518	52,335	7,405	138,780	-	13,338	15,795	27,502	34,633	3,369	94,638
Derivative financial instruments	-	51,019	11,111	30,288	101,359	12,832	206,609	-	39,342	7,008	12,923	60,304	7,868	127,445
Other assets	428	-	-	-	-	-	428	239	-	-	-	-	-	239
Total financial assets	**428**	**76,782**	**30,891**	**70,806**	**153,694**	**20,237**	**352,838**	**239**	**52,680**	**22,803**	**40,425**	**94,937**	**11,237**	**222,322**
Liabilities														
Liabilities to credit institutions	-	8,444	0	0	0	0	8,444	-	4,796	-	-	-	-	4,796
Debt securities in issue	-	409	7,423	27,588	77,229	6,920	119,569	-	0	583	17,202	54,976	4,493	77,254
Derivative financial instruments	-	52,573	10,666	29,843	99,748	11,853	204,683	-	40,180	7,014	12,034	60,412	7,904	127,544
Other liabilities	2,001	-	-	-	-	-	2,001	949	-	-	-	-	-	949
Subordinated liabilities	15,439	-	-	-	-	-	15,439	9,896	-	-	-	-	-	9,896
Total financial liabilities	**17,440**	**61,426**	**18,089**	**57,431**	**176,977**	**18,773**	**350,136**	**10,845**	**44,976**	**7,597**	**29,236**	**115,388**	**12,397**	**220,439**

For receivables and liabilities that are amortised, the fixed-interest term for amortisation has been calculated as the period from the due date for the respective amortisation. Foreign currency flows have been converted at closing rate as at 31 December 2007. SBAB is the creditor for SCBC´s subordinated liability. When the maturity is not specified, the current debt is reported as being without maturity.

Derivate cash flows

The amounts refer to contacted, undiscounted cash flows
(SEK million)

	2007						2006					
	Up to 1 months	1-3 months	3-12 months	1-5 years	>5 years	Total	Up to 1 months	1-3 months	3-12 months	1-5 years	>5 years	Total
Derivatives settled on a net basis												
Foreign exchange derivatives	-	-	-	-	-	-	-	-	-	-	-	-
Interest-rate derivatives	(1,199)	(574)	805	468	801	301	(420)	(420)	841	334	32	367
Total derivatives settled on a net basis	**(1,199)**	**(574)**	**805**	**468**	**801**	**301**	**(420)**	**(420)**	**841**	**334**	**32**	**367**
Derivatives settled on a gross basis												
Foreign exchange derivatives												
- Inflows	312	478	10,958	42,252	4,528	58,528	109	52	675	21,105	4,442	26,383
- Outflows	(233)	(336)	(10,871)	(41,109)	(4,350)	(56,899)	(53)	(109)	(633)	(21,547)	(4,510)	(26,852)
Interest-rate derivatives												
- Inflows	-	-	-	-	-	-	-	-	-	-	-	-
- Outflows	-	-	-	-	-	-	-	-	-	-	-	-
Inflows total	**312**	**478**	**10,958**	**42,252**	**4,528**	**58,528**	**109**	**52**	**675**	**21,105**	**4,442**	**26,383**
Outflows total	**(233)**	**(336)**	**(10,871)**	**(41,109)**	**(4,350)**	**(56,899)**	**(53)**	**(109)**	**(633)**	**(21,547)**	**(4,510)**	**(26,852)**

Internal capital assessment

The internal capital assessment process aims at ensuring that the companies identify, evaluate, hedge and manage the risks they are exposed to and that the companies have a risk capital that is in parity with the selected risk profile.

Assessment of the size of the risk capital needed to meet the overall risk of SCBC´s activities, is made at group level. This calculation is mainly based on a calculation of the group's economic capital. In addition to this, a qualitative assessment is made of the risks that are not included in the assessment of the economic capital. In addition, the risk linked to extraordinary events indicated in connection with stress tests is taken into account. The economic capital, the qualitative assessment and the capital buffer together make up the capital requirement needed to meet the risks in the company's activites.

Economic capital

The economic capital consists of the capital that the company considers is required to cover unexpected losses during the coming year. The expected losses shall be covered by the result of current operations. Consideration has been taken in the assessment of the economic capital to credit risk, market risk, operational risk and trading risk. The credit risk is the predominant risk in SBAB´s activities.

The model for economic capital is based to a large extent on the result from the group's IRB models for measurement of credit risk. In addition to serving as an assessment of the company's total capital requirements to meet the risks in the company's activities, the economic capital is also used for follow-up of the return in the company's activities and for strategic considerations.

Stress test

Stress tests and scenario analysis are carried out on the basis of a number of selected variables, in order that the economic capital shall also cover unexpected losses in economic conditions that are worse than at present. Special weight is given to interest rate development and market price development of properties. The stress tests carried out show that, in the event of substantial economic downturn, the greatest migration would take place between risk classes in the better segments while the poorest segments are not affected to the same extent. This can be seen as a result of an increasing number of borrowers coming to represent an increasingly lower credit risk over a ten-year period, partly due to a gradual reduction in interest rates.

In a downturn scenario, it is likely the same customers that will move although in the opposite direction.

Concentration risk

SBAB defines concentration risk by the approach "If the same underlying factor realises the risk" in combination with the concentration having to be considered as risky. SBAB considers that concentration can be an expression of risk aversion. Lending concentrated to metropolitan regions as well as financial investments concentrated on a few types of assets with a high credit rating are examples of this, i.e. concentrations exists that de facto entail a lower risk. Large exposures, i.e. lender concentrations or "event risks" are managed on the basis of directives in SBAB´s credit instruction.

