Annual Report 2009

Including Sustainability Report

SBAB

The Swedish Housing Finance Corporation, SBAB

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SBAB's interim reports, annual reports and other financial information are available at sbab.se

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The Swedish Housing Finance Corporation, SBAB,
corp. reg. no: 556253-7513

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

Year in Brief 2009

- Operating profit increased compared with 2008 to SEK 1,289 million (585). SBAB's total lending rose 23% to SEK 226.0 billion (184.0). SBAB's market share in the lending segment continued to rise and amounted to 9.5% (8.6). SBAB's deposit volume also increased and amounted to SEK 4.7 billion (3.5). The loan loss rate remained very low, corresponding to 0.06% (0.01) of the lending volume.

- During the year, SBAB broadened its operations to include the offering of deposit products to commercial customers and tenant-owner associations. The deposit products offer a competitive interest rate and straightforward terms.

- On 18 December 2009, SBAB applied to the Swedish Financial Supervisory Authority requesting permission to conduct banking operations.

- SBAB entered into cooperation with the property brokers Erik Olsson and Svenska Mäklarhuset. Through these cooperative ventures, SBAB reaches new target groups in a broader market.

- SBAB is the company with the third best reputation among players in the Swedish financial market, according to a survey conducted by Nordic Brand Academy.

- At the beginning of the year, SBAB and its subsidiary SCBC (The Swedish Covered Bond Corporation) joined the Swedish Government's guarantee programme for medium-term funding. Against a background of better functioning financial markets, SBAB and SCBC decided during the autumn of 2009 not to extend their participation in the guarantee programme.

Summary, SBAB Group	2009	2008
Net interest income, SEK million	1,519	1,141
Operating profit, SEK million	1,289	585
Net profit for the year, SEK million	951	424
Lending, SEK million	225,976	183,959
Doubtful loan receivables after specific provisions, SEK million	29	43
Loan losses, net, SEK million	107	22
Loan loss rate, % [1]	0.06	0.01
Expenditure/Income ratio excluding loan losses, % [2]	29	46
Expenditure/Income ratio including loan losses, % [2]	35	48
Return on equity, %	13.8	6.7
Capital adequacy, %	9.2	9.4
Primary capital ratio, %	7.4	7.6
Equity ratio, %	2.5	2.5
Rating, long-term funding, SBAB		
Standard & Poor's	A+	A+
Moody's	A1	A1
Rating, long-term funding, SCBC		
Standard & Poor's	AAA [3]	AAA
Moody's	Aaa	Aaa
Rating, short-term funding, SBAB		
Standard & Poor's	A-1	A-1
Moody's	P-1	P-1
Average number of employees during the year,	396	365
of whom, temporary employees	28	8

[1] *Loan losses in relation to opening balance for lending to the public.*
[2] *Expenses/operating income.*
[3] *On 16 December 2009, Standard & Poor's placed SCBC and 97 other issuers of covered bonds on CreditWatch.*

CEO's Review

"We had a highly substantial inflow of customers and considerable demand in our lending operations. This confirms that customers appreciate our expertise, straightforward product terms and good service."

Lending

When the financial crisis hit with full force towards the close of 2008, there was considerable uncertainty as to how 2009 would develop in terms of demand for home financing. As it turned out, the overall residential mortgage market rose sharply due to the Riksbank's steep reductions in its key interest rate and other factors.

SBAB's credit assessment procedures are very stringent, and were further tightened during the year. In consideration of the customer, it is SBAB's responsibility, as a lender, to ensure that our customers can handle substantially higher interest rates than current levels. A sound credit assessment process and stringent risk management enabled us to meet customer requirements despite the tough market. We believe that this is a key factor underlying our success during the year.

Our expertise and a long-standing experience in residential mortgages and property financing attracted new customers and further strengthened our close relations with existing customers.

Deposits

We saw continuing growth in our deposit volumes from individuals, with many new savings accounts opened during the year. We broadened our operations to also offer deposit facilities for companies and tenant-owner associations. Deposit products offer a competitive interest rate and straightforward terms.

Funding

Well-diversified funding is crucial for SBAB. Our activity in the international capital market during the year ensured our success in continuing our diversification programmes. A number of issuances were completed in SEK and international currencies.

During the year, SBAB and its subsidiary SCBC joined the Swedish Government's guarantee programme for medium-term funding. Against the background of improved functioning of financial markets, SBAB and SCBC decided in the autumn of 2009 not to extend their participation in the guarantee programme.

Sustainable development

Continuing success for SBAB requires that our customers and the general public are confident that we pursue our operations in a responsible manner. During the past year, we integrated what we refer to as CR (Corporate Responsibility) into the company's business plan. We believe that this is the best approach to conducting long-term, active efforts in matters involving sustainable development. During 2010, we will continue to train all employees in respect of SBAB's CR strategy.

Broadened mandate

As a result of a decision of the Swedish Parliament (Riksdagen) on 22 April, SBAB was permitted to extend its business to banking, fund and other financial operations. On 18 December 2009, SBAB submitted an application to conduct banking operations to the Swedish Financial Supervisory Authority (FI).

Customers and employees

It is gratifying to see that we are again the financial player with the most satisfied customers among institutional customers (tenant-owner associations and property companies), as confirmed by SKI (Swedish Quality Index). We also received a top ranking from individuals.

As a result of the considerable customer inflow to SBAB during the year, the company expanded its workforce to ensure that we continue to maintain a high service level.

Finally, I would like to extend my gratitude to all employees for their excellent performance throughout 2009. Our success would not have been possible without their commitment. I would also like to express my thanks to all our customers for their continuing confidence in us.

Stockholm, March 2010

Eva Cederbalk
CEO

Business Model

SBAB's business model is based on the distribution of residential mortgages and savings products via the Internet and by telephone to individuals, and on personal relations with companies and tenant-owner associations.

Brand

SBAB's brand platform is the foundation for all communications, both internally and externally.

The company's communications represent a key factor in profiling and highlighting SBAB's operations and brand. SBAB's communications are also important in creating confidence in SBAB's operations and strengthening SBAB's image.

sbab.se

SBAB offers residential mortgages and savings via the Internet and by telephone. Using sbab.se, visitors can apply for loan pledges and loans, open savings accounts, gain information on economic trends and interest rates and so forth, thus making the website a key communications and sales channel for SBAB. Customer account managers are available by phone if customers require more personal advice.

The website is continuously developed in terms of the key concepts of user friendliness, clarity and simplicity. In 2009, for example, special package offers were made available to young homebuyers. SBAB also launched deposit facilities for companies and tenant-owner associations. Storstadsguiden (Metropolitan Guide), with information on home prices by area according to bidding, continues to be one of the most popular services on the website. During 2009, the number of visitors rose to 4.4 million (3.6). In 2009, the magazine Internetworld ranked sbab.se one of the best 100 websites in Sweden.

Business concept

SBAB offers loans and savings services in areas in which our ability to challenge and simplify give us the market's most satisfied customers. Our customers are individuals, tenant-owner associations, companies, business partners and investors.

Core values

Challenge and simplify are the two core values that permeate SBAB's operations.

- Challenging entails that SBAB consistently delivers new products in an innovative and straightforward manner and consistently surpasses customer expectations.
- Simplifying means that SBAB never makes things more complicated than they need be.

Values

Employees at SBAB have jointly formulated SBAB's values, namely, commitment, innovation, a comprehensive approach, consideration and trust. These values govern SBAB's actions, both internally and externally.

Strategies

To satisfy SBAB's business objectives, it is crucially important for the company to achieve growth in both the retail and corporate markets. SBAB's strategies are divided into strategies for growth, customer satisfaction, brand building, product development, competitive funding, and profitability, as well as goals for employee development and sustainable development.

Cooperation

SBAB's business model includes generating an increased volume of residential mortgages via business partners. SBAB has several such business partners, including banks and property brokers, who, combined, supply considerable volumes of residential mortgages to SBAB, thus contributing to advancing economies of scale and thereby to a positive earnings trend.

Business Environment

Massive stimulus programmes worldwide and in Sweden curtailed the negative impact of the financial crisis and contributed to reversing the economic downturn during the second half of 2009. The Bank of Sweden's sharp cuts in its key interest rate and a normalisation in the fixed income market assisted in cutting the shortest fixed rates on residential mortgage loans to record low levels. The low interest rate was also the main factor underlying the positive price trend in the residential market in 2009. Growth in the deposit market slowed during 2009, as a result of low interest rates and sharp growth in the equities market.

Economic conditions and interest rates

The Swedish economy continued downward in early 2009, following its fall in the last quarter of 2008 as the financial crisis peaked. However, after the trough in the first quarter of the 2009, a recovery commenced and continued through the second half of the year. Major monetary and fiscal stimulus programmes internationally and in Sweden contributed to reversing the economic downturn. Conditions in the Swedish labour market continued to deteriorate, but showed signs of stabilisation towards year-end.

The rate of inflation declined sharply throughout most of the year as a result of falling interest rates. The underlying inflation rate – which excludes the interest rate effect – was more stable and moved in line with the Bank of Sweden's (the Riksbank) inflation target of 2%. The precarious situation in the financial markets, the economic downturn and the low inflation prompted the Riksbank to cut its key rate from 2% at the beginning of the year to a record low of 0.25% in July, where it stayed for the remainder of the year. The Riksbank also provided substantial amounts to the fixed income market in an effort to bolster liquidity and boost the effect of its low key rate.

