ANNUAL REPORT 2006

THE SWEDISH COVERED BOND CORPORATION

(Company reg. no. 556645-9755)

ADMINISTRATION REPORT FOR 2006

The Swedish Covered Bond Corporation, SCBC

A selection of the most important events in SCBC's funding activities:
- The first Swedish residential mortgage institution to issue covered bonds
- New issues of covered bonds in Swedish krona, Norwegian krona, euro and Swiss francs
- Public benchmark bonds in euro

SUMMARY

	2006	2005
Net operating income, SEK million	153	-
Average remaining maturity in the loan portfolio, years	1,5	-
Loan losses, SEK million	-	-
Capital ratio, %	8.8	-
Primary capital ratio, %	8.8	-
Problem loans after provisions, SEK million	-	-
Lending, SEK million	88 710	-
Number of employees	1	-

OPERATIONS

The Swedish Covered Bond Corporation, SCBC, is a wholly-owned subsidiary of The Swedish Housing Finance Corporation, SBAB. SBAB is a Swedish public limited company that is 100 % owned by the Swedish state. On 31 March 2006, SCBC was granted permission to issue covered bonds and, at the same time, received a licence as a credit market company. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market. To this end, the company currently uses two funding programmes: the Swedish Benchmark programme and the EMTCN programme mainly in the international market. These two programmes have both been assigned the highest possible credit rating Aaa/AAA by the rating agencies Moody's and Standard & Poor's.

The design and corporate structure chosen by SBAB for issuance of covered bonds, combined with the Swedish legislation on covered bonds, has been appreciated by market participants and rating agencies:

SCBC was the first issuer to introduce covered bonds in Sweden.

During the period 23 May – 7 June, an offer took place to exchange existing bonds in SBAB for covered bonds. The bonds covered by the offer were SBAB bonds 118 and 121-123. 8 June was the first trading day for SCBC's covered bonds, whose total outstanding stock after the exchange offer expired amounted to SEK 37.5 billion as at 30 June 2006. The outstanding debt in the Swedish benchmark programme as at 31 December 2006 was SEK 47.8 billion, excluding repos.

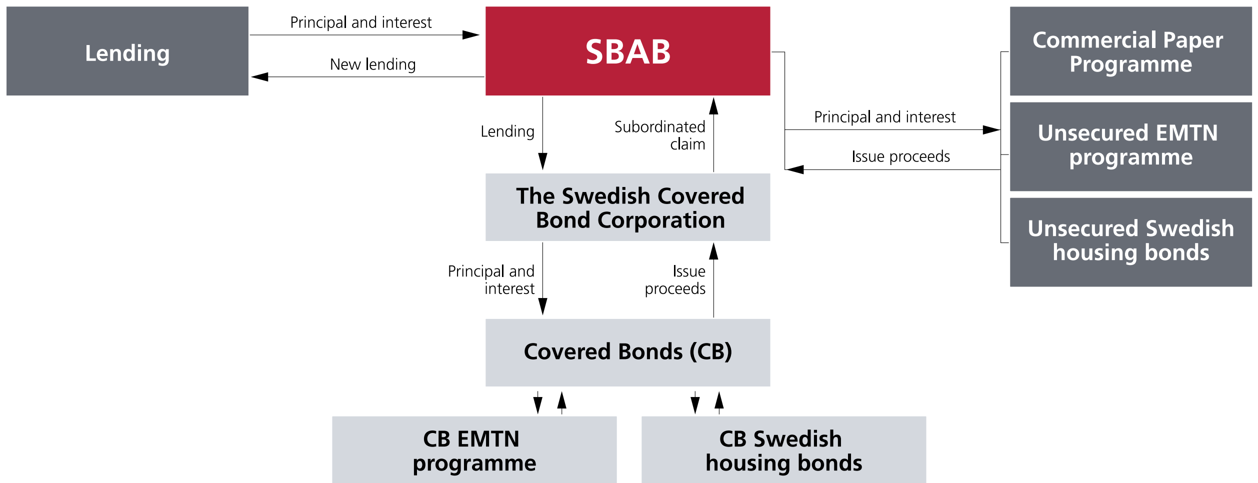
SCBC's € 10.000.000.000 Euro Medium Term Covered Note Programme was completed on 20 June 2006. On 6 September, SCBC launched its first EMTCN issue, NOK 1 billion, with a 10-year maturity. On 24 October, SCBC launched its first issue in the public euro market with a five-year bond of EUR 1 billion primarily targeted to European institutional investors. This first issue was preceded by a week of investor meetings in Europe's larger financial centres. In November, SCBC launched an additional public issue of EUR 1 billion, the first Swedish two-year covered bond in the euro market.

In January 2007, SCBC launched a public issue of EUR 1 billion with a three-year maturity.