SBAB is mainly concentrated to the property market. Accordingly, the company is mainly exposed to credit risk. The stress tests of SBAB´s loan portfolio carried out have, however, not been able to show concentrations with high risk. The requisite capital has, however, been allocated to meet the credit risks that the activity gives rise to. In a broader perspective, SBAB is moreover exposed to interest rate risk, operating risk, trading risk, liquidity risk and financial risk. Concentrations with high risk is understood as meaning interest rate risk, liquidity risk, and financial risk concentrated to one point in time. In reality, this is not the case and the assessment is therefore that no concentration of these risk types can be demonstrated.

Capital adequacy

SCBC reports credits risk mainly in accordance with the IRB method and operative risks in accordance with the standard method. The new regulatory framework for capital adequacy and large exposures introduced in 2007 means that the low risk in the company's activities is now starting to be reflected in the capital requirements. During a three-year transitional period, however, the effect is limited due to transitional regulations, which are being phased out. The transitional rule has the effect that the minimum capital requirement as at 31 December 2007 increases by SEK 2,650 million from SEK 1,832 million to SEK 4,482 million (see table describing capital requirements).

During 2008, SBAB will apply for a licence to use advanced risk classification methods for corporate loans as well. If this licence is granted, the company's own values for LGD (loss given default) can be used during 2008 which are estimated to further reduce the already low minimum capital requirements before the effect of the transitional rules.

As at 31 December 2007, SCBC´s capital ratio was 1.07. The capital adequacy amounted to 8.5 % (8.8 %), the primary capital ratio was 8.5 % (8.8 %) and the capital base SEK 4,806 million (SEK 4,110 million).

The reduction of the capital adequacy was mainly due to transfers of loans from SBAB to SCBC. As at 31 December 2007, SCBC´s loan portfolio amounted to SEK 128 billion (SEK 89 billion). The information as at December 2007 includes the Board's proposed distribution of profit, i.e. the entire profit for the year is to be distributed to the parent company.

There are no ongoing or anticipated material obstacles or legal barriers for a fast transfer of funds from the capital base than those that ensue from the terms for the subordinated liability (see Note 20) or what generally applies arising from the Companies Act.

Capital base

31 Dec 2007

(SEK million)

Primary capital	
Equity	264
Primary capital contribution	5,150
Minority interest	-
Total primary capital gross	**5,414**
Less other intangible assets	-
Less deferred income tax receivables	-
Deduction under Chapter 3, section 8, of the Capital Adequacy Act	(608)
Total primary capital net	**4,806**
Supplementary capital	
Perpetual subordinated loans	-
Time-limited subordinated debentures	-
Deduction under Chapter 3, section 8, of the Capital Adequacy Act	-
Total supplementary capital	**-**
Expanded part of capital base	-
Deduction from whole capital base	-
Amount for capital base net after deductible items and limit values	**4,806**

Capital requirements

Minimum capital for:

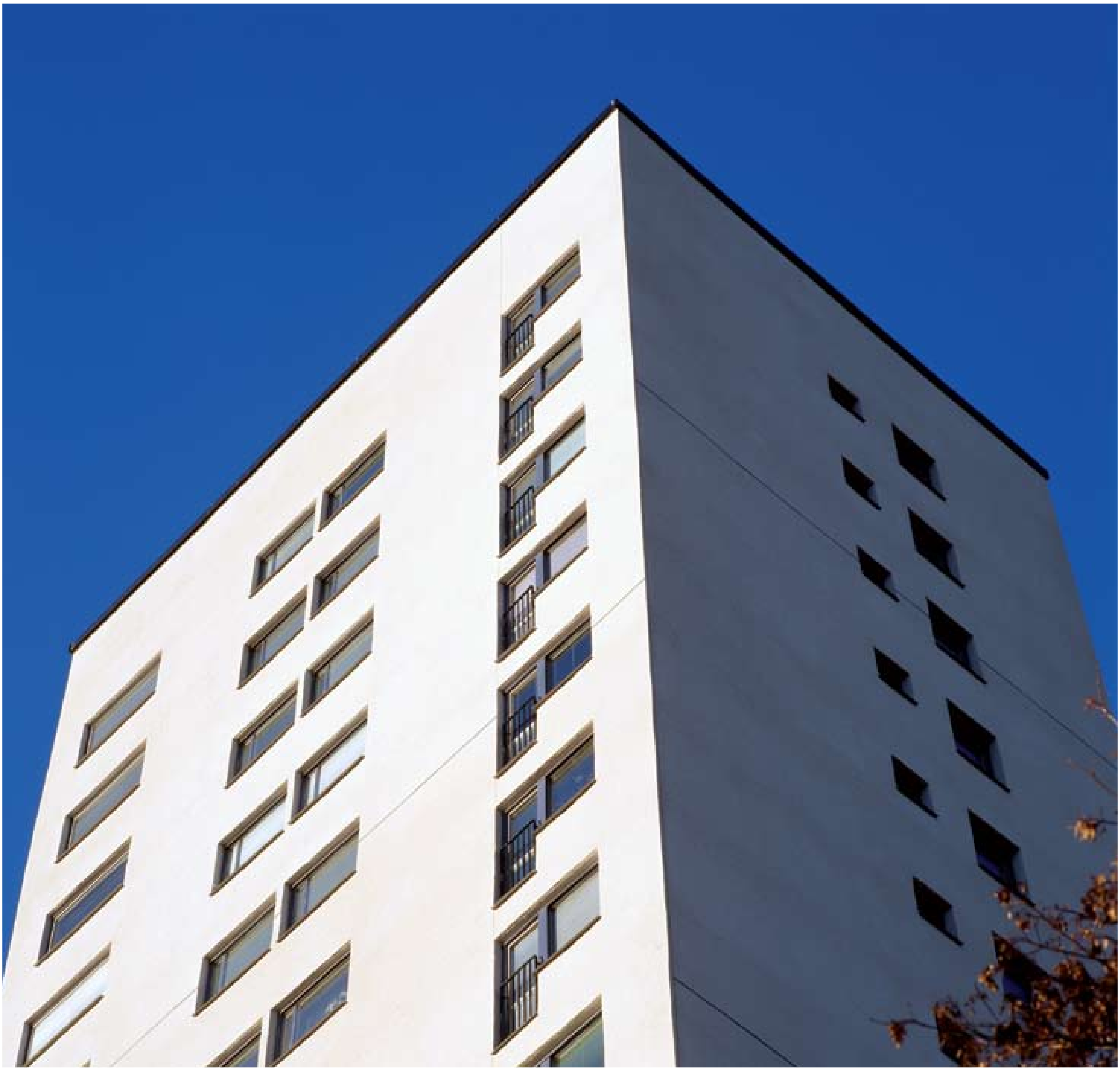
Credit risk reported according to standard method	469
of which	
- exposures in relation to states and central banks	0
- exposures in relation to municipalities and comparable associations	0
- institutional exposures	456
- corporate exposures	8
- household exposures	2
- unregulated items	0
- other items	3
Credit risk reported in accordance with IRB method	1,294
of which	
- corporate exposures	1,090
- household exposures	204
Risks in commercial stocks	-
Operational risk	69
Currency risk	-
Raw material risk	-
Total minimum capital requirement	**1,832**
Addition during a transitional period	2,650
Capital requirement including addition	**4,482**