Bond yields started the year at a low level following their sharp fall during the second half of 2008. During the spring, yields rose in line with the easing of fears of a deep recession. However, the rise in yields faded during the second half of the year into a slowly declining trend.

Better conditions in international and Swedish financial markets were also reflected in a fall in risk premiums in the fixed income market, which began to approach normal levels. Thus, it proved possible to reduce residential mortgage rates to a level below the trend in underlying market rates. The Riksbank's sharp cuts in its key rate meant that the fall in interest rates was most reflected in the shortest residential mortgage rate, which is fixed for three months.

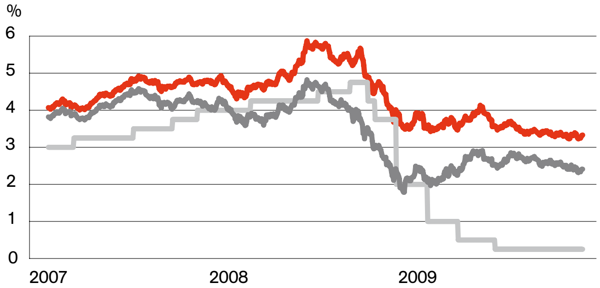
Residential mortgage market

The overall residential mortgage market grew sharply in 2009. At year-end, property loans to companies and individuals totalled SEK 2,402 billion, an increase of approximately 12%. Although the outlook ahead of 2009 was not very bright following the sluggish trend in autumn 2008, lending during the year climbed sharply because of the low interest rates, with rising prices for single-family dwellings and tenant-owner rights alike.

Retail market

The retail market for residential mortgages rose steeply during the year. One underlying factor was the low interest rates, which boosted the willingness of individuals to take loans and, thus, also impacted positively on prices of single-family dwellings and tenant-owner rights.

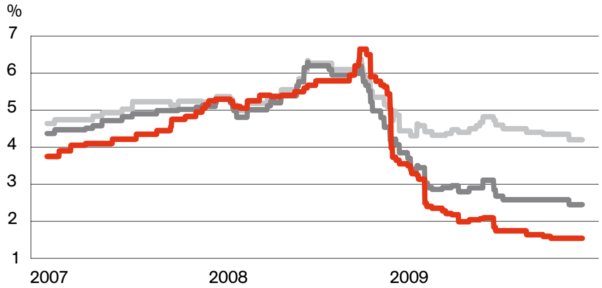
The Riksbank's key interest rate and the yield on five-year Government and mortgage bonds



Yield on five-year mortgage bonds
Yield on five-year Government bonds
The Riksbank's key interest rate

Source: Reuters EcoWin

SBAB's lending rates to retail customers



Fixed, three months · Fixed, two years · Fixed, five years

Other factors affecting the lending volume included tax deductions for renovation and extensions, which contributed to an increase in such activities. A large number of conversions from rental apartments to tenant-owner rights also helped to boost lending volumes. One of the key factors underlying the trend in the retail market is the property market for single-family dwellings and tenant-owner rights. Despite worsening economic conditions during the first half of the year, prices of single-family dwellings and tenant-owner rights advanced sharply due to record low interest rates. During the year, prices of tenant-owner rights rose about 20%, with single-family dwellings showing an increase of 5%.

Corporate market

The year was marked by lower interest rates and uncertainty regarding the future trend in the commercial rental market, but with continuing relative stability for residential property. Many lenders tightened their terms and conditions in conjunction with the financial crisis volumes. This factor, combined with economic uncertainty, adversely impacted transaction volumes, which plunged 80% during the first six months of the year. Non-Nordic players were considerably less active on the buy side than in previous years. Activity was also low in the case of residential property, which generally entails a lower risk.

Lending by home loan institutions to the corporate market increased at a higher pace in 2009. This was because property mortgaging using mortgage deeds as collateral rose in the wake of the financial crisis. Other financing forms decreased as investors sought more secure collateral. It is difficult to assess the change in total credit volume, since a large share of the loans are off the balance sheets of the residential mortgages institutions and are thus not included in statistics. These loans are with Swedish banks and non-Swedish providers, for example.

Residential mortgages market

Retail market	**2009 SEK bn**	2008 SEK bn	Change SEK bn	%
Single-family dwellings and holiday homes	1,316.4	1,208.2	108.2	9.0
Tenant-owner rights	425.7	358.5	67.2	18.7
Total	**1,742.1**	**1,566.7**	**175.4**	**11.2**

Corporate market	**2009 SEK bn**	2008 SEK bn	Change SEK bn	%
Multi-family dwellings	519.6	463.6	56.0	12.1
Commercial properties	51.9	34.8	17.1	49.1
Other	88.5	82.5	6.0	7.3
Total	**660.0**	**580.9**	**79.1**	**13.6**

Source: Swedish Bank Association

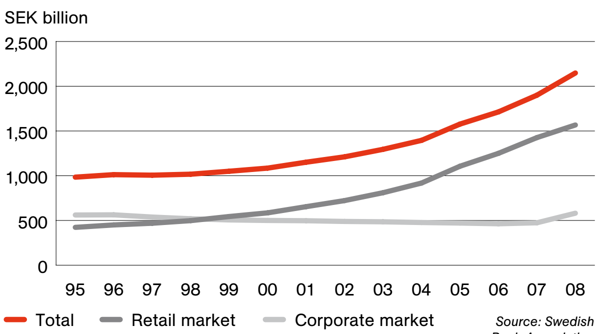
Lending to tenant-owner associations saw sharp growth, with conversions from rental apartments to tenant-owner rights acting as a major driving force. New construction of tenant-owner rights slowed during the year, but is expected to recover in connection with higher demand.

Deposit market

Following a number of years of a declining trend in equities markets and a sharp increase in more secure savings forms, the Swedish stock market turned up in 2009, prompting a steep increase in securities-based savings. In particular, insurance savings – both in individual and collective forms – increased in value and in terms of new savings. Overall, insurance savings rose by about SEK 170 billion.

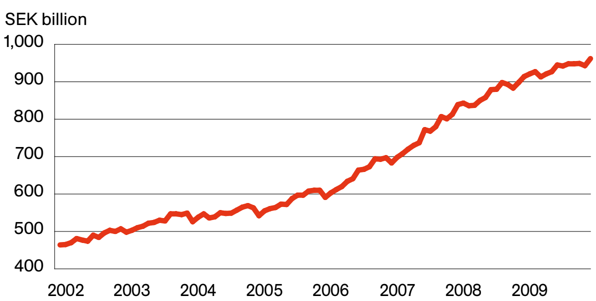
The deposit market increased by a total of approximately SEK 39 billion in 2009, although the situation remained essentially unchanged during the latter half of the year. In addition, there was an outflow of savings from the Swedish National Debt Office, which strengthened the impression of a shift from account and fixed income savings to equity-related savings.

Trends in the residential mortgages market



Source: Swedish Bank Association

Deposits from households



Source: The Riksbank

Sustainability Report

Sustainable Development

At SBAB, Corporate Responsibility (CR) is integrated into all business areas. SBAB focuses on areas in which the company has the greatest potential to contribute to positive and sustainable social development.

SBAB defines CR as the work the company undertakes to integrate financial responsibility, social responsibility and environmental responsibility throughout its operations. In the CR area in 2009, SBAB focused on creating an internal structure to secure long-term active and credible work involving these issues.

Strategy

SBAB's values – commitment, innovation, comprehensive approach, consideration and trust – are shaped by the company's workforce and form the foundation for SBAB's CR programmes.

SBAB's efforts to promote sustainable social development require primarily that SBAB conducts sound business operations. In practice, this entails a sustainable financial development of SBAB along with ethically responsible behaviour in all features of the operations. Business activities must also be pursued in a manner that minimises the negative environmental impact.

It is important to clearly communicate and report SBAB's work to promote sustainable and positive social development. By means of a structured and active dialogue with the company's employees, customers, investors and other stakeholder groups, SBAB gains an awareness of the wishes, requirements and expectation of its business environment. This knowledge forms the foundation for developing the company's operations in the right direction and contributes to sustainable success for SBAB.

Responsibility, Control and Reporting

Responsibility

The Board has ultimate responsibility for ensuring that the work performed by SBAB in the field of sustainable development is pursued in an active and reliable fashion. CR-related issues have been the responsibility of a project group consisting of company executives and CR coordinator. The project group will be replaced by a permanent work group comprising representatives from executive management. At SBAB, the Communications and Business Development Department is responsible for the coordination of programmes involving sustainable development.

Control

It is important for SBAB that CR is an integrated feature of operations. Consequently, SBAB has opted to assess, report and follow up CR goals using the same control model as that for the organisation's other goals and key data. Thus, CR is an integrated component of SBAB's overall business plan.

To clarify SBAB's CR strategy and shared approach as to how SBAB will contribute to sustainable and positive social development, a CR policy has been established and approved by the Board. Other internal instructions and guidelines relating to CR are set by executive management.

All SBAB employees have a personal business plan based on the company's overall business plan, which also includes CR.

Reporting

For the 2008 financial year, SBAB reported its sustainable development efforts for the first time on the basis of Level C of the Global Reporting Initiative (GRI). For the 2009 financial year, SBAB reports sustainable development in line with GRI, level C+. Company executives are responsible for all key data and performance indicators. Reporting is quality assured by means of independent auditing and confirmation. More information on sustainable development at SBAB and the GRI index is available at sbab.se.