Furthermore, in November, SCBC launched the first Swedish covered bond in the Swiss market, CHF 300 million with a six-year maturity. Thanks to a high level of demand and good market conditions, an additional CHF 100 million were issued, making a total of CHF 400 million (equivalent to SEK 2.3 billion).

SCBC has furthermore issued a number of private placements under the EMTCN programme.

SCBC has entered into derivative agreements, known as ISDA master agreements, with SBAB and a number of external counterparties in order to manage interest and currency risks. SCBC has also entered into a sale and purchase agreement with SBAB regarding continuous acquisitions of loans and an outsourcing



agreement according to which SBAB will, on behalf of SCBC, perform the services required for carrying out SCBC's activities. Moreover, SCBC and SBAB have entered into a subordination agreement concerning subordination of all claims SBAB may have on SCBC due to the agreements in the event of SCBC's bankruptcy.

With a view to achieving efficiency advantages in SBAB's existing organisation, SCBC and SBAB have entered into outsourcing agreements. According to this agreement, SBAB undertakes to perform administrative services, credit management services, operating services and financing services on behalf of SCBC.

LENDING

SCBC does not carry out any lending activities 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 pool which is collateral for SCBC's covered bond investors. During May, SCBC acquired an initial credit stock of approximately SEK 64 billion. Loans have also been continuously acquired and divested between SBAB and SCBC during the rest of the year.

During September, SCBC acquired an additional more extensive loan stock from SBAB of approximately SEK 27 billion. At the turn of the month February/March 2007, an exchange of assets between SBAB and SCBC took place in which SCBC acquired around SEK 19 billion and SBAB acquired SEK 9 billion.

Information on SCBC's total assets is published monthly on the website www.scbc.se.

FUNDING AND CAPITAL ADEQUACY

SCBC's funding mainly consists of the issuance of covered bonds and, to some extent, of entry into repo transactions. In addition to this, SCBC also obtains funding from SBAB in the form of a subordinated loan.

The capital ratio and the primary capital ratio amounted to 8.8 % on 31 December 2006.

SCBC's capital base totals SEK 4,110 million. The capital base has been increased by SEK 3,999.5 million during the period by new issue of SEK 49.5 million and a conditional shareholder's contribution of SEK 3,950 million from SBAB. At the Annual General Meeting on 24 March 2006, SCBC decided to increase the share capital by SEK 49.5 million. The share capital thus amounts to SEK 50 million. At the beginning of 2007, SCBC received an additional conditional shareholder's contribution of SEK 1,200 million.

RISK MANAGEMENT

The activities of SCBC are to be conducted in such a way as to comply at all times with the requirements, including contractual undertakings, which are made on the issue of covered bonds, including the requirements according to FFFS 2004:11. Among other things, this means that a daily valuation of the total assets and liabilities in the SCBC pool is to be carried out as described below. Furthermore, the derivative agreements that the company enters into shall be designed in such a way as to comply with these requirements.

The nominal value of the cover pool shall, at every time, exceed the total nominal value of the claims that can be made on the company arising from covered bonds. When calculating the nominal value of the cover pool and the covered bonds respectively, this means the current values taking into account any exchange rate differences and derivative contracts.

Furthermore, 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 regarding the present value of the total assets in relation to the corresponding liabilities shall also be complied with after a sudden and permanent parallel shift or twist of the current interest rate curve by +/- one percentage point and in a ten-per-cent sudden and permanent change in the relations between bond currencies and asset currencies.

The calculation of the present value is to take into account all cash flows and be carried out daily applying the current methods in the financial market. The discount methods used are to be based on the interest rate curves corresponding to SBAB's funding cost on different markets for different maturities.

Consideration shall be taken in present value calculation of any exchange rate differences for issued and acquired bonds and derivative contracts.

The company may acquire securities when supplementary collateral is required in the total cover pool. The securities in question shall be acceptable as additional cover according to current external regulatory frameworks. There shall also be a valid limit.

ORGANISATION AND RESPONSIBILITY

According to an agreement between SCBC and the parent company SBAB, risk management is taken care of by SBAB.

SBAB shall comply with SCBC's directives and the company's established policies and instructions, and the regulations and general guidelines of the Swedish Financial Supervisory Authority, Finansinspektionen (FFFS 2004:11). The Board of Directors is ultimately responsible for management of risks and decisions on risk propensity, risk policy and instructions for management and measurement of risk. Through the financial instructions, the Board sets limits for, among other things, market and liquidity risk. The Group Executive Board also decides on the powers of decision-makers to make credit and limit decisions at different levels in the SBAB Group by decisions of the credit instructions.

Risk Management is a section within the SBAB Group's Accounting Department and is responsible for producing models and drawing up guidelines for risk management. The section is also responsible for allocation of capital and the model for economic capital. A monthly report on the overall risk scenario for the SBAB Group is made to the Head of Accounting and Risk Department, the CEO and the Board of SBAB together with a description of capital allocation and development of the economic capital and risk-adjusted profit.