Capital adequacy

31 Dec 2007

(SEK million)

Primary capital	4,806
Total capital	4,806
Risk-weighted assets (Basel I)	59,692
Risk-weighted assets* 95 %	56,707
Capital requirement / 8 %	56,027
Primary capital ratio	8.5 %
Capital adequacy	8.5 %
Capital ratio	**1.07**



Accounting Policies

SCBC applies statutory IFRS, which means that the annual report has been prepared in compliance with IFRS with the additions and exceptions that ensue from the Swedish Financial Accounting Standards Council's recommendation RR 32:06 Accounting for Legal Entities and Finansinspektionen's (The Swedish Financial Supervisory Authority's) regulations and general guidelines on annual reports in credit institutions and securities companies undertakings (FFFS 2006:16).

On 17 March 2008, the Board approved the financial reports for publication. These will finally be approved by the Annual General Meeting on 14 April 2008. All amounts are stated in million Swedish kronor (SEKm).

New accounting policies 2007

From 1 January 2007, SCBC has applied statutory IFRS (as above). The annual report for 2007 is the first prepared in accordance with IFRS

A report on the company's changes of accounting policies and the effect on equity is included on page 40.

Introduction of new accounting standards

IASB has created one new standard, which has also been adopted by the EU. The standard is effective from 1 January 2009 and shall be applied to annual financial statements for periods beginning on or after that date.

- IFRS 8 Operating segments
  This standard deals with the division of the company's business activities into different segments. SBAB´s preliminary assessment is that the introduction of this standard will not entail any change in the existing division into segments.

IASB has furthermore adopted amendments of existing standards, which have not yet been adopted by the EU:

- IAS 1 Presentation of Financial Statements
  This amendment is intended to improve the ability of users to analyse the information in the financial statements. The amendment is effective from 1 January 2009 and shall be applied to annual financial statements for periods beginning on or after that date. SCBC has not yet assessed how the change will affect the arrangement of the group's financial statements.

- Amendments to IAS 23 Borrowing Costs and IFRS 2 Share-based Payment are both expected to be effective from 1 January 2009, but will not have any impact on SCBC´s financial statements.

Furthermore, IFRIC has issued four interpretations:

- IFRIC 11 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction

These interpretations, of which IFRIC 12-14 have still not been adopted by the EU, will not have any impact on SCBCs financial statements.

General accounting policies

Recognition and derecognition

Issued and purchased securities, including all derivative financial instruments, are recognised on trade date, i.e. the date on which the significant risks and contractual rights are transferred between the parties. Other financial instruments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire and the company has transferred substantially all the risks and rewards of ownership of the financial asset. A financial liability is derecognised when it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Recognition of income and expense

Interest income and interest expense (including interest income from impaired financial assets) are reported in accordance with the effective interest method. The calculation of the effective interest rate includes all fees paid or received between parties to the contract, including transaction expenses. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

Transaction costs in the form of sales commissions to business partners or issue expenses attributable to acquisition of loans constitute part of the acquisition cost of the loan, and are therefore recognised in the balance sheet and brought to profit and loss via net interest income over the expected life of the loan.

Commission income and commission expense are brought to profit and loss currently in accordance with the terms of the contract.

In the event of premature redemption of loans, the customer pays an early redemption fee intended to cover the cost that arises for SCBC. This fee is taken up as income directly under the heading ”Net income from financial instruments designated at fair value”. Other items under this heading are described in the section ”Financial instruments”.

Financial instruments

Classification
All financial instruments covered by IAS 39 have been classified in accordance with this standard in the following categories:
- Loans and receivables
- Financial liabilities

SCBC has not classified any assets as ”Financial assets valued at fair value through profit or loss”, ”Held-to-maturity investments”, ”Available-for-sale financial assets” or ”Financial liabilities valued at fair value through profit or loss”.

Measurement
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms-length transaction.

Fair value of derivative financial instruments is based on quoted prices. If the market is not active, the fair value is established on the basis of generally accepted valuation techniques. These calculations in connection with valuation are based on quoted prices as far as possible.

