



Press release, 31 May 2007

SBAB's net operating income for the first quarter totalled SEK 215 million

SBAB's net operating income for the first three months totalled SEK 215 million. (SEK 256 million). Net interest income amounted to SEK 304 million (SEK 340 million). Expenses have decreased to SEK 139 million (SEK 153 million). SBAB has applied new accounting principles, IFRS, from 1 January 2007.

- SBAB's savings products were successfully launched in April. During the first quarter we have carried out intensive development work with SBAB's savings products at the same time as we have continued to reduce the administration expenses, says SBAB's CEO, Eva Cederbalk.

Results

SBAB's net operating income for the period totalled SEK 215 million (SEK 256 million). The decrease in the result is mainly explained by lower net interest income. Net interest income totalled SEK 304 million (SEK 340 million). Net interest income for 2006 has been positively affected by SEK 44 million in connection with the maturity of benchmark bond loan. Other operating income amounted to SEK 34 million (SEK 64 million).

In all, operating income decreased by SEK 66 million to SEK 338 million. In addition to lower net interest income, net operating income has also been affected by lower interest compensation compared with the corresponding period in 2006. SBAB is continuing to experience very stiff competition and pressure on margins.

Expenses during the first quarter totalled SEK 139 million (SEK 153 million). Compared with the corresponding quarter last year, expenses have particularly decreased for administrative expenses. The new savings products have required a lot of development costs in IT in the first quarter of this year.

Lending

During the first quarter, new lending to the corporate market was SEK 3,368 million (SEK 1,849 million). The corporate market portfolio amounts to SEK 66,677 million (SEK 66,208 million) excluding adjustment for value with reference to hedge accounting. New lending to the retail market totalled SEK 5,008 million (SEK 7,694 million) during the first three months of the year. The portfolio now totals SEK 104,156 million (SEK 103,801 million) excluding adjustment for value with reference to hedge accounting. The accumulated adjustment for value with reference to hedge accounting for the whole portfolio amounts to a negative SEK -514 million (SEK -405 million).

Loan portfolio and securitised loans, SEK billion

	March 2007	March 2007	Dec 2006	Dec 2006
	Total	Of which sd*	Total	Of which sd*
Retail market	104.1		103.8	0.0
Corporate market	66.7	7.5	66.2	7.4
Market value adjustment	-0.5		-0.4	
Total	170.3	7.5	169.6	7.4

* Securitised loans.

SBAB offers residential mortgages and savings products via the 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



Funding

SBAB considers it very important to have a well-diversified funding portfolio. This requires an active presence in the capital market and a flexible range of products. On 31 March, the portfolio consisted of the following: Swedish Commercial Paper Programme, SEK 18.3 billion (SEK 18.2 billion), Swedish covered bonds SEK 45.9 billion (SEK 47.0 billion), European Commercial Paper Programme USD 959 million (USD 1,440 million), US Commercial Paper Programme USD 1,626 million (USD 1,813 million), Euro Medium Term Note Programme USD 8,673 million (USD 9,292 million), Euro Medium Term Covered Note Programme EUR 3,620 million (EUR 2,486 million). Total programme utilisation converted into Swedish kronor was SEK 177.1 billion (SEK 173.5 billion).

Borrowing through issue of covered bonds is taken care of by SBAB's wholly-owned subsidiary the Swedish Covered Bonds Corporation. The credit rating institutes Moody's and Standard & Poor's have set a credit rating of Aaa/AAA for the covered bonds issued.

Loan losses and doubtful claims

Loan losses have continued to be low and have posted a positive net result of SEK 16 million (positive SEK 5 million). The positive net loan losses amount includes dissolution of group reserves of SEK 19 million. During the first quarter, the doubtful claims have decreased marginally compared with the turn of the year from SEK 159 million to SEK 158 million. The provision ratio for specific provisions for loan claims assessed individually was unchanged at 72 %.

Business partners

SBAB works together with Ikanobanken, Sparbanken Finn, Sparbanken Gripen, Salusansvar, Bank2 and Ica Banken, which are important sales channels for SBAB. SBAB has started collaboration with GE Money Bank for residential mortgages.

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