SCBC may obtain approval to base the capital requirement for credit risk on internal risk classification methods (IRC methods). Finansinspektionen has examined the SBAB Group's internal methods and considers that they are adequate. Finansinspektionen can grant the formal approvals only when the new capital adequacy legislation has come into force.

Finansinspektionen has furthermore examined the SBAB Group's methods for measuring and managing operational risk. This method complies with the provisions in Finansinspektionen's regulations and Finansinspektionen considers the method to be reliable. After notification, SCBC can use the standard method to measure and handle operational risk.

RISKS

Credit risk

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

The credit risk is assessed monthly in the group's credit models for every individual commitments to tenant-owned apartments or residential properties which have a mortgage as collateral. A standardised method is used in accordance with Basel II for quantification of credit risk for other types of commitments. The probability of default (PD) and the loss given default (LGD) is calculated in models for credit risk. On the basis of these parameters together with the size of the commitment, customers can be ranked and the anticipated or unanticipated loss calculated. The commitment is assigned after assessment to one of eight risk classes for corporate or consumer credits respectively. The risk class is taken into consideration in credit decisions and portfolio management.

According to agreement between SBAB and SCBC, SBAB undertakes to repurchase loans which do not comply with the requirements the parties have agreed upon from time to time. For instance, SBAB undertakes to repurchase loans on which payment is overdue for more than 60 days.

Market risk

The market risk consists of the risk of losses due to unfavourable market movements. The risk arises through variations in the general level of interest rates leading to a deterioration in profitability because future income and expenses have differing interest fixation periods or interest rate conditions. The market risk is measured continuously by the SBAB Group by various risk measures, including the "Value at Risk models" (VaR models) and by the effect of the present value being calculated of a parallel shift of the yield curve by +/– 1 percentage point. The risk is calculated on the basis of the market value and thus all contracted liquid flows. The result of VaR models is included in the company's model for economic capital.

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

OPERATIONAL RISK

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

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

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

TRANSITION TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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

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

IAS 39 Financial instruments

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

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

SCBC has therefore decided to adopt hedge accounting for the hedging relations where the risks of substantial effects on results is greatest. However, SCBC will not apply hedge accounting to hedging relations where there is less risk of an impact on results, since hedge accounting requires extensive administration.

Hedge accounting

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

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

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

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

INCOME STATEMENT

SEK 000s	Note	1 Jan 2006 - 31 dec 2006	1 sept 2004 - 31 dec 2005
Interest income		1,774,569	-
Interest expenses		(1,467,052)	-
Net interest income	1	307,517	-
Commission income	2	2,723	-
Commission expenses	3	(8)	-
Other operating income		1	-
Total operating income		310,233	-
General administration expenses	4	(156,798)	-
Other operating expenses	5	(19)	-
Total expenses before loan losses		(156,817)	-
Operating income before loan losses		**153,416**	**-**
Loan losses, net		-	-
Net operating income		153,416	-
Allocations		-	-
Tax on profit for the year	6	(42,956)	-
Net profit for the year		**110,460**	**-**

BALANCE SHEET

SEK 000s	Note	2006-12-31	2005-12-31
ASSETS			
Cash in hand and balance at central banks		0	-
Repo eligible Treasury bills, etc.		0	-
Lending to credit institutions	7	6	500
Lending to the public	8	88,709,661	-
Other assets	9	648,345	-
Prepaid expenses and accrued income	10	172,667	-
Total assets		**89,530,679**	**500**
LIABILITIES AND EQUITY CAPITAL			
LIABILITIES			
Liabilities to credit institutions	11	4,793,172	-
Securities issued, etc.	12	69,424,205	-
Other liabilities	13	608,232	-
Accrued expenses and prepaid income	14	663,524	-
Subordinated liabilities	15	9,931,086	-
Total liabilities		**85,420,219**	**-**
Untaxed reserves		-	-
EQUITY CAPITAL	16		
Share capital		50,000	500
Shareholder's contribution		3,950,000	-
Non-restricted reserves/Profit brought forward		0	-
Net profit for the year		110,460	-
Total equity capital		4,110,460	500
TOTAL LIABILITIES AND EQUITY CAPITAL		**89,530,679**	**500**
MEMORANDUM ITEMS			
Security pledged on own debts			
Other security pledged		None	None
Contingent liabilities		None	None
Commitments	17		

CHANGES IN EQUITY CAPITAL

SEK 000's	2006	2005
Equity capital at the beginning of the year	500	100
Shareholder's contribution	3,950,000	-
New issue	49,500	400
Net profit for the year	110,460	-
Equity capital at the end of the year	**4,110,460**	**500**