During the year, SBAB signed the UN's Global Compact (GC). SBAB supports the ten principles in respect of human rights, working conditions, environment and corruption. As a result, SBAB also assumes responsibility for annual reporting of the company's improvement programmes in line with GC's new, stricter requirements that

were introduced on 1 July 2009. This takes the form of a Communication on Progress, which is also reported on GC's website: unglobalcompact.org.

Financial responsibility

SBAB shall conduct profitable and sustainable operations based on the requirements of customers and their financial capabilities. SBAB's mandate from its owner is to engage in profitable operations that contribute to diversity and competition in the Swedish residential mortgages market. Success in this direction requires that the company pursue activities in a responsible manner and at low cost.

Responsible granting of loans

SBAB seeks to create long-term relations in which the company's customers feel confident in SBAB and its operations. This requires that SBAB assumes responsibility both for the customer and the company by ensuring that customers have the financial capabilities required to meet their undertakings. Each SBAB customer is subjected to a rigorous credit assessment process.

It is in the interest of SBAB to conduct correct and reliable credit assessments in order to avoid a situation in which the customer is unable to manage his/her undertakings to SBAB. It is also SBAB's responsibility to ensure that the customer is aware of the implications of the undertaking and that the customer has a financial situation that meets the requirements that SBAB imposes for the granting of credit.

Meanwhile, SBAB believes that it is important to show the company's customers and the business environment that SBAB is a reliable business partner, not just when conditions are favourable but also in a more challenging market. Thanks to its stringent and reliable credit granting process – combined with advanced risk management – SBAB has managed to strengthen its market position. Refer to pages 28-45 for more information on SBAB's risk management. SBAB's success during the year also confirms the confidence of customers and the business environment in the company and that they have felt secure with the SBAB brand amid a turbulent and uncertain market.

Return requirement

SBAB's return requirement over a business cycle has been set by its owner as a return on equity corresponding to the yield on five-year Government bonds plus five percentage points after tax. SBAB exceeded the owner's return requirement in 2009. The owner's dividend policy is that one third of net profit after tax be distributed to the owner. However, in view of SBAB's strong growth, the Board proposes that earnings for 2009 be carried forward to a new account and that no dividend be paid.

Key data	2009	2008	2007
⦿ Expenditure/income, excl loan losses, %	29	46	68
⦿ Loan loss ratio, %	0.06	0.01	(0.01)
Return on equity, %	13.8	6.7	3.1
Primary capital ratio, %	9.2	9.4	9.4

⦿ = CR key data in the business plan

Social responsibility

Business ethics and shared values

SBAB's Board sets a business ethics policy every year at its statutory Board meeting. This creates a foundation that ensures that SBAB and its employees adopt a shared approach to ethical matters. SBAB shall pursue sound operations in a manner that the confidence of its owner, customers, business partners, the public and the financial market in SBAB is maintained.

SBAB's shared values – commitment, innovation, comprehensive approach, consideration and trust – provide the basis for how the company should act internally and externally. An ethically correct approach throughout SBAB's operations provides a foundation for sustainable development. It is crucial that all employees understand and adapt the company's guidelines to everyday operations. Work on visualising SBAB's business ethics policy will be assigned priority within the framework of sustainable development.

Human resources

Committed, skilled employees are the key to SBAB's success. Prerequisites for this include competent leadership, favourable development opportunities and stimulating work.

Leadership

During the year, four leadership days were held at which all executives gathered to work jointly on the corporate vision, business potential and leadership. In connection with these leadership course days, a new leadership profile was also developed, which entailed that SBAB's executives should be:

- Inspiring and committed
- Communicative, clear and attentive
- Having courage and being willing to make decisions
- Honest and reliable
- Consistent in maintaining corporate strategy
- Attentive in monitoring developments

Since good leadership is crucial for the development of business operations and the workforce alike, SBAB continued the leadership programmes that were launched in 2006. For the fourth consecutive year, SBAB's executives participated in the coaching leadership programme. 41 of 46 executives have now completed the programme.

Competency development

SBAB conducts operations for which the confidence of customers and the business world in the company is highly important. In turn, this imposes considerable demands on employee competence. In addition to ongoing product training courses and supervision, SBAB conducted an internal series of training courses during the year. The focus areas included accounting, financing, risk management and IT security, meaning several of the areas that are closely linked to SBAB's core business.

During the year, SBAB also strengthened its consumer organisation with a competence group.

In connection with the introduction of legislation (2009:62) to combat money laundering and the financing of terrorism on March 15, 2009, all SBAB employees underwent training in how SBAB and SBAB's employees can minimise the risk that criminals or social groups exploit SBAB's products and services for money laundering or other financial crime.

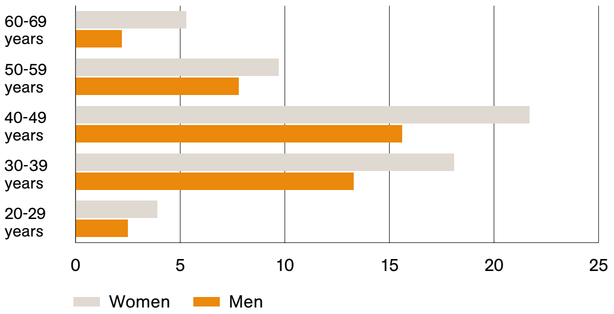
New employees

SBAB saw a highly substantial inflow of customers during 2009. To maintain a high service level, for which the aim is to exceed customer expectations, SBAB expanded its workforce during the year. SBAB has also staffed a resources pool, with the focus on high service and flexibility. On two occasions, successful "Open House" events were held as part of recruitment efforts.

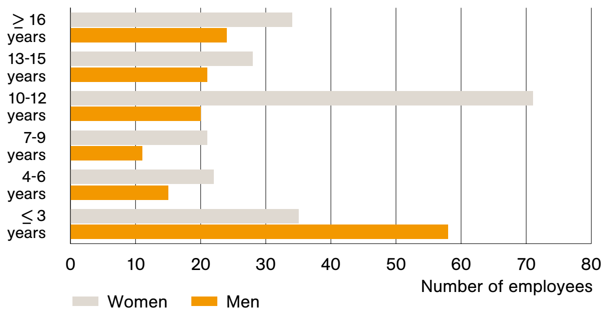
Equality and diversity

SBAB seeks to create a workplace that encourages diversity. Equal opportunities and rights must be available for everybody irrespective of gender, gender identity or expression, ethnic background, religion or other beliefs, sexual orientation, functional disabilities or age. SBAB's goal is to have a uniform gender distribution (50/50) among executives with HR responsibilities. For 2009, the distribution of executives was 39% women and 61% men, which is a slight deterioration compared with the preceding year (41/59). When recruiting, equality and diversity must always be considered. SBAB regularly conducts pay reviews to ensure

Breakdown by age



Employment periods



that no systematic and unreasonable pay differences exist. Results are reported and followed up in the equality plan.

The proportion of men on parental leave-of-absence with parental allowance declined to 16% (24). Employees on parental leave-of-absence are compensated over a year in the form of 10% of pay below 10 income base amounts and 80% of salary increments exceeding 10 income base amounts.

Work environment and health

A sound work environment and healthy employees are important factors underlying sustainable success. SBAB conducts a work environment review at least once yearly to identify and prevent work-environment-related problems. During 2009, SBAB's customer service was reorganised to create a better work environment in terms of air, light and sound.

SBAB's healthcare "ambassadors" work to inspire employees to participate in activities that the company initiates. During the year, inspirational lectures were held on the subject of diet and exercise, work propensity and job satisfaction. SBAB offers all its employees a healthcare hour, which entails the opportunity to use an hour of paid time each week for health-preservation activities. Employees also have the opportunity for health-preservation allowances, free medical care and subsidised medical insurance.

SBAB works actively to prevent and curtail long-term illness. This is done through close contact with the employees, the company healthcare service, the National Insurance Office and the employee's manager. There must also be flexibility to identify solutions that permit a return to work on a part-time basis. Sickness absence declined during the year to 2.6% (3.6).

Guidelines for incentive programmes

SBAB's model for the company's incentive programme comprises two components, of which one is related to overall company goals and the other to departmental or unit goals. The outcomes from the two components are independent of each other, with the maximum result set at two months' pay. The incentive programme covers all employees, except the company's management group and other senior executives who report directly to the CEO, in line with "Guidelines for employments terms for senior executives in state-owned companies", which was approved on 20 April 2009. More information on the incentive programme is available in Note 6.

Social commitment

Over the years, SBAB has sponsored various projects and organisations. In 2009, SBAB's employees decided to support the work of the BRIS (Children's Rights in Society), the World Wildlife Fund and the City Mission, which is active primarily in the major metropolitan areas of Stockholm, Gothenburg and Malmö as well as other parts of the country.

In Karlstad, SBAB is active in the "Entrepreneur 3.0" project, which is run by the Värmland Chamber of Commerce, and is aimed at enhancing interaction between schools and business/industry.