Loans and receivables
Financial assets classified as loans and receivables are reported at the time of transfer at carrying value plus transaction expenses. Loans and receivables are subsequently measured at amortised cost using the effective interest method. This category consists of non-derivative assets with fixed or determinable payments that are not quoted in an active market. Loans consist of lending to the customers and credit institutions and include associated items.

Changes in fair value and impairment losses are recognised as ”Impairment charges”, while interest accrued and received is recognised as interest income.

Financial liabilities
Financial liabilities which are not classified as ”Liabilities valued at fair value through Profit or Loss” are initially recognised at fair value with an addition for transaction expenses and subsequently measured at amortised cost using the effective interest method. This category mainly consists of debt securities in issue and liabilities to credit institutions.

Realised profit or loss from repurchase of own liabilities is brought to profit or loss when incurred and is recognised under the heading “Net income from financial transactions designated at fair value”.

Sale and repurchase agreements
Repurchase agreements, referred to as repos, mean agreements where the parties have simultaneously reached agreement on sale and repurchase of a particular security at a pre-determined price. Securities which have been provided or received according to a repo agreement are retained on or are not included in the balance sheet.

Payments received are recognised in the balance sheet as liabilities to credit institutions and payments made are reported as loans and advances to credit institutions. The impact on profit or loss is attributable to the difference between sale and repurchase prices and recognised in net interest income.

Derivative financial instruments and hedge accounting
Derivative financial instruments are always recognised at fair value in the balance sheet. A prerequisite for being able to apply hedge accounting is that the hedge is formally designated and documented. It must be possible to reliably measure the effectiveness of the hedge and it is expected to be and have been very effective throughout the financial reporting periods in achieving offsetting changes in fair value. The hedge accounting relationship is discontinued as soon as any of these criteria are no longer met.

SCBC has chosen to apply hedge accounting for the hedging relationships where the risks for significant fluctuation in gain or loss are greatest. The method applied by SCBC is fair value hedge.

Fair value hedge
Hedging at fair value entails a hedge of the exposure to changes in fair value of a recognised asset or liability, or an identified portion of such an asset or liability that is attributable to a particular risk and which could affect profit or loss.

Hedge accounting at fair value is applied in certain cases when interest rate exposure in a recognised financial asset or financial liability is hedged by derivative financial instruments, for example, interest rate swaps. In the case of a fair value hedge, the gain or loss from measuring the derivative hedging instrument at fair value shall be recognised in profit or loss at the same time as the profit or loss attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognised in profit or loss. Both profit or loss items are recognised directly in profit or loss under the item “Net income from financial instruments designated at fair value”, offsetting each other to the extent that the hedge is effective. The interest rate effect of the hedge is reported in net interest income.

When the hedging relationship is discontinued, the cumulative gains or losses are accrued adjusting the carrying amount of the hedged item in the income statement. The allocation extends over the remaining life of the hedged item. The realised gain or loss which is attributable to premature closing of a hedge is recognised in profit or loss under the heading ”Net income from financial instruments designated at fair value”.

Macro hedge
In this type of hedge, derivative financial instruments are used at an aggregated level to hedge structural interest rate risks. When reporting these transactions, the ”carve-out” version of IAS 39 is applied as adopted by the EU. Derivative financial instruments designated as macro hedges are treated like other fair value hedging instruments for the purpose of accounting.

In a fair value hedge of portfolios of assets, the gain or loss attributable to the hedged risk is recognised under the heading ” Fair value adjustment of interest-rate hedged loan receivables” in the balance sheet. The hedged item is a portfolio of loans and receivables based on the next contractual renewal date. The hedging instrument used is portfolio of interest-rate swaps grouped in accordance with renewal intervals based on conditions in the fixed leg of the swap.

Impairment of loans

At balance sheet date, an assessment takes place of whether there is any objective evidence that a loan or group of loans is impaired. This takes place as a result of events that occurred after the initial recognition of the loan and which have had an impact on the estimated future cash flows for the loan or group of loans in question. Events that can lead to the loan being impaired are, for example, bankruptcy, suspension of payments, a composition and a court order to pay.

The amount of impairment is measured as the difference between the carrying value of the loan and the present value of estimated future cash flows discounted at the effective interest rate of the loan. The cash flows attributable to the borrower and any use of the collateral are taken into consideration when assessing the need for impairment. Any expenses associated with selling the collateral are included in the cash flow calculations. Calculation of probable impairments is made gross and when there is a guarantee this is recognised as a claim on the counterparty. If the current value of future cash flows exceeds the carrying value of the asset, no impairment takes place and the loan is not regarded as impaired. The impairment amount is reported in the income statement under the heading ”Impairment charges”.

Uncollectible items written off during the year as well as allowances for loan impairments with deductions for guarantees provided and recoveries are recognised as impairment charges.

Uncollectible loans written off refers to losses where the amounts are definite or established with a high level of probability.

Individually assessed loans

Corporate loans are individually assessed for impairment. Consumer loans are individually assessed for impairment if there are special reasons for doing so. Loans not determined to be impaired individually are included in the selection of loans collectively assessed for impairment.

Collectively assessed loans

The loans included in this group are as follows:

- Consumer loans not individually assessed. These consist of a large number of loans each of an insignificant amount and similar credit risk characteristics.
- Individually assessed loans where no objective evidence of individual impairment has been determined as above,” Individually assessed loans”.

Impairment of collectively assessed loans is determined in two different ways:

- Statistical models have been produced in the work with Basel II, which are used in the internal risk classification system. Adjusted in accordance with the IFRS regulatory framework, groups of loans are identified, which have been subject to events that produce a measurable negative impact on the expected future cash flows.
- In addition, the groups of loans are identified, for which future cash flows have a measurable deterioration due to events that have recently taken place, which have not yet had an impact in the risk classification system.