CASH FLOW ANALYSIS

SEK 000s	2006	2005
Liquid funds at the beginning of the year	500	100
CURRENT OPERATIONS		
Interest and commission received	1,558,958	0
Interest and commission paid	(1,436,106)	0
Dividends received on shares and similar		
securities	-	-
Receipts in respect of earlier written-off loans	0	0
Payments to suppliers and employees	(119,184)	0
Income tax paid	0	0
Change in subordinated debts	9,931,086	0
Change in lending to the public	(88,709,661)	0
Change in securities, current assets	0	0
Change in debt to credit institutions	4,793,172	0
Issue of long-term debt	69,768,266	0
Repayment of long-term debt	0	0
Issue of short-term debt	0	0
Repayment of short-term debt	0	0
Change in other assets and liabilities	213,475	0
Cash flow from current operations	**(3,999,994)**	**0**
INVESTMENT OPERATIONS		
Sales of tangible fixed assets	0	0
Investments in tangible and intangible fixed assets	0	0
Cash flow from investment operations	**0**	**0**
FINANCING OPERATIONS		
Dividend paid	0	0
New issue	49,500	400
Shareholder's contribution from Parent Company	3,950,000	0
Cash flow from financing operations	**3,999,500**	**400**
Increase / Decrease in liquid funds	**(494)**	**400**
Liquid funds at year-end	**6**	**500**

Liquid funds are defined as cash and lending to credit institutions with a tenor not higher than three months.

CAPITAL ADEQUACY ANALYSIS

CAPITAL BASE (SEK 000s)	2006-12-31
Equity capital	4,110,460
New issue	-
Shareholder´s contribution	-
Total primary capital	**4,110,460**
Total supplementary capital	0
Total supplementary capital	**4,110,460**

RISK-WEIGHTED AMOUNT (SEK 000s)

Risk group	Balance sheet items	Off-balance sheet items	Total investments	Risk-weighted amount 2006-12-31
A = 0 %	11,162,648	1,158,373	12,321,021	0
B = 20 %	6,527	484,498	491,025	98,205
C = 50 %	61,876,520	0	61,876,520	30,938,260
D = 100 %	15,882,309	0	15,882,309	15,882,309
Total risk-weighted amount				**46,918,774**

CALCULATION OF CAPITAL RATIO	
Primary capital, (SEK 000s)	4,110,460
Capital base, (SEK 000s)	4,110,460
Risk-weighted amount, (SEK 000s)	46,918,774
Primary capital ratio, %	8,8
Capital ratio, %	8,8

ACCOUNTING PRINCIPLES

The annual report and accounts of the Swedish Covered Bond Corporation (SCBC) have been prepared in accordance with the provisions of the Annual Accounts Act concerning Credit Institutions and Securities Companies (ÅRKL), and comply with the directives and general guidelines (FFRS 2002:22) issued by the Swedish Financial Supervisory Authority, Finansinspektionen, with the supplements and adaptations in accordance with the transitional provisions for Finansinspektionen's directives and general guidelines (FFFS 2005:33). SCBC has been granted permission by Finansinspektionen to apply the older accounting regulations (FFFS 2002:22) when preparing the interim reports and annual report for 2006.

All amounts are shown in thousand Swedish krona (SEK 000s).

The accounting principles are unchanged from previous years.

TRANSITION TO NEW REPORTING STANDARDS, IFRS, FROM 2007

SCBC will apply the International Financial Reporting standards (IFRS) from 1 January 2007.

GENERAL ACCOUNTING PRINCIPLES

Trade date accounting

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

Hedge accounting

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

Income accounting

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

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

FINANCIAL INSTRUMENTS

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

Financial fixed assets

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

Provision for probable loan losses

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

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

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

According to agreement between SBAB and SCBC, SBAB undertakes to repurchase credits on which payment is overdue for more than 60 days, why no reservation need has occured during 2006.

Individually assessed loan claims

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

Collective valuation of individually assessed loan claims

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

Collective valuation of homogenous groups of loan claims

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

Restructured loan claims

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

Interest compensation on prepayment of loans

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

Financial current assets

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

For financial instruments held in the course of management of interest rate risks in borrowing operations, hedge accounting is applied with acquisition valuation, which in this case means valuation at the accrued acquisition value. Assets in trading stocks are valued at fair value. Other interest-bearing financial assets are valued at the lowest of the accrued historical value and fair value, i.e. the lower of cost or market. Realised income and unrealised changes in value on these instruments are reported in the income statement under the heading Net result of financial transactions.

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

Financial liabilities

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

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

Otherwise, realised capital gains and losses from repurchases are reported directly in the income statement.

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

DERIVATIVE INSTRUMENTS

SCBC uses derivatives with the aim of eliminating interest and currency risks in lending and borrowing at fixed interest rates. These are part of the hedge accounting and are therefore reported at the historical cost or where appropriate at accrued acquisition value.