Key data	2009	2008	2007
⦿ SKI retail market	71.8	74.1	72.8
SKI institutional customers [1]	71.1	70.9	70.5
⦿ Image index	67.6	66.9	–
⦿ Satisfied employees [2]	79	75	71
⦿ Female executives at year-end, %	39	41	39
Positions at year-end,	360	352	351
of which, held by women	210	210	207
Average age	43	43	42
Employee turnover, %	3	8	10
Short-term absenteeism, %	1.7	1.6	1.7
Long-term absenteeism, %	0.9	2.0	2.7
Total sickness absence, %	2.6	3.6	4.4
Use of health-preservation allowance by all employees, %	73	68	66
Proportion of all male employees receiving parental leave allowance, %	16	24	21
Training days per employee	3.4	2.0	2.3

⦿ = CR key data in the business plan

[1] *Comprises the customer categories tenant-owner associations, private property owners and property companies.*

[2] *According to the employee satisfaction polls.*

Environmental responsibility

SBAB shall ensure that its operations exert a minimum, negative environmental impact. The company distributes most services and products via the Internet and by telephone. This reduces the negative impact that otherwise arises from an office network, while also reducing paper consumption and transport, for example.

Environmental and climate reporting

SBAB has conducted a carbon footprint analysis to identify whether SBAB's environmental work focuses on areas that offer the maximum contributions to a better environment and climate. The environmental and climate report resulting from the analysis was performed in line with the international standard known as the Greenhouse Gas Protocol (GHG protocol). On the basis of the analysis, an action plan will be formulated to further reduce SBAB's environmental impact. More information on SBAB's climate reporting is available at sbab.se.

Direct environmental impact

SBAB has a very minor impact on the environment. Direct impact refers to emissions from sources owned or controlled by SBAB, such as the consumption of fossil fuel for vehicle transport or heating in the company's facilities. SBAB neither owns nor controls any heating facilities. The use of business cars at SBAB is very restrictive and they must carry an environmental Class 1 ranking. In an effort to reduce travel by car and taxi in local areas, all employees are encouraged to use public transport or company bicycles that are available at SBAB's offices.

Indirect environmental impact

Indirect environmental impact refers primarily to the emission of purchased electricity and district heating, but also includes other indirect emissions that result from operational activities, which are beyond the control of operations. To reduce SBAB's indirect impact on the environment, SBAB purchases only "green" electricity. In a bid to, among other objectives, reduce electricity consumption in the organisation, an extensive review of

260 workplaces was conducted, which resulted in optimal solutions in respect of electricity consumption for lighting and IT equipment. SBAB engages in continuous dialogue with property owners from which SBAB rents premises in an effort to reduce the consumption of district heating.

SBAB aims to reduce the number of business trips by employees. Among other means, this is being achieved by increasing the number of digital meetings. During 2009, SBAB procured additional videoconference equipment for this purpose. SBAB's internal instructions for business trips encourage all employees to travel by train whenever possible. By means of policies, instructions, training and commitment, SBAB aims to encourage and remind all employees to assume personal environmental responsibility at work and in private.

Key data	2009	2008	2007
⦿ Environmentally certified suppliers, % 1)	23	20	–
Total emissions, tons of CO_2	231.8	227.1	–
Business trips by car, number/tons of CO_2	597/27.5	702/25.4	–
Business trips by train, number/tons of CO_2	2,115/6.9	1,015/3.4	–
Business trips by air, number/tons of CO_2	598/71.4	377/65.8	–
Business trips, total, number/tons of CO_2	3,310/105.8	2,094/94.6	–
Paper consumption, Retail market/ newly loans granted, pages	26.6	37.4	39.5

⦿ = CR key data in the business plan

1) *according to ISO 14001*

Stakeholder dialogue

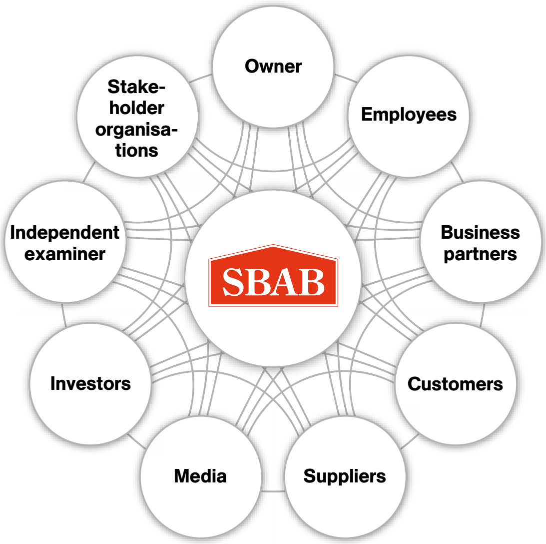
Awareness of the business environment's wishes, demands and expectations as regards the company is a prerequisite for being able to develop business operations in the right direction and thus be able to ensure positive and sustainable financial progress.

A number of social groups are interested in SBAB's operations and are affected by how they are pursued. The illustration shows the company's primary stakeholders and their interaction. SBAB's priority target groups are customers, investors and employees. Whenever reasonable, SBAB aims to meet the wishes, expectations and demands imposed by various stakeholders on the company.

Customers

Being attentive to customer needs and expectations is a prerequisite for SBAB's success. Long-term customer relations are achieved by providing good accessibility and exceeding customer expectations in terms of service by means of straightforward, clear and competitive products and services. Customer surveys, meetings, user tests and focus groups are used continuously in a bid to understand customer requirements and wishes as regards SBAB's products and services. SBAB's success in satisfying customer expectations is reflected in various types of independent surveys. The 2009 customer satisfaction survey – conducted by the Swedish Quality Index – shows that SBAB retained the Number One ranking as the residential mortgage company with the most satisfied institutional customers (tenant-owner associations, private property owners and property companies) as well as a superior listing in the retail market.

Customer relations also very much involve image and confidence. To ensure that the company performs appropriately and has market and customer confidence, SBAB monitors various types of confidence surveys conducted



- ***Customers:*** Customer surveys, user tests, brand analyses, partner cooperation, customer meetings, question forum at sbab.se, Annual General Meeting, sustainable development in the Annual Report, CR at sbab.se, information and publications from SBAB's business administration secretariat
- ***Investors:*** Road shows, rating companies' analyses, personal and regular contacts, Annual General Meeting, sustainable development in the Annual Report, CR at sbab.se
- ***Employees:*** Employee surveys, intranet, leadership days, business plan, training in areas affecting CR, sustainable development in the Annual Report, CR at sbab.se

in the market. In 2009, the “Image index” survey – conducted annually by Nordic Brand Academy – showed that SBAB had a favourable image in the market and among customers. SBAB was ranked third among financial companies. By means of a continuing active and open dialogue with the company’s customers, SBAB aims to attain a superior ranking in these surveys.

Investors

SBAB’s relations with the company’s investors are based on confidence in SBAB’s employees, the company’s activities and the sustainable positive development of the company. SBAB employees maintain daily contact with investors and other counterparties in the market. Close contact with the market ensures that SBAB is always aware of the expectations, demands and wishes of investors and other counterparties. In Sweden and abroad, roadshows are also conducted to give investors the opportunity to ask questions and engage in a dialogue with SBAB representatives.

In addition to these major presentations, SBAB meets investors in smaller forums in which investors gain the opportunity to present, confidentially, their personal questions regarding operations and pursue a close dialogue with SBAB representatives. Each year, SBAB meets with the rating companies Standard & Poor’s and Moody’s. These meetings involve a highly detailed examination of the company and its activities, which also forms the foundation for the official rating subsequently assigned to the company.

In all communications channels with investors and the capital market, SBAB endeavours to be transparent and provide relevant information. Information on SBAB is also available to investors at sbab.se and scbc.se.

Employees

Clear and active communications with all employees makes the company more efficient and contributes to the attainment of operational goals.

An interactive Intranet offers employees the opportunity to communicate with company management and also monitor operational progress. SBAB is a relatively small organisation with short decision-making channels and one in which all employees are close to information on the company’s vision, goals and results. SBAB conducts employee development discussions that proceed on the basis of a personal business plan, which includes goals and activities. These discussions link up SBAB’s overall business plan, with its goal and strategies, with the employee’s responsibilities and how these contribute to overall achievement. 68% (75) of SBAB’s employees have had an employee development discussion, with at least one follow-up during the year.

As part of the dialogue, employee surveys are conducted twice annually. Using the results of the surveys, SBAB can identify potential improvement areas, formulate action plans and take action whenever required. The response frequency in the first survey was 91%, rising to 92% for the autumn survey. The results indicated that 79% of all employees are satisfied or very satisfied with their working conditions. This may be viewed as a highly satisfactory result since, according to the survey method, 75% is deemed a satisfactory level, and SBAB's goal was 77%. The share of employees who were proud to work with SBAB had increased from 81% to 86%.

In autumn 2009, all employees had participated in an extensive programme to formulate the expectations that SBAB's employees believe that customers and the business environment have as regards the company's future operations. The commitment to this programme was substantial and the results of the employees' efforts will be reflected in SBAB's future strategies.

Achieved 2009

- CR policy approved by the Board
- CR strategy established
- CR became part of SBAB's control model and overall business plan
- Completion of a carbon footprint analysis
- SBAB signed the UN's Global Compact

Focus 2010

- Continuing work to promote communications and training in CR issues in the organisation
- Action plan based on the carbon footprint analysis
- Customer dialogue

Auditors' Statement on the Limited Review of the Sustainability Report

To the readers of Th Swedish Housing Finance Corporation, SBAB's annual report:

We have been commissioned by the executive management of SBAB to conduct a limited review of the content in the section "Sustainability Report" on pages 6-14 of SBAB's 2009 annual report. The company's Board and executive management are responsible for the continuous activities involving the environment, work environment, social responsibility and sustainable development and for drawing up and presenting the Sustainability Report in line with applicable criteria. Our responsibility is to express a conclusion regarding the Sustainability Report based on our limited review.

