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- Very low impairment charges and continuously reduced expenses combined with stable net interest income have contributed to SBAB's good result in its core activity. Adjusted for changes in market value in the liquidity portfolio we make a better result compared to the same period last year, says Eva Cederbalk, CEO.

Result

SBAB's net operating income for the first three months 2008 amounted to SEK 97 million (SEK 215 million). The decrease in net operating income compared with the corresponding period last year is attributable to the change in value of SBAB's liquidity portfolio. Net interest income totalled SEK 305 million (SEK 304 million). Net operating income adjusted for the change in market value in the liquidity portfolio amounts to SEK 255 million (SEK 202 million).

During the first three months the expenses amounted to SEK 135 million (SEK 139 million), a reduction of 3%. This is attributable to SBAB having lower consultancy costs compared with previous years.

The Liquidity Portfolio

SBAB's liquidity portfolio is a liquidity reserve, which is intended to manage liquidity and funding risks. As at 31 March 2008, the portfolio amounted to SEK 29.3 billion. The portfolio holding is long-term and solely consists of AAA/Aaa-rated bonds except for one covered bond rated AAA/Aa2. This bond corresponds to approximately 0.7% of the portfolio value. The portfolio has no exposure to the U.S. residential mortgage market.

SBAB assesses the market value of each security individually. The portfolio consists of assets classified as "Available-for-sale financial assets", SEK 21.7 billion, and "Financial assets valued at fair value through profit or loss", SEK 7.6 billion. No negative changes of the credit rating have occurred since the start of the credit crisis in mid-2007. SBAB is not expecting any impairment in the portfolio.



Lending

New lending to the consumer market totalled SEK 4,509 million (SEK 4,512 million). The consumer market portfolio totalled SEK 104,550 million (SEK 104,125 million). SBAB's market share of consumer market lending amounted to 7.9% (8.1%). SBAB's business partners continue to be important distribution channels. New lending to the corporate market decreased to SEK 1,682 million (SEK 3,369 million). The corporate market portfolio amounted to SEK 61,349 million (SEK 63,856 million). This reduction is explained by lower lending to the municipal sector, private multi-family dwellings and tenant-owner associations. SBAB's market share of the corporate market lending amounted to 12.0% (13.4%).

Saving

SBAB currently offers two savings products: A savings account (Sparkonto) for both new and existing customers with an interest rate of 4.25% as at 31 March 2008 and the SBAB account (SBAB-konto) for customers with residential mortgages of at least SEK 1 million with an interest rate of 5.00% as at 31 March 2008. Interest is calculated from the first krona deposited and withdrawals are free of charge. SBAB's savings accounts has attracted new customers and the deposited amount has increased by 68% since the turn of the year and totalled SEK 1,272 million (SEK 759 million) as at 31 March 2008.

Funding

SBAB considers it very important to have a well-diversified funding portfolio. This requires an active presence in the market and a flexible range of products. The total value of outstanding securities issued was SEK 189.8 billion (SEK 191.8 billion) as at 31 March 2008. Funding through issuance of covered bonds is carried out in the wholly-owned subsidiary The Swedish Covered Bond Corporation. The credit rating institutes Moody's and Standard & Poor's have assigned a credit rating of Aaa/AAA for the covered bonds issued.

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SBAB offers residential mortgages and savings products via Internet and telephone and provides corporate loans. SBAB's mandate is to act to ensure diversity and competition in the Swedish residential mortgage market. More information is available at www.sbab.se.