



Interim report 1 January – 30 September 2010

THE SWEDISH HOUSING FINANCE CORPORATION, SBAB

"SBAB's operations continue to perform well with a sharp rise in net interest income, robust lending growth, low loan losses and increased deposit volumes. Operating profit, excluding the net result of financial instruments, totalled SEK 859 million (550), up 56%."

EVA CEDERBALK, CEO SBAB

- **Net interest income continued to increase and amounted to SEK 1,377 million (1,062).**
- **Operating profit, excluding the net result of financial instruments, totalled SEK 859 million (550), up 56%.**
- **Operating profit totalled SEK 425 million (1,091). The net result of financial instruments developed negatively in part because of the development in unrealised items and in part as a consequence of method development involving hedge accounting during the period.**
- **Loan losses amounted to SEK 39 million (loss: 65). The loan loss rate was 0.02% (0.05).**
- **Lending totalled SEK 247.8 billion (226.0).**
- **SBAB's market share in retail lending rose to 8.2% (8.0).**
- **Deposits increased to SEK 5.5 billion (4.7).**
- **Without taking the transitional regulations into account, the capital adequacy ratio was 22.1% (19.7) and the Tier 1 capital ratio 18.6% (15.9).**

SUMMARY SBAB GROUP

	Jan-Sep 2010	Jan-Sep 2009	Jan-Dec 2009
Net interest income, SEK million	1,377	1,062	1,519
Operating profit excl. net result of financial instruments, SEK million	859	550	794
Operating profit, SEK million	425	1,091	1,289
Net profit for the period, SEK million	313	805	951
Lending, SEK billion	247.8	215.1	226.0
Doubtful loan receivables after individual provisions, SEK million	33	31	29
Loan losses, net, SEK million	-39	-65	-107
Loan loss rate, % ¹⁾	0.02	0.05	0.06
Expenditure/Income ratio excl. loan losses, %	49	27	29
Return on equity, % ²⁾	5.5	15.6	13.8
Capital adequacy ratio without transitional regulations, %	22.1	20.4	19.7
Tier 1 capital ratio without transitional regulations, %	18.6	16.4	15.9
Capital adequacy ratio with transitional regulations, %	10.2	9.6	9.2
Tier 1 capital ratio with transitional regulations, %	8.5	7.7	7.4
Rating, long-term funding, SBAB			
Standard & Poor's	A+	A+	A+
Moody's	A1	A1	A1
Rating, long-term funding, SCBC			
Standard & Poor's	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa
Rating, short-term funding, SBAB			
Standard & Poor's	A-1	A-1	A-1
Moody's	P-1	P-1	P-1
Average no. of employees during the period	434	391	396

All comparable figures in parentheses pertaining to income statement items and new lending refer to the year-earlier period. For comparable figures pertaining to balance sheet items, capital adequacy and market share, the date of comparison is the preceding year-end.

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

Operating profit

SBAB's operating profit excluding the net result of financial instruments rose 56% to SEK 859 million (550). Net interest income increased 30% in relation to the year-earlier period, while expenses rose 5%. The loan loss rate remained very low at 0.02% (0.05). SBAB's operating profit declined compared with the year-earlier period to SEK 425 million (1,091). The decline was due to a negative development for the net result of financial instruments, in part because of the development in unrealised items and in part as a consequence of method development involving hedge accounting during the quarter.

The development in net interest income was very positive and significantly higher year-on-year at SEK 1,377 million (1,062). The increase was primarily attributable to a favourable volume of business, and a stabilisation of the interest margin in the residential mortgage market. The trend in net commission income was largely attributable to the fee to the Government stability fund, which amounted to SEK 40 million (32).