Focus and scope of the limited review

Our review has been performed in accordance with RevR 6 "Assurance of sustainability reports" issued by FAR SRS (the accountancy profession in Sweden). A limited review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, conducting an analytical review and other review procedures. A limited review has a different focus and scope than that of an audit in accordance with the Standards on Auditing in Sweden and other generally accepted auditing standards. The procedures performed in a limited review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed as a result of the limited review does not offer the same assurance as one based on an audit.

The criteria used in the course of our review are based on the parts of the Sustainability Reporting Guidelines G3 issued by the Global Reporting Initiative (GRI) that are applicable to the sustainability report, combined with the report and measurement principles that the company has specifically prepared and stated. In our opinion, these criteria are appropriate for the preparation of the sustainability report.

Based on an assessment of materiality and risk, our limited review has included the following factors:

a update of our knowledge and understanding of SBAB's organisation and operations,
b interviews with the responsible management at Group level in an effort to assess whether the qualitative and quantitative information in the Sustainability Report was complete, correct and sufficient,
c study of internal and external documents to assess whether the reported information is complete, correct and sufficient,
d evaluation of the design of the systems and processes used to obtain, process and validate sustainability information,
e analytical review of the reported information,
f assessment of the company's explicit application level in respect of GRI's guidelines.
g appraisal of the overall impression of the Sustainability Report and its format, and an assessment of the compliance of the information content with the applied criteria.

Conclusion

Based on our limited review procedures, nothing has come to our attention that would lead us to believe that the Sustainability Report has not, in all material aspects, been prepared in accordance with the above stated criteria.

Stockholm, 17 March 2010

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Account

Lars-Olle Larsson
Specialist Member of FAR SRS

Administration Report

Organisation **page 17** | Lending **page 18** | Deposits **page 21** | Funding **page 22**
Results **page 24** | Five-Year Overview **page 26** | Appropriation of Profits **page 79**

Organisation

The Swedish Housing Finance Corporation, SBAB (corp. reg. no: 556253-7513) is a public limited liability company wholly owned by the Swedish Government. The ownership interests of the Swedish Government are represented by the Ministry of Enterprise, Energy and Communication. SBAB is an independent profit-making company that is regulated by the Act on Banking and Insurance Business (2004:297) and is under the supervision of the Swedish Financial Supervisory Authority (FI).

SBAB, which was established for the purpose of acquiring the requisite capital to finance Government-backed residential mortgages, commenced operations on 1 July 1985. Prior to this, Government-backed residential mortgages were financed directly via the Government budget.

SBAB's main business consists of the operation of efficient and profitable lending in the Swedish residential mortgage market aimed at individuals, tenant-owner associations and companies. SBAB has a number of business partners that act as key distribution channels for SBAB's products.

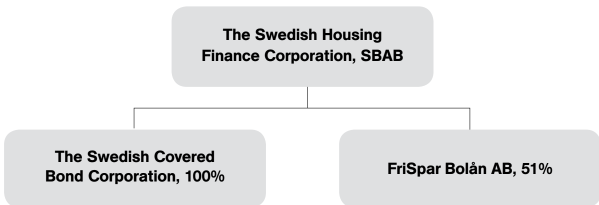
In April 2007, SBAB expanded its product range to include savings products for individuals. In 2009, deposit facilities were launched for companies and tenant-owner associations.

The SBAB Group consists of SBAB, the subsidiary The Swedish Covered Bond Corporation (corp. reg. no: 556645-9755) ("SCBC") and the partly owned company FriSpar Bolån AB (corp. reg. no: 556248-3338) ("FriSpar").

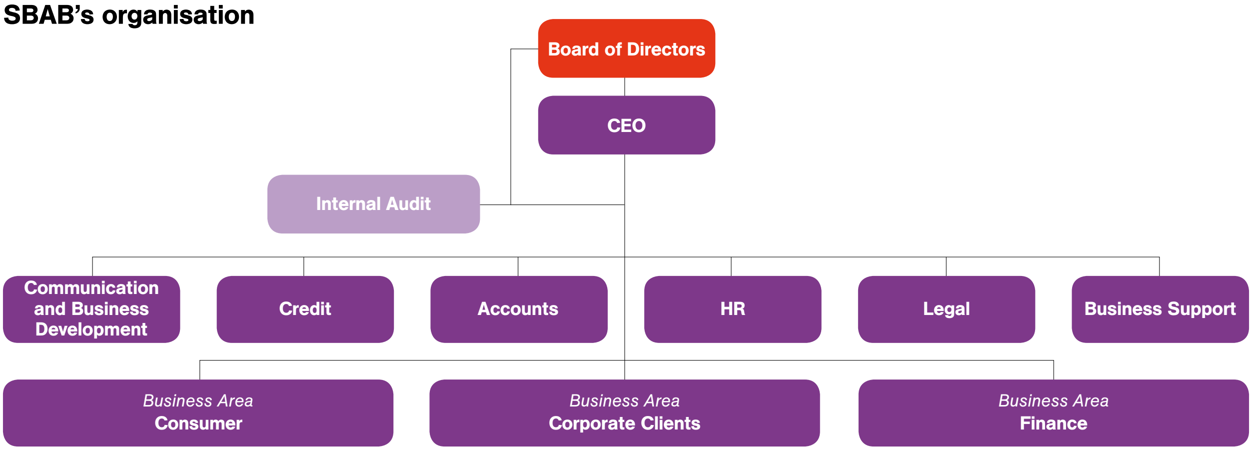
SCBC is 100% owned by SBAB and the company is consolidated in the SBAB Group. SCBC's primary operations comprise the issuance of bonds pursuant to the Issuance of Covered Bonds Act (2003:1223) in Swedish and international capital markets. SCBC does not pursue lending activities, but instead acquires loans primarily from SBAB.

FriSpar is a jointly owned company with operations in southern Sweden. SBAB has a 51% interest in FriSpar and the company is recognised in accordance with the proportional consolidation method in the SBAB Group. Sparbanken Finn savings bank owns 34.3% and Sparbanken Gripen AB (publ) 14.7% of FriSpar. Lending is conducted both to the retail and corporate markets. Market development, lending and credit evaluation are conducted by the savings banks. Funding and ongoing administration are handled by SBAB.

The SBAB Group



SBAB's organisation



Lending

SBAB gained market shares during 2009, with the loan portfolio advancing to SEK 45.0 billion (7.4). New lending increased and totalled SEK 67.3 billion (34.5), while loan redemption declined and amounted to SEK 22.3 billion (27.1). At year-end, the loan portfolio amounted to SEK 230.2 billion (185.2), of which lending to households accounted for SEK 140.0 billion (117.9), tenant-owner associations for SEK 49.0 billion (34.9) and corporate clients for SEK 41.2 billion (32.4).

The loan portfolio presented in this section includes FriSpar Bolån AB's entire loan portfolio. In SBAB's financial reports, FriSpar is consolidated at 51% in accordance with the proportional consolidation method.

Lending operations during the year

Households

The 2009 financial year was characterised by very high demand for SBAB's products, with a higher inflow of customers compared with the preceding year. New lending to households rose and amounted to SEK 39.1 billion (21.2). The largest portion of new lending, SEK 27.6 billion (13.7), was attributable to residential mortgages, of which SEK 5.8 billion (1.8) derived from the reorganisation from rented to tenant-owner rights. Single-family dwellings or holiday homes accounted for 46% (52) of new lending, with tenant-owner rights accounting for 54% (48). SBAB's lending operations are highly concentrated to the metropolitan regions of Stockholm, Gothenburg and Öresund, with these markets accounting for 91% (90) of new lending to households.

The substantial differential between the three-month interest rate and longer, fixed mortgage rates resulted in record large interest in short maturities. In selecting maturities in 2009, 89% (77) of customers opted for 1-3 months, 10% (19) for 1-4 years and 1% (4) for 5-10 years.

Loan redemption was relatively low during the year, amounting to SEK 17.0 billion (17.0). Thus, the loan portfolio increased by SEK 22,1 billion (4.2) to SEK 140.0 billion (117.9), meaning that SBAB's market share for lending to households rose to 8.0% (7.5).

In 2009, SBAB launched two new product packages for consumers: First-Home-Loan and Replace-Home-Loan, both of which offer residential mortgages combined with home insurance and loan cover.