The result of forward transactions is distributed over the remaining interest fixation period of the hedged asset or liability. Exchange gains and exchange losses on derivatives that have occurred on premature liquidation of hedge relations are reported directly in the income statement.

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

MISCELLANEOUS

Valuation of claims, liabilities and derivatives in foreign currencies

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

Taxes

SCBC applies the Swedish Financial Accounting Standards Councils' recommendation Income Taxes (RR9). Total tax consists of current tax and deferred tax. Current tax includes tax which is to be paid or received for the present year and adjustments of current tax for previous years. Deferred tax is estimated according to the balance sheet method based on temporary differences between the reported and taxable values of assets and liabilities.

NOTES TO THE INCOME STATEMENT AND BALANCE SHEET

NOTE 1 NET INTEREST INCOME

NET INTEREST INCOME	2006	2005
Interest income		
Lending to credit institutions	632	-
Lending to the public	1,773,937	-
Interest-bearing securities	0	-
Total	**1,774,569**	**-**
Interest expense		
Liabilities to credit institutions	104,830	-
Borrowing from the public	0	-
Interest-bearing securities	872,570	-
Subordinated debt	489,652	-
Other	0	-
Total	**1,467,052**	**-**
Net interest income	307,517	-

The average interest rate on lending to the public during the year was 3.70% (-).

AVERAGE BALANCES FOR THE ITEMS ABOVE	2006	2005
Lending to credit institutions	3,247	-
Lending to the public	47,954,841	-
Interest-bearing securities	0	-
Liabilites to credit institutions	4,238,014	-
Borrowing from the public	0	-
Interest-bearing securities	28,438,669	-

NOTE 2 COMMISSION INCOME

COMMISSION INCOME	2006	2005
Commission on lending	2,723	-
Total	**2,723**	**-**

NOTE 3 COMMISSION EXPENSES

COMMISSION EXPENSES	2006	2005
Other commissions	8	-
Total	**8**	**-**

NOT 4 GENERAL ADMINISTRATION EXPENSES

GENERAL ADMINISTRATION EXPENSES	2006	2005
Other administration expenses	156,798	-
Total	**156,798**	**-**

SBAB is responsible for day-to-day administrative services in accordance with the outsourcing agreement between SBAB and SCBC. SCBC has an employed CEO who takes care of day-to-day administration in consultation with the management of the Parent Company. No salary or other payments are made by the company.

NOT 5 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES	2006	2005
Other operating expenses	19	-
Total	**19**	**-**

NOT 6 TAX ON PROFIT FOR THE YEAR

	2006	2005
Result before tax	153,416	-
Non-deductible expenses	-	-
Non taxable income	-	-
Taxable supplements	-	-
Taxable income	153,416	-
Current tax rate	28%	28%
Tax on profit for the year	42,957	-
- of which tax cost for the period	42,957	-
- of which tax adjustments attributable to previous years	-	-
Deferred tax	-	-

NOT 7 LENDING TO CREDIT INSTITUTIONS

	2006	2005
Outstanding claims distributed by remaining term, net book value		
Payable on demand	6	500
At most 3 months	0	0
Total credit institutions	6	500
Average remaining term, years	0,0	0,0
Group companies	-	-
Total	**6**	**500**

NOT 8 LENDING TO THE PUBLIC

	2006	2005
Opening balance	-	-
Transferred from Parent Company	104,806,140	-
Amortisation, writing-off,		
redemption and transferred back to Parent Company	(16,096,479)	-
Closing balance	88,709,661	-
Provision for probable loan losses	-	-
Closing balance	88,709,661	-
- Subordinated assets	-	-
Claims outstanding distributed by remaining terms, net book value		
Payable on demand	-	-
At most 3 months	12,482,395	-
More than 3 months but at most 1 year	41,340,891	-
More than 1 year but at most 5 years	31,811,149	-
More than 5 years	3,075,226	-
Total	88,709,661	-
Average remaining term, years	1,5	-

	2006	2005
DISTRIBUTION OF LENDING BY CATEGORY OF BORROWER		
Municipal multi-family dwellings	8,365,095	-
Tenant-owner associations	14,398,654	-
Private multi-family dwellings	9,202,848	-
Single-family dwellings and holiday homes	40,899,750	-
Tenant-owned apartments	15,843,314	-
Commercial properties	-	-
Provision for probable loan losses	-	-
Total	**88 709 661**	**-**
Proportion of loans covered by a Government or		
municipal guarantee in per cent	0,1	-
Average fixed-interest term, years	0,0	-

If prepayment occurs during the interest fixation period, SCBC has the right to receive interest compensation. The size of the compensation in the case of retail market loans is based on the interest rate on the loan compared with the interest rate on Government bonds/treasury bills with a comparable remaining term up to the interest adjustment date +1 per cent. In other cases, the comparable interest rate is shown by current loan conditions. In addition to mortgage security in pledged property, SCBC has received a Government or municipal guarantee as collateral for the borrower's commitments. The proportion of loans covered by this type of guarantee is shown in the table above. SEK 84,336 million of the loan portfolio is collateral for covered bonds of SEK 69,424 million. At the end of the year, SCBC's loans to leading executives amounted to SEK 1.0 million. These loans are covered by bank-standard security.