The net result of financial instruments measured at fair value was an expense of SEK 434 million (income: 541). For hedge-accounted items, pertaining to derivatives, and repurchase of own debt, the difference between the periods was a negative SEK 548 million. The strategy underlying the repurchase of own debt has been to reduce the liquidity and financing risk, which has entailed repurchases of debt with short remaining maturities and the subsequent issuance of bonds with longer maturities. In addition, repurchases under the Swedish Government's guarantee programme have been conducted to reduce future interest expense. In addition, the positive recovery noted in 2009 in respect of that part of the liquidity portfolio measured at fair value has not been followed by corresponding development during 2010. The difference between the periods was a negative SEK 347 million. The remainder of the decline was due mainly to a change in the value of derivatives for which hedge-accounting is not applied. The derivative contracts that SBAB enters into and its holdings of bonds are a natural component of the company's financial risk management. During the year SBAB developed and during the third quarter it introduced a method for hedge accounting that better reflects the hedging conditions of the underlying assets. This resulted in an effect before tax of a negative SEK 197 million, which was charged in full against the third quarter.

The reason behind the method development is to achieve better matching between hedge-accounted items and related derivatives and thus reduce the future volatility associated with hedge accounting.

SBAB's expenses totalled SEK 444 million (421). Personnel costs for the period increased to SEK 241 million (228), due to a larger number of employees resulting from the high inflow of customers, primarily during the first six months. SBAB's other expenses increased to SEK 184 million (173) and mainly pertained to marketing and business development activities. Depreciation/amortisation amounted to SEK 19 million (20).

The expenditure/income ratio, excluding loan losses, amounted to 49% (27). The increase was primarily due to the substantial change in income from the item "Net income/expense from financial instruments measured at fair value." If the expense trend is considered in relation to net interest income, which provides a more accurate link to the underlying development of the operations, a continued steady improvement to 32% (40) was noted.

Loan losses

Loan losses declined to SEK 39 million (loss: 65), net. The year-on-year decline was primarily due to lower new collective provisions. Confirmed loan losses remained low. The loan loss rate was 0.02% (0.05).

Lending

SBAB's lending remained robust, and new lending amounted to SEK 39.7 billion (47.0) during the period. Lending to the public totalled SEK 247.8 billion (226.0), up 9.6%. SBAB's total market share was 9.7% (9.5).

Lending to the retail market rose 10.0% to SEK 149.5 billion (135.8). New lending amounted to SEK 25.3 billion (25.5). Demand resulted in SBAB's market share increasing to 8.2% (8.0).

Demand for lending to the corporate market and tenant-owner associations was also high and growth in lending was positive. Lending to the corporate market and tenant-owner associations amounted to SEK 98.3 billion (90.1), up 9.0%. New lending totalled SEK 14.4 billion (21.4), enabling SBAB to increase its share in the market for lending to the corporate market and tenant-owner associations to 13.8% (13.4).

Loan portfolio	Sep 2010		Sep 2009		Dec 2009	
	SBAB Group *	Group incl. all of FriSpar	SBAB Group *	Group incl. all of FriSpar	SBAB Group *	Group incl. all of FriSpar
SEK million						
Retail lending	149,492	152,329	129,794	133,248	135,842	139,966
- new lending	25,297	27,537	25,523	27,535	36,403	39,091
Corporate lending (incl. tenant-owner associations)	98,282	98,364	85,322	85,405	90,134	90,218
- new lending	14,436	14,436	21,431	21,432	28,223	28,223
Total	247,774	250,693	215,116	218,653	225,976	230,184
- new lending	39,733	41,973	46,954	48,967	64,626	67,314

* In the SBAB Group, 51% of FriSpar Bolån AB (partnership with Finn and Gripen savings banks) is consolidated in accordance with the proportional method.

Deposits

SBAB's deposits amounted to SEK 5.5 billion (4.7), up 18.1%. Despite generally low interest rates, SBAB's savings products, which are characterised by a competitive interest rate and straightforward product terms, continued to attract new customers in the retail and corporate markets, and tenant-owner associations.

Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products.

SBAB has long taken a proactive approach to extending the remaining term of its funding by reducing the proportion of short-term loans and extending its funding through repurchases and the issuance of bonds with longer terms.

The total value of debt securities in issue rose SEK 14.9 billion during the year to SEK 264.0 billion (249.1). During the third quarter, SBAB issued a three-year bond under SBAB's EMTN programme amounting to EUR 750 million. On 17 September 2010, the limit of SBAB's EMTN programme was raised from USD 11 billion to USD 16 billion.

Funding through the issuance of covered bonds takes place in SBAB's wholly owned subsidiary The Swedish Covered Bond Corporation, SCBC. The total volume of covered bonds issued amounted to SEK 148.6 billion (136.9).