Restructured loans

A restructured loan is a claim where SCBC has made some form of concession due to deficiencies in the borrower’s solvency. Concessions granted are regarded as an uncollectible loan. A loan which has been restructured is no longer regarded as impaired but as a claim with new conditions.

Miscellaneous

Functional currency

Functional currency is the currency in the primary economic environments in which SCBC operates. SCBC´s functional currency, as well as presentation currency, is Swedish kronor.

Foreign currency translation of assets and liabilities

SCBC applies IAS 21 for accounting for the effects of changes in foreign currency rates. Foreign currency transactions are recorded by applying the exchange rate on the date of transaction and foreign currency assets and liabilities shall be translated using the closing rate. Foreign exchange gains or losses resulting from settlements of foreign currency transactions and in translation of monetary assets and liabilities in foreign currency are recognised in the income statement under ”Net income from financial instruments designated at fair value”.

Taxes

Total tax consists of current tax and deferred income tax. Current tax consists of tax which is to be paid or received for the current year and adjustments of taxes for previous years. Tax effects attributable to transactions recognised through profit or loss are recognised in the income statement.

Deferred income tax assets and liabilities are calculated according to the balance sheet method on the basis of temporary differences that arise between the carrying amount and the tax base of an asset or liability. A deferred income tax asset shall be recognised for the carry forward of unused tax losses or tax credits. A deferred income tax asset is recognised in the balance sheet to the extent it is probable that future taxable profit will be available against which it can be utilised. A deferred income tax liability is calculated for temporary differences and untaxed reserves. Deferred income tax assets and tax liabilities have been calculated at 28 %.

Cash and cash equivalents
Cash and cash equivalents are defined as loans and advances to credit institutions with a maturity not later than three months from the acquisition date.

Segment reporting
A segment is a distinguishable component or a geographical area which is subject to risks and rewards that are different from those of other segments and areas.

SCBC´s business activities mainly consist of investments in loan receivables with a risk level that enables issue of covered bonds. Consequently, only one segment is reported, the whole of SCBC.

Critical accounting estimates and judgments

Important assumptions
To prepare the annual accounts in compliance with statutory IFRS, it is required that the executive management use estimates and judgments based on historical experience and assumptions which are considered to be reasonable and fair. These estimates affect the carrying amounts for assets, liabilities and off-balance sheet commitments as well as revenue and expenses in the annual report presented. The actual outcome may differ to some extent from the estimates made.

The area that primarily entail a risk of causing an adjustment to the carrying amounts of assets and liabilities in the next financial year is described below:

- Impairment of loans
  In the case of individually assessed loan receivables, the most critical assumption, which also contains the greatest uncertainty, is to estimate the future cash flows that the customer will generate. For collectively assessed loan receivables, the future cash flows are estimated partly based on the assumption of how observable data may entail impairment. See also the section on ”Impairment of loans” above.

Notes

Note 1 Net interest income

Interest income	2007	2006
Loans and advances to credit institutions	40	1
Loans and advances to customers	4,835	1,774
Interest bearing securities	(89)	-
Total	**4,786**	**1,775**

Interest expense	2007	2006
Liabilities to credit institutions	180	105
Debr securities in issue	3,178	877
Subordinated liabilities	584	490
Other	4	-
Total	**3,946**	**1,472**
Net interest income	**840**	**303**

The subordinated liability has been issued by the parent company.

Note 2 Commission

Commission income	2007	2006
Commission on lending	7	3
Total	**7**	**3**

Commission expense	2007	2006
Other commission	1	0
Total	**1**	**0**
Commissions, net	**6**	**3**

Note 3 Net income from financial instruments designated at fair value

	2007	2006
Unrealised gains/losses on interest bearing financial instruments:		
- Hedged items	(144)	644
- Derivative financial instruments for fair value hedging	143	(510)
Realised gains/losses on interest bearing financial instruments:		
- Early redemption compensation from loan receivables	17	15
- Financial liabilities	33	
- Derivative financial instruments for fair value hedging	(21)	-
Currency translation effects	0	0
Total	**28**	**149**

Note 4 General administration expenses

	2007	2006
Outsourcing expenses	306	157
Other administration expenses	1	-
Total	**307**	**157**

SCBC has a CEO who takes care of day-to-day management in consultation with the executive management of the parent company SBAB. There is also a CFO. These persons are employed by the parent company. The Board consists of the CEO and three board members. No salary or other remuneration is paid to the CEO, the CFO or the Board. SBAB is responsible for the day-to-day administrative services in accordance with the outsourcing agreement between SBAB and SCBC.

Fees and compensation for expenses to auditors
Fees and compensation for expenses to Öhrlings PricewaterhouseCoopers amount to SEK 0.3 million, which is the audit cost. The audit assignment includes examination of the annual report and administration, and the financial account by the Board and the CEO, other tasks devolving on the company's auditors and advice or other assistance ensuing from observations in the course of such examination or implementation of other such tasks.

Note 5 Other operating expenses

	2007	2006
Other operating expenses	2	0
Total	**2**	**0**

Note 6 Impairment charges

	2007	2006
Specific provision for individually assessed loans		
This year's write off for uncollectioble loans	-	-
Reversal of previous year's provisions for probable impairment reported as uncollectible loans in this year's financial statements	-	-
This year's provision for probable impairment	6	-
Recoveries in respect of actual impairment in previous years	-	-
Recoveries in respect of previous provisions for probable impairment no longer required	-	-
Guarantees	(6)	-
Net cost for the year for individually assessed loans	**0**	**-**
Collective provision for individually assessed loans		
Allocation/reversal of collective provision	(4)	-
Guarantees	(1)	-
Net cost for the year for collective provisions for individually assessed loans	**(5)**	**-**

Collective provision for homogeneous groups of loans	**2007**	**2006**
The year's write off for uncollectible loans	-	-
Recoveries in respect of uncollectible loan losses in previous years	-	-
Allocation to/reversal from collective provisions	8	-
Guarantees	(4)	-
Net cost for the year of collective provisions for homogeneous groups of loan receivables	**4**	**-**
Impairment charges (income)	**(1)**	**-**

The reversal of previous year's write offs as specified above relate to loans and advances to customers.