NOT 9 OTHER ASSETS

	2006	2005
Interest due	45,668	-
Derivatives	602,677	-
Total	**648,345**	**-**

SCBC uses derivatives in order to eliminate interest rate and currency risks in fixed-intererst lending and borrowing.

NOT 10 PREPAID EXPENSES AND ACCRUED INCOME

	2006	2005
Prepaid expenses	0	-
Acrrued interest income	170,872	-
Other accrued income	1,795	-
Total	**172,667**	**-**

NOT 11 LIABILITIES TO CREDIT INSTITUTIONS

	2006	2005
Outstanding liabilities by remaining term,		
book value		
Payable on demand	-	-
At most 3 months	4,793,172	-
Total	**4,793,172**	**-**
Average remaining term, years	0,0	-

NOT 12 SECURITIES ISSUED, ETC.

	2006	2005
Swedish bond loans	46,100,280	-
Acrrued price differences on Swedish bonds issued	859,843	-
Total	**46,960,123**	**-**
Foreign bond loans	22,469,139	-
Accrued price differences on foreign bonds issued	(5,057)	-
Total	**22,464,082**	**-**
Total securities issued, etc.	69,424,205	-
of which:		
Group companies	-	-
Securities issued, etc.		
distributed by remaining term, book value		
At most 1 year	14,991,597	-
Longer than 1 year but at most 5 years	50,484,053	-
Longer than 5 years but at most 10 years	3,401,766	-
Longer than 10 years	546,789	-
Total	**69,424,205**	**-**
Average remaining term, years	2,8	-
Average remaining fixed-interest term, years	2,8	-

NOT 13 OTHER LIABILITIES

	2006	2005
Tax liabilities	42,957	-
Liabilities to borrowers	213,184	-
Derivatives	351,800	-
Other	291	-
Total	**608,232**	**-**

SCBC uses derivatives with a view to eliminating interest rate and currency risks in fixed-interest lending and borrowing.

NOT 14 ACCRUED EXPENSES AND PREPAID INCOME

	2006	2005
Accrued interest expense	625,892	-
Other accrued expenses	37,632	-
Total	**663,524**	**-**

NOT 15 SUBORDINATED DEBT

	BOOK VALUE	
LOAN DESIGNATION	**2006**	**2005**
Subordinated debt	9 931,086	-
Total	**9,931,086**	

Subordinated debenture loans are issued by the Parent Company Subordinated debenture loans are subordinate to the company's other debts, which means that they carry an entitlement to payment only when other creditors have received payment.

Conditions for subordination

In the event of the company's bankruptcy or liquidiation, the holders of subordinated debentures will only receive payment from the company's assets after other claims have been met.

NOT 16 EQUITY CAPITAL

The share capital amounts to SEK 50,000,000 divided into 500,000 shares at a nominal value of SEK 100. All shares are owned by the Parent Company the Swedish Housing Finance Corporation, SBAB (company reg. no. 556253-7513). Distributable equity capital in SCBC amounts to SEK 4,060,460,000. Dividend is proposed by the Board in accordance with the provisions of the Companies Act and is determined by the Annual General Meeting. It was decided not to pay dividend in 2006.

	Share capital	Shareholders contribution	Profit of the year	Total equity capital
Equity capital at the beginning of the year.	**500**	-	-	**500**
Profit brought forward for 2005	-	-	-	-
New issue	49,500	-	-	49,500
Shareholder's contribution	-	3,950,000	-	3,950,000
Dividend	-	-	-	0
Profit for the year	-	-	110,460	110,460
Equity capital at the end of the year	**50,000**	**3,950,000**	**110,460**	**4,110,460**

The shareholder's contributions are conditional and the Parent Company the Swedish Housing Finance Corporation, SBAB, has a right to receive repayment of the contribution from SCBC's disposable profits provided that the Annual General Meeting has given its approval.