Although SBAB was affiliated with the Swedish Government's guarantee programme for medium-term funding during 2009, the company discontinued its participation in the programme in November 2009. At the end of the period, the volume outstanding under the Government-guaranteed programme totalled SEK 14.7 billion (21.4).

Programme utilisation	30 Sep 2010	31 Dec 2009
Swedish Commercial Paper Programme	SEK 11.1 billion	SEK 14.3 billion
Swedish covered bonds	SEK 89.1 billion	SEK 83.9 billion
European Commercial Paper Programme	USD 1,583 million	USD 1,176 million
US Commercial Paper Programme	USD 965 million	USD 200 million
Euro Medium Term Note Programme	USD 10,304 million	USD 8,867 million
Euro Medium Term Covered Note Programme	EUR 6,485 million	EUR 5,175 million
Swedish Government Guarantee Programme	SEK 14.7 billion	SEK 21.4 billion

Capital adequacy and risk

SBAB recognises credit risk primarily in accordance with the Internal Ratings-based Approach (IRB Approach), while operational and market risks are recognised pursuant to the standardised method. Taking the transitional regulations into account, the capital quotient amounted to 1.27 (1.15), the capital adequacy ratio to 10.2% (9.2) and the Tier 1 capital ratio to 8.5% (7.4). Pursuant to Basel II, without taking the transitional regulations

into account, the capital adequacy ratio under Pillar 1 was 22.1% (19.7) and the Tier 1 capital ratio was 18.6% (15.9). Results as of 30 September are included in the calculation of Tier 1 and total capital.

At 30 September 2010, the internally calculated capital requirement was SEK 6.6 billion (6.9).

At 30 September 2010, a parallel shift of the yield curve by plus one percentage point would have reduced the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions, by SEK 19.8 million.

SBAB maintained a favourable liquidity situation. The liquidity reserve comprises immediately available liquidity. At 30 September 2010, SBAB had a reserve of immediately available liquidity of SEK 34.9 billion.

SBAB measures and stress tests liquidity risk by totalling the maximum conceivable need for liquidity for every day during the coming 365 days. This measure of liquidity risk is referred to as Maximum Cumulative Outflow (MCO) and is subject to limits. The MCO calculations are based on a crisis scenario in which all loans are extended on maturity, meaning that no liquidity is added through loan redemption and that no funding is available. In this way, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve is established on the basis of these calculations. At 30 September 2010, the liquidity reserve corresponded to 88 days (73) MCO.

For more information on SBAB's risks and risk management, refer to the Annual Report for 2009.

Current events

- On 3 September 2010, Standard & Poor's revised SBAB's outlook from negative to stable. At the same time, SBAB's long-term "A+" borrowing rating and short-term "A1" borrowing rating were confirmed. Standard & Poor's reasoning behind the more positive view of SBAB is the high quality of SBAB's assets, its strengthened capital base and the fact that SBAB has excellent opportunities for maintaining or improving its position in the retail mortgage market.

Performance in the third quarter of 2010 compared with the second quarter of 2010

As in the second quarter, the business volume trend in the third quarter was positive. During the third quarter, new lending increased by SEK 9.9 billion (15.5) and total lending amounted to SEK 247.8 billion (242.2). New lending to the retail market totalled SEK 7.7 billion (9.4), and SBAB's market share was 8.2% (8.2). New lending to the corporate market and tenant-owner associations amounted to SEK 2.2 billion (6.2). SBAB's market share for lending to the corporate market and tenant-owner associations was 13.8% (14.0).

Deposits through SBAB's savings products increased during the quarter and totalled SEK 5.5 billion (5.2) at the end of the quarter.

Net interest income declined to SEK 428 million (473). Total operating income amounted to SEK 203 million (372). The net

result from financial instruments had an adverse impact on earnings, which was primarily attributable to method development for hedge accounting during the third quarter (see page 2). Expenses were lower during the third quarter, amounting to SEK 133 million (155), which was a natural seasonal variation. Loan losses between the quarters decreased and SBAB had net recoveries of SEK 5 million (loss: 39). Operating profit for the quarter declined to SEK 75 million (178).