Note 7 Income tax expense

	2007	**2006**
Current tax	(137)	(83)
Deferred income tax	(21)	-
Total	**(158)**	**(83)**

Note 8 Loans and advances to credit institutions

	2007	**2006**
Lending in Swedish kronor	7,015	0
Total	**7,015**	**0**
of which repos	7,015	-

Outstanding claims by remaining term, net, carrying value	**2007**	**2006**
Payable on demand	-	0
At most 3 months	7,015	-
Total	**7,015**	**0**
Average remaining term	0,0	0,0

Note 9 Loans and advances to customers

	2007	2006
Opening balance	88,710	-
Transferred from parent company	53,474	104,806
Amortisation, write offs, redemption	(13,908)	(16,096)
Closing balance	**128,276**	**88,710**
Provision for impairment	**(71)**	**(56)**
Closing balance	**128,205**	**88,654**
Outstanding loans by remaining terms, net carrying value		
At most 3 months	17,249	12,475
Longer than 3 months but at most 1 year	56,977	41,315
Longer than 1 year but at most 5 years	47,354	31,791
Longer than 5 years	6,625	3,073
Total	**128,205**	**88,654**
Average remaining term, years	1,7	1,5

	2007	2006
Distribution of lending by category of lender		
Single-family dwellings and holiday homes	54,500	40,900
Tenant-owned apartments	26,106	15,843
Tenant-owner associations	27,703	14,399
Private multi-family dwellings	12,998	9,203
Municipal multi-family dwellings	6,954	8,365
Commercial properties	15	-
Provision for impairment	(71)	(56)
Total	**128,205**	**88,654**
Proportion of lending with a state or municipal guarantee, %	8	13
Average fixed interest term, years	1,5	1,3

In case of early redemption between interest rate adjustment dates, SCBC has the right to receive compensation. The size of the compensation in the case of consumer 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, in most cases, the re-investment interest rate for comparable government securities is the applicable interest rate. In other cases, the comparable interest rate is shown by current loan conditions.

In addition to mortgage deeds in pledged property, SCBC 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.

	2007	2006
Impaired loans		
a) Impaired loans	-	-
b) Specific provisions for individually assessed loans	-	-
c) Collective provisions for individually assessed loans	20	18
d) Provisions for collectively assessed homogeneous groups of loans	51	38
e) Total provisions b+c+d	71	56
f) Impaired loans after specific provisions for individually assessed loans a-b	-	-
g) Provision ratio, for specific provisions for individually assessed loans b/a	-	-

Impaired loans distribution by borrower categories

	2007					2006				
	Tenant-owner associations	Private multi-family dwellings	Single-family dwellings and holiday homes	Tenant-owned apartments	Total	Tenant-owner associations	Private multi-family dwellings	Single-family dwellings and holiday homes	Tenant-owned apartments	Total
Impaired loans, gross										
Specific provisions for individually assessed loans										
Collective provisions for individually assessed loans	4	16			20	4	14			18
Provisions for collectively assessed homogeneous groups of loans			42	9	51			31	7	38
Impaired loans after specific provisions for individually assessed loans										

Note 10 Fair value adjustment of interest rate hedged loan receivables

	2007	2006
Opening balance	(40)	-
Terminated hedges	0	-
Revaluation of hedged items	(668)	(40)
Closing balance at the end of the year	**(708)**	**(40)**

Closing balance at the end of the year refers to accumulated changes in fair value for the hedged item in the portfolio hedge.

Note 11 Derivative financial instruments

	2007			2006		
	Fair value assets	Fair value liabilities	Nominal amount	Fair value assets	Fair value liabilities	Nominal amount
Interest-rate related	1,271	890	208,791	573	441	171,792
Currency related	1,812	104	50,256	-	391	22,870
Credit related	30	-	18,600	-	-	-
Total derivative financial instruments	**3,113**	**994**	**277,647**	**573**	**832**	**194,662**

	2007		2006	
	Fair value	Nominal amount	Fair value	Nominal amount
Holding by remaining term, carrying value				
3 - 12 months	237	48,887	102	14,455
1 - 5 years	1,009	114,818	(280)	85,642
Longer than 5 years	873	113,942	(81)	94,565
Total	**2,119**	**277,647**	**(259)**	**194,662**

Hedge accounting

Hedge accounting is only applied for the hedge relationships where the risks are considered to be greatest for substantial fluctuation in gain or loss.

Fair value hedges

SCBC mainly uses fair value hedges to protect itself against changes in fair value of lending and funding at fixed interest rates and to hedge currency exposure of funding in foreign currency. The hedge instruments mostly used are interest rate swaps and currency swaps. In a few cases, hedge accounting also takes place of changes in fair value for credit exposures. In these cases, credit derivatives are used as a hedging instrument. As at 31 December 2007, derivates held for fair value hedging had a nominal amount of SEK 259 billion. The fair value of these derivatives was SEK 2,088 million. The year's change in value of these derivatives amounted to SEK 178 million and is reported in the income statement under the items Net income from financial instruments designated at fair value. The change in value of the hedged items with respect to hedged risk amounts to SEK -144 million, which is also reported under the item Net income from financial instruments designated at fair value. SCBC´s hedge accounting for fair value has thus affected the year's earnings by SEK 34 million.