NOT 17 COMMITMENTS

	2006 NOM AMOUNT
Commitments on future payments	
- Agreements on purchases and sales of forward securities contracts	-
- Other commitments on future payments	-
Interest rate and exchange-rate related contracts	
- Interest rate futures	-
- Interest rate swaps	171,792,330
- Interest rate and currency swaps	22,869,535
- Equity-linked derivative contracts	-
Other commitments	
- Loans granted but not realised	-
- Unused portion of granted credit facilities	-
- Other commitments	-
Total	**194,661,865**

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

NOT 18 BOOK AND FAIR VALUES OF ITEMS BOTH OFF AND ON THE BALANCE SHEET

	2006			
	CURRENT		FIXED	
ASSETS	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
Cash in hand and balance at central banks	0	0	-	-
Repo eligible Treasury bills, etc.	0	0	-	-
Lending to credit institutions	6	6	-	-
Lending to the public	-	-	88,709,661	89,806,908
Other assets	648,345	618,724	-	-
Prepaid expenses and accrued income	172,667	172,667	-	-
Total assets	**821,018**	**791,397**	**88,709,661**	**89,806,908**

LIABILITIES	BOOK VALUE	FAIR VALUE
Liabilities to credit institutions	4,793,172	4,793,172
Securities issued, etc.	69,424,205	68,767,193
Other liabilities	608,232	1,132,692
Accrued expenses and prepaid income	663,524	663,524
Subordinated liabilities	9,931,086	9,931,086
Total liabilities	**85,420,219**	**85,287,667**

DURATION	Years
Assets, years	1,2
Liabilities, years	2,5

In order to arrive at the fair value of borrowing and lending at fixed interest rates, the future cash flows from the year-end up to the first interest rate adjustments have been discounted to give a present value. When calculating the present value of SCBC's lending, the interest rates on SCBC's borrowing at year-end have been used as the discount rate with a supplement for administration expenses. When calculating the present value of SCBC's borrowing, the interest rates on SCBC's borrowing at year-end have been used as the discount rate. It should be noted that reported information of fair value does not constitute an evaluation of SCBC as a company.

NOT 19

BOOK, FAIR AND NOMINAL VALUES OF DERIVATIVE INSTRUMENTS 2006

DERIVATIVES WITH POSITIVE VALUES OR ZERO VALUE	BOOK VALUE	NOMINAL VALUE	FAIR VALUE
- taken up in the balance sheet in whole or in part			
< 1 year interest-rate swaps	97,348	14,150,000	78,946
> 1 year interest rate swaps	505,329	108,697,084	494,110
< 1 year interest and currency swaps	0	0	0
> 1 year interest rate and currency swaps	0	0	0
< 1 year equity-linked derivative contracts	0	0	0
> 1 year equity-linked derivatie contracts	0	0	0
Total	**602,677**	**122,847,084**	**573,056**

DERIVATIVE INSTRUMENTS WITH NEGATIVE VALUES	BOOK VALUE	NOMINAL VALUE	FAIR VALUE
- taken up in the balance sheet in whole or in part			
< 1 year interest-rate swaps	183	305,000	1,557
> 1 year interest rate swaps	33,702	48,640,246	483,271
< 1 year interest and currency swaps	0	0	0
> 1 year interest rate and currency swaps	317,915	22,869,535	391,432
< 1 year equity-linked derivative contracts	-	-	-
> 1 year equity-linked derivative contracts	0	0	0
Total	**351,800**	**71,814,781**	**876,260**

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

NOT 20 FIXED-INTEREST TERMS FOR FINANCIAL ASSETS AND LIABILITIES 2006

	interest terms	Without fixed <3 months	3-6 months	6-12 months	1-5 years	>5 years	Total
ASSETS							
Cash in hand and balance at central banks	-	0	-	-	-	-	0
Repo eligible Treasury bills	-	0	-	-	-	-	0
Lending to credit institutions	-	6	-	-	-	-	6
Lending to the public	-	39,804,787	5,182,500	9,063,923	31,583,225	3,075,226	88,709,661
Other assets	58 037	(11,711,164)	(12,179,874)	7,279,592	17,324,131	50,290	821,012
- of which derivatives	*0*	*(11,870,778)*	*(12,180,558)*	*7,279,592*	*17,324,131*	*50,290*	*602,677*
Total financial assets	**58 037**	**28,093,629**	**(6,997,374)**	**16,343,515**	**48,907,356**	**3,125,516**	**89,530,679**
LIABILITIES							
Liabilities to credit institutions	-	4,793,172	-	-	-	-	4,793,172
Securities issued, etc.	-	0	0	14,991,597	50,484,053	3,948,555	69,424,205
Other liabilities	294,068	40,659,724	5,301,833	(7,713,608)	(33,338,336)	(3,931,925)	1,271,756
- of which derivatives	*0*	*40,656,097*	*5,299,844*	*(7,813,949)*	*(33,840,078)*	*(3,950,114)*	*351,800*
Subordinated debt	-	9,931,086	-	-	0	0	9 931 086
Total financial liabilities	**294,068**	**55,383,982**	**5,301,833**	**7,277,989**	**17,145,717**	**16,630**	**85,420,219**
DIFFERENCE BETWEEN ASSETS AND LIABILITIES							
	(236,031)	(27,290,353)	(12,299,207)	9,065,526	31,761,639	3,108,886	4,110,460
Cumulative interest rate sensitivity	(236,031)	(27,526,384)	(39,825,591)	(30,760,065)	1,001,574	4,110,460	