Performance of the Parent Company January-September 2010

In the Parent Company, lending to the public amounted to SEK 34.6 billion (48.2). This decrease was due to transfers to SCBC. SCBC does not conduct any new lending activities itself, but acquires loans from SBAB on an ongoing basis. Operating profit totalled SEK 20 million (881). Operating income amounted to SEK 486 million (1,359), partly due to a reduction in net interest income, which amounted to SEK 350 million (540), as a result of the lower volume. Net income from financial instruments continued to develop negatively, which was due to the performance of unrealised items and due to method development for hedge accounting during the quarter. Expenses increased to SEK 439 million (417). Loan losses declined during the period to SEK 27 million (loss: 61). The Parent Company's capital adequacy was favourable. Without applying the transitional regulations, the Tier 1 capital ratio amounted to 39.0% (29.7) and the capital adequacy ratio to 47.1% (37.2).

Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. It also complies with the Swedish Financial Supervisory Authority's accounting

directives, the Annual Accounts (Credit Institutions and Securities Companies) Act, and the Swedish Financial Reporting Board's recommendation RFR 1.3 Supplementary Accounting Rules for Groups.

For the Parent Company, statutory IFRS is applied, which means that the interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2.3 Accounting for Legal Entities, the Swedish Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies and the Annual Accounts (Credit Institutions and Securities Companies) Act.

This interim report complies with the requirements of IAS 34 Interim Financial Reporting and IAS 1 Presentation of Financial Statements. The accounting policies and methods of calculation are unchanged compared with the Annual Report for 2009. The standards that became effective on 1 January 2010, IAS 27 (Amendment) and IFRS 3 (Revised), have not impacted the company's financial statements.

Financial information

SBAB will publish its 2010 year-end report on 4 February 2011 and its Annual Report in late March 2011. SBAB's Annual General Meeting will be held on 14 April 2011 in Stockholm.

Stockholm, 28 October 2010

Eva Cederbalk
Chief Executive Officer

Income statement

SEK million	Group				Parent Company	
	Jan-Sep 2010	Jan-Sep 2009	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Interest income	3,725	4,969	1,414	1,139	1,729	1,720
Interest expense	-2,348	-3,907	-986	-732	-1,379	-1,180
Net interest income	1,377	1,062	428	407	350	540
Dividends received	-	-	-	-	14	9
Commission income	37	27	11	9	81	61
Commission expense	-72	-59	-23	-42	-35	-28
Net income/expense from financial instruments measured at fair value (Note 1)	-434	541	-213	310	-243	468
Other operating income	0	6	0	0	319	309
Total operating income	908	1,577	203	684	486	1,359
Personnel costs	-241	-228	-73	-69	-241	-228
Other expenses	-184	-173	-54	-53	-189	-179
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-19	-20	-6	-6	-9	-10
Total expenses before loan losses	-444	-421	-133	-128	-439	-417
Profit before loan losses	464	1,156	70	556	47	942
Loan losses, net (Note 2)	-39	-65	5	-14	-27	-61
Operating profit	425	1,091	75	542	20	881
Tax	-112	-286	-19	-143	-2	-229
Profit for the period	313	805	56	399	18	652

Statement of comprehensive income

SEK million	Group				Parent Company	
	Jan-Sep 2010	Jan-Sep 2009	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Profit for the period	313	805	56	399	18	652
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	46	54	14	23	46	54
Change in instruments used in cash flow hedging, after tax	0	-3	0	-1	0	-3
Other comprehensive income for the period, net after tax	46	51	14	22	46	51
Total comprehensive income for the period	359	856	70	421	64	703