Note 12 Classification of financial instruments

	2007					2006				
	Loan receivables	Loan receivables in hedge accounting	Derivative financial instruments for hedging	Total	Total fair value	Loan receivables	Loan receivables in hedge accounting	Derivative financial instruments for hedging	Total	Total fair value
Financial assets										
Loans and advances to credit institutions	7,015			7,015	7,015	0			0	0
Loans and advances to customers	20,064	108,141		128,205	127,419	17,101	71,553		88,654	89,031
Fair value adjustment of interest-rate hedged loan receivables		(708)		(708)	-		(40)		(40)	-
Derivative financial instruments			3,113	3,113	3,113			573	573	573
Other assets	129			129	129	46			46	46
Prepaid expenses and accrued income	299			299	299	193			193	193
Total	**27,507**	**107,433**	**3,113**	**138,053**	**137,975**	**17,340**	**71,513**	**573**	**89,426**	**89,843**

	2007					2006				
	Financial liabilities	Other financial liabilities in hedge accounting	Derivatives held for hedging	Total	Total fair value	Financial liabilities	Other financial liabilities in hedge accounting	Derivatives held for hedging	Total	Total fair value
Financial liabilities										
Liabilities to credit institutions	8,435			8,435	8,435	4,793			4,793	4,793
Debt securities in issue		105,361		105,361	105,361		68,741		68,741	68,741
Derivative financial instruments			994	994	994			832	832	832
Other liabilities	83			83	83	297			297	297
Accrued expenses and prepaid income	1,891	6		1,897	1,897	39	613		652	652
Deferred income	21			21	21				0	0
Subordinated debt to parent company	15,439			15,439	15,439	9,896			9,896	9,896
Total	**25,869**	**105,367**	**994**	**132,230**	**132,230**	**15,025**	**69,354**	**832**	**85,211**	**85,211**

Note 13 Other assets

	2007	2006
Past due interest	101	46
Claims on securities settlement proceeds	10	-
Receivables in accordance with outsourcing agreement	18	-
Total	**129**	**46**

Other assets by remaining term, carrying value	2007	2006
At most 1 year	129	46
Total	**129**	**46**

Note 14 Prepaid expenses and accrued income

	2007	2006
Prepaid expenses	0	0
Accrued interest income	262	171
Other accrued income	37	22
Total	**299**	**193**

Prepaid expenses and accrued income by remaining term, carrying value	2007	2006
At most 1 year	280	179
Longer than 1 year	19	14
Total	**299**	**193**

Note 15 Liabilities to credit institutions

	2007	2006
Lending in Swedish kronor	8,435	4,793
Total	**8,435**	**4,793**
of which repos	8,435	4,793

Outstanding liabilities by remaining term, carrying value	2007	2006
At most 3 months	8,435	4,793
Total	**8,435**	**4,793**
Average remaining term, years	0,0	0,0

Note 16 Debt securities in issue

	2007	2006
Financial liabilities in hedge accounting:		
Bond loans in Swedish kronor	54,845	46,521
Bond loans in foreign currency	50,516	22,220
Total debt securities in issue	**105,361**	**68,741**
of which covered bonds	105,361	68,741

Debt securities in issue by remaining term, carrying value

	2007	2006
At most 1 year	30,935	14,900
Longer than 1 year but at most 5 years	68,512	50,022
Longer than 5 years but at most 10 years	5,374	3,312
Longer than 10 years	540	507
Total	**105,361**	**68,741**
Average remaining term, years	2,9	2,8
Average remaining fixed interest rate, years	2,5	2,8

Note 17 Other liabilities

	2007	2006
Tax liabilities	63	84
Liabilities to borrowers	20	213
Other	0	-
Total	**83**	**297**

	2007	2006
Outstanding liabilities allocated according to remaining term, carrying value		
At most 1 year	83	297
Total	**83**	**297**

Note 18 Accrued expenses and prepaid income

	2007	2006
Accrued interest expense	1,897	614
Accrued expense in accordance with outsourcing agreement	-	38
Total	**1,897**	**652**

	2007	2006
Outstanding liabilities by expected due date, carrying value		
At most 1 year	1,897	652
Total	**1,897**	**652**

Note 19 Deferred income tax liabilities

	2007	2006
Provision for accrued tax for temporary differences in:		
- Debt securities in issue	357	-
- Derivative financial instruments	(336)	-
Total	**21**	**-**

	2007	2006
Change in deferred income taxes:		
Deferred income tax in income statement	(21)	-
Total	**(21)**	**-**

Note 20 Subordinated debt to parent company

	2007	2006
Subordinated debt to parent company	15,439	9,896
Total	**15,439**	**9,896**

The subordinated debt has been issued by the parent company. The subordinated debt is subordinated to the company's other debts, which means that they carry an entitlement to payment only after other claimants have received payment.

Conditions concerning subordination

In the event of the company being declared bankrupt, in liquidation or undergoing reconstruction, the subordinated debt confers entitlement to payment from the company's assets after other claims.

Note 21 Equity

The share capital amounts to SEK 50,000,000. The number of shares was 500,000 with a quota value of SEK 100, as in previous years. All shares are owned by the parent company the Swedish Housing Finance Corporation (SBAB), reg.no. 556253-7513. Distributable equity in SCBC amounts to SEK 5,773 million. Dividend is proposed by the Board in accordance with the provisions of the Companies Act and is determined by the Annual General Meeting. Proposed but not yet paid-out dividend for 2007 amounts to SEK 408 million. A full statement of changes in equity is given on page 7.

Note 22 Assets pledged for own liabilities

	2007	2006
Loan receivables	121,282	84,283
Repos	2,405	-
Total	**123,687**	**84,283**

Of the total loan portfolio (see Note 9), and "Loans and advances to credit institutions" (see Note 8), the values reported above constitute the cover asset pool for covered bonds amounting to SEK 105,361 million (SEK 68,741 million).