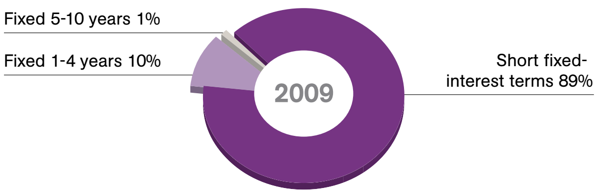
Business partners

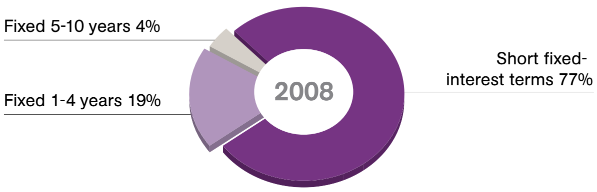
SBAB's business partners continue to serve as a key distribution channel for SBAB's lending to households. New lending via partners rose sharply from the preceding year and totalled SEK 13.6 billion (6.3). As in the preceding year, a large share of new lending derived from the jointly owned company FriSpar Bolån AB. Other cooperative ventures with banks – including Sparbanken Syd, ICA Banken and Ikano Bank – also saw a favourable trend during the year. SBAB's collaboration with property brokers in 2009 also generated substantial lending volumes. During the year, SBAB entered into new collaboration arrangements with the property brokers Erik Olsson and Svenska Mäklarhuset, among others. At year-end, lending to households via business partners totalled SEK 46.2 billion (37.4).

Tenant-owner associations

New lending to tenant-owner associations rose sharply from the preceding year, amounting to SEK 16.5 billion (5.6). In recent years, SBAB has gained a strong position in the market involving reorganisation from rented to tenant-owner rights. This type of reorganisation accounted for a large share of new lending, SEK 7.0 billion (2.0), of which a substantial amount derived from the sale of publicly owned apartments in the Stockholm region.

Choices of fixed-interest terms, lending to households





New lending to newly produced tenant-owner associations amounted to SEK 1.1 billion (0.4), while new lending to existing customers and tenant-owner associations totalled SEK 8.4 billion (3.2).

Substantial new lending, combined with low redemption of SEK 2.4 billion (4.2), meant that the loan portfolio expanded by SEK 14.1 billion (1.4) during the year. At year-end, the portfolio amounted to SEK 49.0 billion (34.9), entailing that SBAB's market share for lending to tenant-owner associations rose to 17.7% (14.2). A key factor underlying SBAB's ability to advance its position in this market is that it can offer attractive comprehensive solutions both for tenant-owner associations and individual members.

Corporate clients

During the course of a year marked by unsettled financial markets and an almost non-existent property transaction market, SBAB's new lending to property companies and property funds rose by SEK 4.0 billion to SEK 11.7 billion (7.7) in 2009. New lending totalled SEK 6.2 billion (6.2) for multi-family dwellings and SEK 1.7 billion (1.5) for commercial properties. Following a decline over a number of years, lending to the municipal sector increased by SEK 3.2 billion (decline: 2.0). The corporate portfolio, including the municipal portfolio, amounted to SEK 41.2 billion (32.4). SBAB's market share for lending to legal entities is estimated at about 7%, an increase compared with the preceding year.

New lending consisted mainly of refinancing of existing properties that had been shifted from other banks or that replaced bonds and commercial paper. Thanks to a stable lending situation and a specialised organisation focused on the property market, SBAB was able to strengthen relations with existing customers and complete deals with new customers. Being a reliable partner – with customer teams in Stockholm, Gothenburg and Malmö, plus short decision-making channels – SBAB offers the security and service that customers seek. Amid the challenging times that marked the credit market during the year, SBAB managed to strengthen its position in all regions.

New lending

SEK billion	2009	2008	Change
Households	39.1	21.2	+17.9
of which business partners	*13.6*	*6.3*	*+7.3*
Tenant-owner associations	16.5	5.6	+10.9
Corporate clients	11.7	7.7	+4.0
Total new lending	**67.3**	**34.5**	**+32.8**

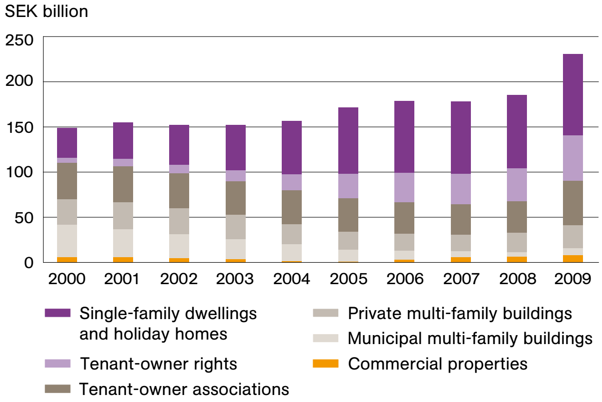
Loan portfolio

SBAB's total loan portfolio amounted to SEK 230.2 billion (185.2) at year-end, corresponding to a market share of 9.5% (8.6) of the overall residential mortgage market. At year-end, lending to households accounted for 61% of SBAB's total loan portfolio, which amounted to SEK 140.0 billion (117.9). Lending to companies, including tenant-owner associations, amounted to SEK 90.2 billion (67.2).

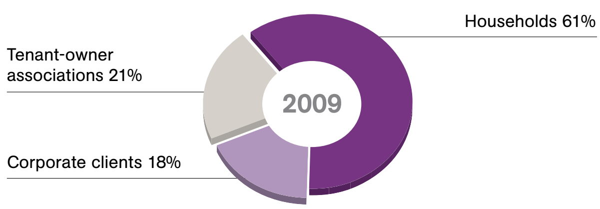
The largest share of SBAB's portfolio, or 39% (44), consisted of loans to single-family dwellings, including holiday homes. Lending to municipalities and municipal multi-family dwellings – which had declined over a number of years – rose during 2009 and amounted to SEK 8.2 billion (5.0) at year-end. Lending to commercial properties totalled SEK 7.7 billion (6.3), accounting for 3.3% (3.4) of SBAB's portfolio. Mortgage deeds represent the largest category of collateral, accounting for 74% (75) of the portfolio.

The portfolio is largely centred on the major metropolitan regions, where populations are rising, and thus leading to a higher demand for housing. In turn, this has led to higher turnover in the property market, thus increasing demand for residential mortgages. SBAB's loan portfolio is predominantly centred on the Stockholm region 47% (43), Öresund region 23% (24) and Gothenburg region 9% (9).

Distribution of loan portfolio by type of property



Distribution of loan portfolio by borrower category



Distribution of loan portfolio by type of property

SEK billion	2009	2008	Change
Single-family dwellings and holiday homes	90.0	81.3	+8.7
Tenant-owner rights	50.0	36.6	+13.4
Tenant-owner associations	49.0	34.9	+14.1
Private multi-family buildings	25.3	21.1	+4.2
Municipal multi-family buildings	8.2	5.0	+3.2
Commercial properties	7.7	6.3	+1.4
Total	**230.2**	**185.2**	**+45.0**

Composition of collateral in the loan portfolio

SEK billion	2009	2008	Change
Mortgage deeds	169.7	138.2	+31.5
Tenant-owner rights	50.0	36.6	+13.4
Municipal guarantees and direct loans, municipalities	8.8	8.5	+0.3
Government guarantees	1.0	1.1	-0.1
Bank guarantees	0.0	0.0	+0.0
Other collateral	0.7	0.8	-0.1
Total	**230.2**	**185.2**	**+45.0**

Geographic distribution of the loan portfolio

SEK billion	2009	2008	Change
Stockholm region	108.2	80.4	+27.8
Gothenburg region	20.5	15.8	+4.7
Öresund region	53.5	45.3	+8.2
University and growth locations	18.6	15.8	+2.8
Other locations	29.4	27.9	+1.5
Total	**230.2**	**185.2**	**+45.0**

Trend in SBAB's loan portfolio (excluding securitised loans)[1)]

	2009	2008	2007	2006	2005
Loan portfolio, SEK billion	230	185	178	171	156
Average remaining term, years	1.3	1.5	1.6	1.5	1.5
Number of loans, thousands	392	357	359	364	321
Proportion of loans with municipal or Government guarantees, %	4	5	6	8	12

[1)] *SBAB repurchased all securitised loans in 2007.*

Deposits

SBAB has offered deposit products for individuals since 2007. Deposit facilities for corporate clients and tenant-owner associations were launched in 2009. The total deposit volume was SEK 4,653 million (3,542) at year-end.

Retail market

SBAB's deposits from the retail market rose 20% to SEK 4,248 million (3,542) at year-end, representing an annual increase of SEK 706 million (2,783). The growth rate for deposit volumes declined slightly as a result of falling interest rates.

SBAB offers two types of savings accounts for individuals. The Savings Account (Sparkontot), both for existing and new customers, which carried an interest rate of 0.75% as of December 31, 2009, and the SBAB Account (SBAB-kontot) for existing customers with residential mortgages of SEK 1 million or more, carrying an interest rate of 1.15% as of 31 December 2009.

The growth rate in the number of accounts remained high throughout the year, despite low interest rates. Over the course of the year, the number of accounts rose by approx. 11,000 (approx. 22,000) and at 31 December 2009 the number of active accounts was approx. 42,000 (approx. 31,000).

Interest rates fell during the first half of the year and subsequently remained relatively stable. The Savings Account interest rate peaked at 2.85% in January and reached its lowest level of 0.75% in December. In the case of the SBAB account, the interest rate peaked in January at 3.35% and hit its lowest level of 1.15% in December.