Balance sheet

SEK million	Group			Parent Company	
	30 Sep 2010	30 Sep 2009	31 Dec 2009	30 Sep 2010	31 Dec 2009
ASSETS					
Cash and bank balances at central banks	0	0	0	0	0
Chargeable treasury bills and other eligible bills	1,441	10	8,098	1,441	8,098
Loans and advances to credit institutions (Note 3)	12,107	11,212	9,054	55,574	37,070
Loans and advances to the public (Note 4)	247,774	215,116	225,976	34,645	48,225
Change in fair value of hedge-accounted loan receivables	1,667	2,682	2,590	-16	-23
Bonds and other interest-bearing securities	36,445	31,101	32,412	36,445	32,412
Derivative instruments (Note 6)	12,959	14,728	15,123	10,946	10,375
Shares and participations in joint ventures	-	-	-	561	510
Shares and participations in Group companies	-	-	-	9,600	9,600
Intangible fixed assets	34	42	39	4	6
Property, plant and equipment	25	18	22	25	22
Other assets	3,128	2,702	65	3,090	43
Prepaid expenses and accrued income	732	599	696	483	480
TOTAL ASSETS	316,312	278,210	294,075	152,798	146,818
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	16,532	17,789	16,339	7,852	8,707
Deposits from the public	5,493	4,428	4,653	5,493	4,653
Debt securities in issue	263,961	232,009	249,095	113,285	109,749
Derivative instruments (Note 6)	12,737	8,371	8,330	11,404	10,424
Other liabilities	660	1,461	331	587	922
Accrued expenses and prepaid income	3,394	3,119	4,066	692	869
Provisions	171	155	333	223	373
Subordinated debt	5,628	3,590	3,551	5,628	3,551
Total liabilities	308,576	270,922	286,698	145,164	139,248
Equity					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve	-	-	-	392	392
Other reserves/Fair value reserve	-94	-153	-140	-94	-140
Retained earnings	5,559	4,678	4,608	5,360	4,724
Profit for the period	313	805	951	18	636
Total equity	7,736	7,288	7,377	7,634	7,570
TOTAL LIABILITIES AND EQUITY	316,312	278,210	294,075	152,798	146,818

Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	Net profit for the period	Total equity
Opening balance 1 January 2010	1,958	-140	5,559		7,377
Total comprehensive income for the period		46		313	359
Closing balance 30 September 2010	1,958	-94	5,559	313	7,736
Opening balance 1 January 2009	1,958	-204	4,678		6,432
Total comprehensive income for the period		51		805	856
Closing balance 30 September 2009	1,958	-153	4,678	805	7,288
Opening balance 1 January 2009	1,958	-204	4,678		6,432
Amendment to accounting policy, IAS 19			-70		-70
Adjusted opening balance 1 January 2009	1,958	-204	4,608		6,362
Total comprehensive income for the period		64		951	1,015
Closing balance 31 December 2009	1,958	-140	4,608	951	7,377

Parent Company SEK million	Share capital	Legal reserve	Fair value reserve	Retained earnings	Net profit for the period	Total equity
Opening balance 1 January 2010	1,958	392	-140	5,360		7,570
Total comprehensive income for the period			46		18	64
Closing balance 30 September 2010	1,958	392	-94	5,360	18	7,634
Opening balance 1 January 2009	1,958	392	-204	5,173		7,319
Total comprehensive income for the period			51		652	703
Closing balance 30 September 2009	1,958	392	-153	5,173	652	8,022
Opening balance 1 January 2009	1,958	392	-204	5,173		7,319
Total comprehensive income for the period			64		636	700
Group contribution paid				-449		-449
Closing balance 31 December 2009	1,958	392	-140	4,724	636	7,570

Cash flow statement

SEK million	Group		Parent Company	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Cash and cash equivalents at the beginning of the period	4,862	11,377	1,942	5,986
Cash flow from operating activities	2,379	-3,635	-6	-4,046
Cash flow from investing activities	-18	-21	-62	-1,212
Cash flow from funding activities	2,000	-	1,390	1,600
Increase/decrease in cash and cash equivalents	4,361	-3,656	1,322	-3,658
Cash and cash equivalents at the end of the period	9,223	7,721	3,264	2,328

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.