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

NOT 21 TENOR OF FINANCIAL ASSETS AND LIABILITIES

ASSETS	Without tenor	<3 months	3-6 months	6-12 months	1-5 years	>5 years	Total 2006
Cash and balances at central banks	-	0	-	-	-	-	0
Repo eligible Treasury bills	-	0	-	-	-	-	0
Lending to credit institutions	-	6	-	-	-	-	6
Lending to the public	-	12,482,395	15,017,383	26,323,508	31,811,149	3,075,226	88,709,661
Other assets	58,037	159,614	684	97,348	515,473	(10,144)	821,012
- of which derivatives	-	*0*	*0*	*97,348*	*515,473*	*(10,144)*	*602,677*
Total financial assets	**58,037**	**12,642,015**	**15,018,067**	**26,420,856**	**32,326,622**	**3,065,082**	**89,530,679**
LIABILITIES							
Liabilities to credit institutions	-	4,793,172	-	-	-	-	4,793,172
Securities issued, etc.	-	0	0	14,991,597	50,484,053	3,948,555	69,424,205
Other liabilities	294,068	3,628	1,989	86,674	818,361	67,036	1,271,756
- of which derivatives	-	*0*	*0*	*(13,667)*	*316,621*	*48,846*	*351,800*
Subordinated debt	9,931,086	-	-	-	-	0	9,931,086
Total financial liabilities	**10,225,154**	**4,796,800**	**1,989**	**15,078,271**	**51,302,414**	**4,015,591**	**85,420,219**

The tenor of amortisations for assets and liabilities that are amortised is calculated as the period until the due date of the respective amortisation.

NOT 22 DISTRIBUTION OF COLLATERAL FOR LOAN PORTFOLIO ON AND OFF THE BALANCE SHEET

DISTRIBUTION OF COLLATERAL	Municipal guarantees	Municipal responsibility for losses	Government credit guarantee	Bank guarantee	Mortgage	Other	Total 2006	Of which off balance sheet
Corporate								
- Tenant owner associations	1,405,201	351	452,756	4,727	12,535,619		14,398,654	0
- Private multi-family dwellings	433,014	2,081	310,837	1,322	8,455,595		9,202,849	0
- Commercial properties								
Households								
- Single-family dwellings and holiday homes	6,257	664,296	77,515		40,151,682		40,899,750	0
- Tenant-owned apartments						15,843,314	15,843,314	0
Public sector								
- Municipal multi-family dwellings	7,782,897	31		462	581,704		8,365,094	0
Total	**9,627,369**	**666,759**	**841,108**	**6,511**	**61,724,600**	**15 843,314**	**88,709,661**	**0**

NOT 23 GENUINE REPURCHASE TRANSACTIONS

	2006	2005
Amounts borrowed by sale of securities with subsequent repurchases of corresponding assets included in the following items in the balance sheet:		
- Liabilities to credit institutions	4,793,172	-
- Borrowing from the public	-	-
Amounts borrowed by purchases of securities with subsequent sale of corresponding assets included in the following balance sheet items:		
- Lending to credit institutions	-	-
- Lending to the public	-	-

APPROPRIATION OF PROFIT

SCBC's non-restricted equity, according to the balance sheet, amounts to SEK 4,060,460,000, of which SEK 110,460,000 is net profit for the year.

The Board and the Chief Executive Officer propose that the funds, which, according to SCBC's balance sheet, are at the disposal of the Annual General Meeting, namely the net profit of SEK 4,060,460,000, be carried forward.

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

Stockholm, 12 March 2007

PER BALAZSI
Chairman

BENGT-OLOF NILSSON LALÉR

JOHANNA CLASON

PER TUNESTAM
Chief Executive Officer

Our audit report has been submitted on 16 April 2007

KPMG Bohlins AB

PER BERGMAN
Authorised Public Accountant

LARS-OLA ANDERSSON
Authorised Public Accountant
Appointed by the Swedish Financial Supervisory Authority (Finansinspektionen)

Audit Report

To the Annual General Meeting of the Swedish Covered Bond Corporation

Company reg. no. 556645-9755

We have audited the annual accounts and the accounting records and the administration of the Board of Directors and the Chief Executive Officer of the Swedish Covered Bond Corporation, SCBC for 2006. 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 concerning Credit Institutions and Securities Companies. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

The audit has been conducted in accordance with generally accepted accounting principles in Sweden. Those standards require that we plan and perform the audit to obtain a high level but not absolute certainty that the annual accounts 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 Administration Report is in accordance with other parts of the annual accounts.

We recommend to the Annual General Meeting that the income statement and balance sheet be adopted, that the profit 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, 16 April 2007

KPMG Bohlins AB

Per Bergman
Authorised Public Accountant

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