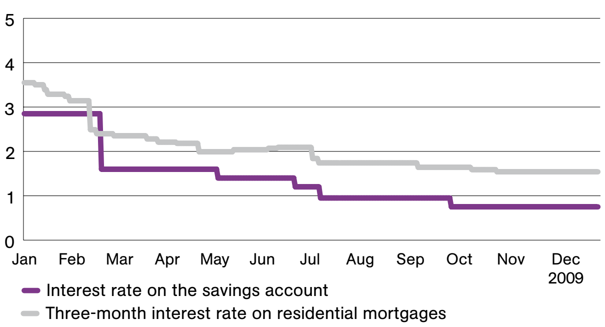
Corporate clients and tenant-owner associations

On 1 November, SBAB launched a deposit account for corporate clients and tenant-owner associations. In addition to an account with a variable interest rate, accounts for fixed-term deposits were launched, firstly, in the form of a deposit account with a fixed term and interest conditions and, secondly, as a special deposit account offering a flexible term and individual interest rate setting.

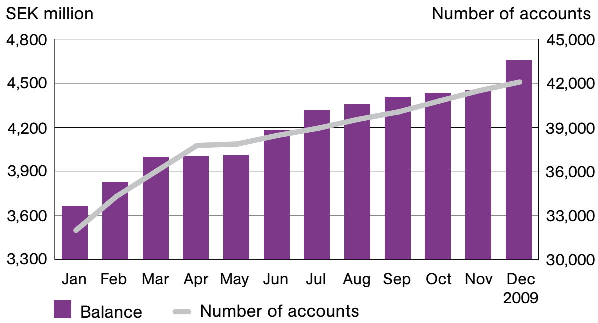
The number of active accounts was about 200 and the total deposit volume SEK 405 million. The variable interest rate at 31 December 2009 was 0.50% for corporate clients, with tenant-owner associations receiving 0.90% on the Savings Account and 1.10% on the SBAB Account.

Product launches were conducted in the form of targeted advertisements on the Internet and in newspapers as well as letters to corporate clients and board members of tenant-owner associations. The new deposit accounts were also the main theme at autumn trade fairs in which SBAB participated and other customer meetings. The accounts generated considerable response and interest. SBAB has again identified a market niche in which the company can be competitive and contribute to increased profitability, for the company and customers alike.

SBAB's three-month interest rate on residential mortgages and interest rate on the savings account, retail market



Volume of deposits and number of accounts



Funding

> A well-diversified investor base is a cornerstone in SBAB's funding strategy. SBAB is active in many international capital markets and monitors them continuously to identify opportunities for new issuances. SBAB was successful in its efforts to continue its diversification programme during 2009.

The first quarter of 2009 was characterised by considerable risk aversion among most market participants.Global demand for government and government-guaranteed bonds was very high. In early 2009 SBAB and its subsidiary SCBC joined the Swedish Government's guarantee programme for medium-term funding. Against the background of better functioning financial markets during autumn 2009, SBAB and SCBC elected not to extend their participation in the guarantee programme. SBAB issued its first government-guaranteed bond in February 2009 and total issuance of government-guaranteed bonds had an equivalent value of about SEK 28 billion. SCBC did not utilise the guarantee programme. SBAB's strategy is to actively manage the debt portfolio and a feature of this strategy is to repurchase and replace portions of government-guaranteed bonds. At year-end, the volume of government guaranteed bonds outstanding had fallen to SEK 21.4 billion (–).

During the second quarter, risk appetite increased and global asset markets saw an increasingly rapid recovery. One feature of SBAB's funding strategy during 2009 was to await a market recovery in covered bonds in an effort to take advantage of narrowing credit spreads. The primary result of the strategy was the launch during the fourth quarter of a new 5-year Swedish covered bond and a 6.5 year covered issue in Swiss franc.

Some of SBAB's key funding events during the year:

- Two non-covered issuances without government guarantees denominated in EUR which, thanks to their pricing, were among the best priced EUR issuances during 2009 for European financial institutions.
- Issuance of one of the largest covered bond loans during 2009 in the Swiss market.
- Issuances in a number of currencies: SEK, EUR, USD, GBP, CHF and NOK as well as active market presence in all funding programmes.
- Continued extension of the maturity of the debt portfolio.

SBAB

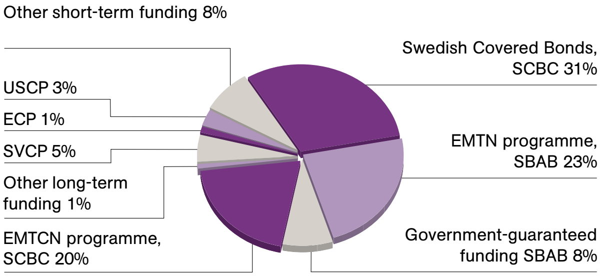
The Group's short-term funding

SBAB has three established commercial paper programmes for non-covered short-term funding. There is no programme for covered short-term funding. Paper was issued in the following currencies during the year: SEK, CAD, CHF, EUR, GBP and USD.

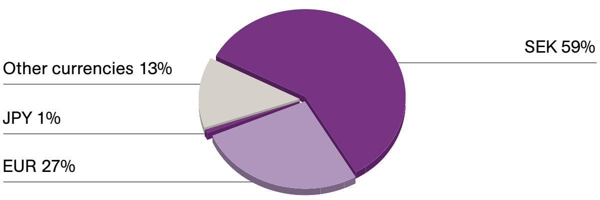
The Group's long-term funding

The Parent Company, SBAB issues its long-term non-covered debt under the international EMTN programme.

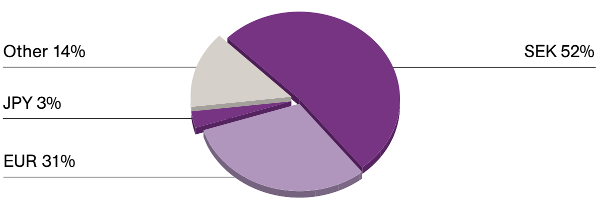
Sources of funding, Group
Debt outstanding, 31 December 2009: SEK 274 billion



Long-term funding, SBAB Group
Volume outstanding, 31 December 2009



EMTN programme, SBAB 2009
Breakdown of currencies of issued securities



The Group's covered funding is conducted through the subsidiary SCBC's covered EMTCN programme and under the Swedish mortgage bond programme. During the year, the Group issued a number of long-term transactions with a volume equivalent to SEK 142 billion distributed among the following currencies: CHF, EUR, NOK, USD and SEK.

Short-term funding, SBAB	Limit
Swedish Commercial Paper Programme (SVCP)	SEK 25 billion
European Commercial Paper Programme (ECP)	USD 2 billion
US Commercial Paper Programme (USCP)	USD 4 billion

Long-term funding sources	Limit
Euro Medium Term Note Programme (EMTN)	USD 11 billion
Euro Medium Term Covered Note Programme (EMTCN), SCBC	EUR 10 billion
Mortgage Bond Programme, SCBC	No set limit

Rating	Moody's	Standard & Poor's
Long-term funding, SBAB	A1	A+
Long-term funding, SCBC	Aaa	AAA [1]
Short-term funding, SBAB	P–1	A–1

[1] *On 16 December 2009, Standard & Poor's placed SCBC on CreditWatch, along with 97 other issuers of covered bonds.*

SCBC

The operations of SCBC (The Swedish Covered Bond Corporation) focus primarily on issuing covered bonds in Swedish and international capital markets. For this purpose, the company currently uses two funding programmes: the mortgage bond programme in Sweden and the EMTCN programme, primarily in the international market. Both programmes received the highest possible long-term credit rating of Aaa/AAA from Moody's and Standard & Poor's. Early in the year, Standard & Poor's declared its intention to change the rating methodology for covered bonds, and subsequently published its revised methodology on 16 December. At the same time, SCBC's rating was placed on CreditWatch along with 97 other issuers of covered bonds.

SCBC does not conduct any lending activities itself; instead it continuously acquires loans from SBAB. The intention of these loan acquisitions is that they should be wholly or partly included in the collateral composition for investors who are holders of SCBC's covered bonds. In 2009, SCBC's portfolio of loans increased by some SEK 15.6 billion.

Information on SCBC's collateral composition is published on the scbc.se website.

Results

Operating profit

SBAB's operating profit rose to SEK 1,289 million (585). 2009 was characterised by highly favourable demand, with high growth in terms of credit volumes and market shares. Another notable feature of the year was the greater stability in global money and capital markets. SBAB increased its investment margin in 2009 to 0.55% (0.48). Despite a certain increase in expenses, SBAB's expenditure/income ratio fell to 29 (46). Loan losses rose, but nonetheless remained at a low level. The loan loss rate was 0.06% (0.01).

As a result of the high operating profit, the return increased sharply compared with the preceding year. The return on equity was 13.8% (6.7), which was well above the return requirement for the year, which is estimated at 7.5% for 2009. SBAB's owner has stated an expected return on equity after tax, also known as the return requirement. This is configured so that the return, over a business cycle, should correspond to the return on five-year Government bonds plus a risk premium of 5%. Expressed as an average during the five-year period of 2005-2009, SBAB's return on equity was 8.7% (7.9 during the period 2004-2008). For the corresponding period, the owner's average return requirement was 8.4% (8.6).

Operating income

Operating income totalled SEK 1,974 million, substantially higher than 2008 when it amounted to SEK 1,127 million. Net interest income rose 33% to SEK 1,519 million (1,141) for 2009. The steep increase in credit volume, along with more stable funding conditions, made a considerable contribution to the increase during the year.