Note 23 Information about related parties

SCBC is a wholly-owned subsidiary of the Swedish Housing Finance Corporation, SBAB with reg. no. 556253-7513.

	2007		2006	
Loans to key staff	Lending	Interest income	Lending	Interest income
CEO	1	0	1	-
The Board	2	0	-	-
Other key executive staff	6	0	0	0
Total	**9**	**0**	**1**	**0**

The CEO and the Board refer to SCBC. Other key executive staff includes the board members of group companies.

Effects of Change of Accounting Policies

The changes entailed by the transition to statutory IFRS and the effects of the transition on equity are presented below.

Changes in equity in changed accounting policies

SEK million	Share capital	Shareholder´s contribution	Retained earnings	Total equity
Closing balance 31 December 2005 according to previously applied accounting policies	**0[1]**			**0[1]**
Changed accounting policies				
Net effects of transition to fair value accounting according to IAS 39				-
Other restatements according to IAS 39				-
Change in tax attributable to restatements according to IFRS				-
Opening balance IFRS 1 January 2006	**0**	**-**	**-**	**0**

[1] *Equity at the beginning of the period amounted to SEK 500 000.*

SEK million	Share capital	Shareholder´s contribution	Retained earnings	Total equity
Closing balance 31 December 2006 according to previously applied accounting policies	**50**	**3,950**	**110**	**4,110**
Changed accounting policies				
Net effects of transition to fair value accounting according to IAS 39			134	134
Other restatements according to IAS 39			11	11
Change in tax attributable to restatements according to IFRS			(40)	(40)
Opening balance IFRS 1 January 2007	**50**	**3,950**	**215**	**4,215**

From 1 January 2007, SCBC has prepared its accounts in compliance with statutory IFRS. The interim report for January-June 2007 was the first report prepared by the company in compliance with IFRS. SCBC has applied the recommendations and statements of the Swedish Financial Accounting Standards Council until the end of 2006.

The changes in the accounting policies entailed by this transition and the effects of the transition on equity are presented below.

Application of IAS 39 – Financial instruments and hedge accounting.

SCBC has derivative financial instruments, forward contracts, which are held to create the desired fixed interest-rate term on lending. These derivative financial instruments have previously not been reported at fair value, which is mandatory according to IAS 39. The changes in fair value of derivative financial instruments are recognised in profit or loss together with changes in fair value of the asset or liability that gave rise to the hedged risk.

The transitional effect on equity which is expected to arise due to derivative financial instruments and financial assets being valued at fair value as at 1 January 2007 amounts to SEK 96 million, after taking tax into consideration.

Early redemption compensation and repurchases

In the event of premature redemption of a loan, the customer pays early redemption compensation to cover the cost incurred by SCBC. This compensation has previously been accrued over the remaining fixed-interest term. According to IAS 39, the interest compensation received is to be recognised in profit or loss directly. The corresponding applies in the event of SCBC´s repurchase of a debt, where the cost/income on repurchase has been accrued over the original term, while, according to IAS 39, it is to be recognised in profit or loss directly.

The transitional effect on equity, which is expected to arise due to early redemption compensation being recognised as income directly, as at 1 January 2007, amounts to SEK 8 million, after taking tax into consideration.

Taxes

The above adjustments decreased tax expenses as at 1 January 2007 by SEK 40 million.

Proposed Appropriation of Profits

SCBC´s non-restricted equity, according to the balance sheet, amounts to SEK 5,773 million of which the result for the year is SEK 408 million.

The Board and the CEO propose that the funds which, according to SCBC´s balance sheet, are at the disposal of the Annual General Meeting, namely SEK 5,773 million be appropriated as follows.

To shareholders	SEK 408 million
To be carried forward	SEK 5,365 million
Total sum appropriated	SEK 5,773 million

The Board and the CEO consider that the dividend is justifiable taking into consideration the requirements that the type of business activities, extent and risks place on the amount of the company's equity, liquidity and position otherwise, and is well-adapted for the continuance of the business.

The Board and the CEO certify that the annual accounts have been prepared in compliance with statutory IFRS and in accordance with generally accepted accounting policies for credit market companies, the information provided gives a fair view of the company's business activities, position and earnings as well as important risks and uncertainty factors.

Stockholm, March 2008

Per Balazsi
Chairman of the Board

Bengt-Olof Nilsson Lalér
Board Member

Johanna Clason
Board member

Per Tunestam
C.E.O.

Our audit report has been submitted on March 2008
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised public accountant

Öhrlings
PRICEWATERHOUSECOOPERS

Audit Report

To the Annual General Meeting of the Swedish Covered Bond Corporation, reg. no. 556645-9755

We have audited the annual accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of the Swedish Covered Bond Corporation (publ), reg.no. 556495-9755 for the year 2007. These accounts and the administration of the Company are the responsibility of the Board of Directors and the Chief Executive Officer. They are also responsible for ensuing compliance with the Annual Accounts Act for Credit Institutions and Securities Companies when preparing this report. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

We conducted the 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 are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the Chief Executive Officer, as well as evaluating the important estimations made by the Board and the Chief Executive Officer when drawing up the annual accounts and evaluating the overall presentation of information in the annual accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the liability, if any, to the Company of any Board Member or the Chief Executive Officer. We also examined whether any Board Member or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts 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 financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory Administration Report is in accordance with other parts of the annual accounts.

We recommend to the Annual General Meeting of Shareholders that the income statement and balance sheet of the Company be adopted, that the profit for the 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, March 2008

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

This is a translation of the Swedish annual report. The translation has not been signed for approval by the auditor.