Notes

Note 1 Net income/expense from financial instruments measured at fair value

SEK million	Group		Parent Company	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Gains/losses on interest-bearing financial instruments				
- Securities measured at fair value through profit and loss	271	471	271	471
- Change in hedged items in hedge accounting	-699	533	-127	339
- Realised loss from financial liabilities	-767	-485	-234	-103
- Derivative instruments	665	-124	-171	-279
- Loan receivables	96	143	21	36
Currency translation effects	0	3	-3	4
Total	-434	541	-243	468

Note 2 Loan losses, net

Group		Jan-Sep 2010	Jan-Sep 2009
CORPORATE MARKET			
SEK million			
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS			
Write-off of confirmed loan losses for the period		-5	-9
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period		5	11
Provision for probable loan losses for the period		-8	-6
Recoveries in respect of confirmed loan losses in prior years		0	1
Reversal of prior year provisions for probable loan losses no longer required		0	6
Guarantees		1	-5
Net cost for the period for individual provisions for corporate market loans		-7	-2
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS			
Allocation to collective provision		-6	-6
Guarantees		-4	2
Net cost for the period for collective provisions for corporate market loans		-10	-4
RETAIL MARKET			
SEK million			
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS			
Write-off of confirmed loan losses for the period		-8	-4
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period		4	4
Provision for probable loan losses for the period		-7	-2
Reversal of prior year provisions for probable loan losses no longer required		0	0
Guarantees		0	-
Net cost for the period for individual provisions for retail market loans		-11	-2
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS			
Write-off of confirmed loan losses for the period		-13	-10
Recoveries in respect of confirmed loan losses in prior years		2	2
Allocation to collective provision		-4	-56
Guarantees		4	7
Net cost for the period for collective provisions for retail market loans		-11	-57
NET COST FOR THE PERIOD FOR LOAN LOSSES		-39	-65

Both the write-off of confirmed loan losses for the period and reversal of prior year write-offs as specified above relate to receivables from the public.

Note 3 Loans and advances to credit institutions

Of the Parent Company's loans and advances to credit institutions, SEK 46,495 million (26,626) relates to a receivable from the wholly owned subsidiary The Swedish Covered Bond Corporation, SCBC. This receivable is subordinated in the event of bankruptcy or liquidation, which means that payment is received only after other creditors of the subsidiary have been paid.

Note 4 Loans and advances to the public

Group SEK million	30 Sep 2010		31 Dec 2009	
	Loans and advances	Provision	Loans and advances	Provision
Single-family dwellings and holiday homes	93,643	-150	86,588	-145
Tenant-owner rights	56,092	-104	49,500	-101
Tenant-owner associations	54,565	-68	49,018	-71
Private multi-family dwellings	27,212	-38	25,272	-26
Municipal multi-family dwellings	7,566	-	8,178	-
Commercial properties	9,045	-	7,763	-
Other	11	-0	-	-
Provision for probable loan losses	-360		-343	
Total	247,774	-360	225,976	-343

	30 Sep 2010	31 Dec 2009
<i>Doubtful and nonperforming loan receivables</i>		
a) Doubtful loan receivables	113	104
b) Nonperforming loan receivables* included in doubtful loan receivables	18	26
c) Nonperforming loan receivables* not included in doubtful loan receivables	273	331
d) Individual provisions for loan receivables	80	75
e) Collective provisions for corporate market loans	44	38
f) Collective provisions for retail market loans	236	230
g) Total provisions (d+e+f)	360	343
h) Doubtful loan receivables after individual provisions (a-d)	33	29
i) Provision ratio for individual provisions (d/a)	71%	72%

* where cash flows are > 60 days past due.

In certain partnerships on the lending side, it is possible for the partner to acquire brokered loans.

Note 5 Classification of financial instruments

Group 30 September 2010, SEK million	Assets measured at fair value through profit and loss	Hedge- accounted derivative instruments	Loan receivables	Total
Financial assets				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	1,441			1,441
Loans and advances to credit institutions			12,107	12,107
Loans and advances to the public			247,774	247,774
Change in fair value of hedge-accounted loan receivables			1,667	1,667
Bonds and other interest-bearing securities	20,066		16,379	36,445
Derivative instruments	2,660	10,299		12,959
Other assets			3,128	3,128
Prepaid expenses and accrued income	366		366	732
Total	24,533	10,299	281,421	316,253
Financial liabilities				
Liabilities to credit institutions			16,532	16,532
Deposits from the public			5,493	5,493
Debt securities in issue			263,961	263,961
Derivative instruments	5,321	7,416		12,737
Other liabilities			660	660
Accrued expenses and prepaid income			3,394	3,394
Subordinated debt			5,628	5,628
Total	5,321	7,416	295,668	308,405

Note 5 Cont.**Parent Company**

30 September 2010, SEK million

	Assets measured at fair value through profit and loss	Hedge-accounted derivative instruments	Loan receivables	Total
Financial assets				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	1,441			1,441
Loans and advances to credit institutions			55,574	55,574
Loans and advances to the public			34,645	34,645
Change in fair value of hedge-accounted loan receivables			-16	-16
Bonds and other interest-bearing securities	20,066		16,379	36,445
Derivative instruments	6,750	4,196		10,946
Other assets			3,090	3,090
Prepaid expenses and accrued income	366		117	483
Total	28,623	4,196	109,789	142,608

	Liabilities measured at fair value through profit and loss	Hedge-accounted derivative instruments	Other financial liabilities	Total
Financial liabilities				
Liabilities to credit institutions			7,852	7,852
Deposits from the public			5,493	5,493
Debt securities in issue			113,285	113,285
Derivative instruments	9,044	2,360		11,404
Other liabilities			587	587
Accrued expenses and prepaid income			692	692
Subordinated debt			5,628	5,628
Total	9,044	2,360	133,537	144,941

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective compound interest rate used in reclassification was 6.3%. At the same date, the fair value reserve attributable to these assets had a negative value of SEK 200 million, net after tax. At 30 September 2010, the fair value of the assets would have amounted to SEK 15.8 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 30 September 2010 was SEK 16.4 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.5 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 91 million, net after tax, at 30 September 2010. After the reclassification date, SEK 148 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 6 million before tax on the value of the reserve.

Note 6 Derivative instruments**Group**

30 September 2010, SEK million

	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest rate related	6,436	5,193	329,094
Currency related	6,523	7,544	148,232
Total	12,959	12,737	477,326

Parent Company

30 September 2010, SEK million

	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest rate related	6,017	6,195	499,083
Currency related	4,929	5,209	101,463
Total	10,946	11,404	600,546

Note 7 Operating segments

Group Risk-adjusted income statement, SEK million	Jan-Sep 2010 Corporate				Jan-Sep 2009 Corporate			
	Consumer	Clients	Finance	Total	Consumer	Clients	Finance	Total
Risk-adjusted income	767	180	-73	874	513	109	920	1,542
Risk-adjusted expenses	-361	-101	-68	-530	-326	-97	-68	-491
Tax	-107	-21	37	-91	-49	-3	-224	-276
Risk-adjusted profit after tax	299	58	-104	253	138	9	628	775
RAROC*, after tax	12.0%	5.2%	-25.6%	6.3%	6.5%	1.0%	51.6%	18.5%

* Risk Adjusted Return On (economic) Capital, meaning risk-adjusted return after tax.

The disclosures concerning operating segments are risk-adjusted. In the risk-adjusted earnings follow-up, recognised equity is replaced by economic capital. Economic capital comprises the capital that SBAB regards as necessary to cover unexpected losses during the coming year. Since economic capital was lower than recognised equity on 30 September 2010, the return on equity in the risk-adjusted income statement is lower. In the risk-adjusted expenses, recognised loan losses are replaced by expected losses. For more information concerning economic capital and expected losses, refer to pages 30 and 43 of the Annual Report for 2009.

The following is a reconciliation between SBAB's risk-adjusted income statement (as above) and SBAB's external result.

Group Reconciliation, SEK million	Jan-Sep 2010	Jan-Sep 2009
Risk-adjusted income	874	1,542
Adjustment to return on recognised equity	34	35
Total operating income	908	1,577
Risk-adjusted expenses	-530	-491
Adjustment to recognised loan losses	47	5
Expenses and loan losses	-483	-486
Risk-adjusted profit before tax	344	1,051
Tax according to risk-adjusted income statement	-91	-276
Risk-adjusted profit after tax	253	775
Reversal of risk-adjusted items		
Return on recognised equity	34	35
Anticipated losses in relation to recognised loan losses	47	5
Reversal of standardised tax (risk-adjusted income statement)	91	276
Operating profit	425	1,091
Recognised tax	-112	-286
Profit for the period after tax	313	805

SBAB applies in advance the amendment to IFRS 8 and the disclosure requirements for total assets allocated by segment as established in IASB's "Annual improvement project" and adopted by the EU, which means that the company is no longer obligated to disclose its total assets by segment, since these are not included in the company's internal reporting to the CEO.

Capital base

Group	30 Sep 2010	31 Dec 2009
SEK million		
Tier 1 capital		
Equity	7,830	7,517
Tier 1 capital contribution	2,994	994
Minority interest	541	492
Total Tier 1 capital, gross	11,365	9,003
Less other intangible assets	-34	-39
Less deferred tax assets	-	-
Deductions in accordance with Chapter 3, Section 8 of the Capital Adequacy Act	-119	-116
Total Tier 1 capital, net	11,212	8,848
Tier 2 capital		
Perpetual subordinated debentures (Upper Tier 2)	-	-
Time-limited subordinated debentures (Lower Tier 2)	2,260	2,260
Deductions in accordance with Chapter 3, Section 8 of the Capital Adequacy Act	-120	-115
Total Tier 2 capital	2,140	2,145
Expanded part of capital base	-	-
Deduction from entire capital base	-	-
Amount for capital base net after deductible items and limit values	13,352	10,993

Capital requirement

Group	30 Sep 2010	31 Dec 2009
SEK million		
Credit risk reported in accordance with IRB approach		
Corporate exposures	2,243	2,014
Retail exposures	869	889
Total credit risk in accordance with IRB approach	3,112	2,903
Credit risk reported in accordance with standardised method		
Exposures to governments and central banks	0	0
Exposures to local governments and comparable associations	0	0
Exposures to institutions	208	188
Exposures to corporates	1,100	1,044
Retail exposures	18	23
Past-due items	1	1
Other items	6	5
Total credit risk in accordance with standardised method	1,333	1,261
Risks in trading book	204	158
Operational risk	183	140
Currency risk	-	-
Commodity risk	-	-
Total minimum capital requirement	4,832	4,462
Addition during transitional period	5,686	5,120
Capital requirement including addition	10,518	9,582

Capital adequacy

SEK million	Group		Parent Company	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
Tier 1 capital	11,212	8,848	10,667	8,647
Total capital	13,352	10,993	12,875	10,855
With transitional regulations				
Risk-weighted assets	131,470	119,776	29,377	35,311
Tier 1 capital ratio	8.5%	7.4%	36.3%	24.5%
Capital adequacy ratio	10.2%	9.2%	43.8%	30.7%
Capital quotient	1.27	1.15	5.48	3.84
Without transitional regulations				
Risk-weighted assets	60,399	55,780	27,327	29,147
Tier 1 capital ratio	18.6%	15.9%	39.0%	29.7%
Capital adequacy ratio	22.1%	19.7%	47.1%	37.2%
Capital quotient	2.76	2.46	5.89	4.66

When calculating the capital adequacy ratio and capital quotient, FriSpar Bolån AB is consolidated as a subsidiary, in contrast to the consolidated financial statements where FriSpar Bolån AB is consolidated in accordance with the proportional method. This is because the rules and regulations for capital adequacy and major exposures differ from IFRS.

Review Report

*To the Board of The Swedish Housing Finance Corporation, SBAB
Corporate registration number 556253-7513*

Introduction

We have reviewed the interim report of The Swedish Housing Finance Corporation, SBAB, corp. reg. no. 556253-7513, for the period 1 January 2010 – 30 September 2010. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Securities Companies) Act. Our responsibility is to express an opinion on this interim report, based on our review.

The direction and extent of the review

We have performed this review in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another direction and is

substantially more limited in scope than an audit conducted in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing practice otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. The expressed conclusion based on a review does not therefore have the degree of certainty that a conclusion expressed as a result of an audit has.

Conclusion

On the basis of our review, nothing has come to our attention which gives us cause to believe that the enclosed interim report has not been prepared, in all essentials, in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Investment Firms) Act for the Group and in accordance with the Annual Accounts (Credit Institutions and Investment Firms) Act for the Parent Company.

Stockholm, 28 October 2010
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant



The Swedish Housing Finance Corporation, SBAB