Since SBAB was affiliated to the Swedish Government's guarantee programme for medium-term funding during the year, net interest income was charged with SEK 214 million in fees for issuances conducted under this programme. In addition, a provision of SEK 46 million was posted for what is referred to as the "stability fee", which the Swedish Parliament (Riksdagen) decided to introduce in 2009. These factors primarily explain the increase in commission expenses to SEK 90 million (33). The stability fee amounts to a fixed percentage of 0.036%, calculated on the basis of pledges in the fee-payer's balance sheet, less deductions for certain Group-wide loans and subordinate liabilities. An average of the debt that SBAB issued under the government guarantee programme could also be deducted from the underlying fee basis. For 2009 and 2010, only half of the fee will need to be paid.

"Net income from financial instruments measured at fair value" totalled SEK 495 million (expense: 26). The trend in the fair value of bonds held for the purpose of reducing the company's liquidity risk, and derivatives and hedge-accounting items, made a positive contribution. During the year, SBAB extended the average maturity of its debt portfolio, which meant that the item was adversely affected by expenses incurred for repurchases.

Operating expenses

Expenses increased to SEK 578 million (520). The increase was largely due to rising payroll costs in the amount of SEK 309 million (268). Over the course of the year, SBAB added to the number of permanent and temporary employees in an effort to cope with the very high workflow. The average number of employees in 2009 was 396 (365). In addition, a provision of SEK 28 million (8), including social security expenses, was made to fund the incentive programme. SBAB's incentive programme complies with the guidelines set by the owner. SBAB's Board will make a decision regarding payments from the 2009 incentive programme later during the spring of 2010. SBAB's Board is conducting an overview of the incentive programme as a result of the new stipulations issued by the Swedish Financial Supervisory Authority regarding remuneration policy in credit institutions, investment firms and fund management companies (FFFS 2009:6).

Other expenses amounted to SEK 241 million (220). The increase was primarily due to higher business volumes and higher consultancy expenses in conjunction with the broadening of SBAB's operations. Marketing programmes were reduced as a result of the highly favourable demand that hallmarked the residential mortgage market throughout the year. Despite the reduced marketing efforts, SBAB managed to raise its market share to 9.5% (8.6). Marketing expenses declined 22% to SEK 44 million (54). Depreciation/amortisation totalled SEK 28 million (32). During the year, expenses in relation to average total assets continued to decline and amounted to 0.21% (0.22).

Loan losses

Loan losses rose and amounted to SEK 107 million net (22). Nevertheless, the loan loss rate remained very low, corresponding to 0.06% (0.01). The increase was due primarily to higher net provisions for anticipated loan losses in the amount of SEK 98 million (21). Confirmed loan losses totalled SEK 32 million (11), of which SEK 17 million (6) had been individually reserved during prior years.
In addition, SEK 3 million (3) was received via loan loss insurance. While the effects of the recession are hardly

noticeable on SBAB's lending operations, the company is closely monitoring developments.

Naturally, an increase in the portfolio entails greater total credit risk exposure. As a result, the calculated expected loss in the credit risk model has increased. For a more detailed account of the trend in credit risk, refer to the "Risk management" section on pages 28-45.

Doubtful loan receivables and provisions SBAB Group

	2009	2008	2007
Doubtful loan receivables, SEK million	104	138	180
Total provisions, SEK million	343	255	260
Loan loss rate, %	0.06	0.01	(0.01)

The Swedish Housing Finance Corporation, SBAB

The Parent Company's net profit was substantially higher than in the preceding year. Operating profit was SEK 860 million (39). Operating income totalled SEK 1,513 million (557). Net financial items improved between the years. The subsidiary SCBC also paid a higher compensation for purchased services. Net interest income totalled SEK 683 million (270). Operating expenses amounted to SEK 571 million (514). The major increase was in personnel costs – in the form of new recruitment and provisions for incentive programmes. Loan losses rose, amounting to SEK 82 million net (4), due primarily to collective provisions.

The Parent Company continues to have highly satisfactory capital adequacy. The capital base in the Parent Company totalled SEK 10,855 million (9,481), with primary capital amounting to SEK 8,647 million (7,287). The primary capital ratio and capital adequacy were 24.5% (27.2) and 30.7% (35.3), respectively.

Since May 2006, the Parent Company has regularly transferred loans to its wholly owned subsidiary SCBC.

The Swedish Covered Bond Corporation, SCBC

An operating loss for 2009 of SEK 295 million (profit: 1,012) was reported. The decline was due primarily to net income from financial instruments measured at fair value. In turn, this was due mainly to unrealised fair value changes on derivative instruments and hedged items, as well as expenses incurred in connection with bond repurchases. Net interest income increased from the preceding year, and totalled SEK 813 million (797). Operating expenses were SEK 445 million (399), with the increase due to higher fees paid in accordance with the outsourcing agreement signed between the Parent Company SBAB and SCBC. SCBC's loan portfolio amounted to SEK 173,371 million (157,792) at year-end. The loan portfolio was increased in order to permit additional funding via covered bonds.

Loan losses increased to SEK 25 million net (17). The increase was due mainly to the rise in collective provisions. The loan loss rate was 0.02% (0.01). Capital adequacy was 11.1% (10.0). The primary capital ratio was 11.1% (10.0).

FriSpar Bolån AB

Operating profit totalled SEK 38.7 million (25.3). At 31 December 2009, capital adequacy was 26.2% (96.9) and the loan portfolio totalled SEK 8,589 million (2,465). The increase in the loan portfolio was attributable to continuing favourable sales growth, thanks to the company's solid market position.

Dividend policy and proposed appropriation of profits

The dividend policy set by the owner entails that one third of net profit after tax be distributed to the owner. However, in view of SBAB's strong growth, the Board proposes that the net profit for 2009 be carried forward to a new account and that no dividend be paid.

Significant events after the balance sheet date

- SBAB and Folksam have initiated a cooperative venture whereby SBAB's residential mortgage loans will be included in a number of product packages aimed at Folksam customers.

Five-Year Overview

Group

SEK million	2009	2008	2007	2006	2005 [1]
Interest income	6,043	11,222	8,585	6,704	5,419
Interest expense	(4,524)	(10,081)	(7,408)	(5,487)	(4,123)
Net interest income	**1,519**	**1,141**	**1,177**	**1,217**	**1,296**
Other operating income	455	(14)	(422)	218	(70)
Total operating income	**1,974**	**1,127**	**755**	**1,435**	**1,226**
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(28)	(32)	(31)	(26)	(22)
Other operating expenses	(550)	(488)	(486)	(569)	(574)
Total operating expenses	**(578)**	**(520)**	**(517)**	**(595)**	**(596)**
Net profit before loan losses	**1,396**	**607**	**238**	**840**	**630**
Loan losses, incl. change in value of property	(107)	(22)	20	0	36
Operating profit	**1,289**	**585**	**258**	**840**	**666**
Loan portfolio	225,976	183,959	167,981	170,013	156,020
Other assets	68,099	69,335	55,110	33,712	5,808
Total assets	**294,075**	**253,294**	**223,091**	**203,725**	**161,828**
Deposits	4,653	3,542	759	–	–
Securities issued, etc.	249,095	198,643	191,807	182,328	145,400
Other liabilities	29,161	41,011	21,574	12,555	8,329
Deferred income tax liabilities	238	–	–	–	304
Subordinated liabilities	3,551	3,666	2,725	2,808	1,851
Equity, including minority interests	7,377	6,432	6,226	6,034	5,944
Total liabilities and equity	**294,075**	**253,294**	**223,091**	**203,725**	**161,828**
Lending					
New lending, SEK million	64,626	32,425	30,484	35,893	42,235
Investment margin, %	0.55	0.48	0.55	0.67	0.87
Securitised, SEK million	–	–	–	7,427	15,108
Loan losses					
Loan loss rate, %	0.06	0.01	(0.01)	0.00	(0.03)
Rate of doubtful loan receivables, %	0.01	0.02	0.04	0.03	0.03
Productivity					
Expenditure/Income ratio, excl. loan losses, %	29	46	68	41	49
Expenditure/Income ratio, incl. loan losses, %	35	48	66	41	46
Capital structure					
Return on equity, %	13.8	6.7	3.1	11.5	8.7
Capital adequacy with transitional regulations, % [2]	9.2	9.4	9.4	9.0	9.0
Capital adequacy without transitional regulations, %	19.7	16.8	–	–	–
Primary capital ratio with transitional regulations, % [2]	7.4	7.6	7.6	7.3	7.1
Primary capital ratio without transitional regulations, %	15.9	13.5	–	–	–
Equity ratio, %	2.5	2.5	2.8	3.0	3.7
Consolidation ratio, %	2.6	2.5	2.8	3.0	3.9
Employees					
Number of employees (annual average)	396	365	374	410	421

1) *The comparative figures for 2005 have not been restated according to IAS/IFRS. The main differences are that the securitisation companies have not been consolidated and that FriSpar Bolån AB is reported as a subsidiary instead of a joint venture.*
2) *The comparative figures for 2005-2006 have not been restated according to IAS/IFRS.*

The five-year overview for the Parent Company is presented in Note 37.

Definitions of key ratios

New lending • Gross lending
Investment margin • Net interest income in relation to average total assets
Loan loss rate • Loan losses in relation to opening balance for lending to the public
Rate of doubtful loan receivables, % • Doubtful loan receivables (net) in relation to year-end lending to the public
Expenditure/Income ratio excl. loan losses • Total operating expenses/total income
Expenditure/Income ratio incl. loan losses • (Total operating expenses plus loan losses)/ total income
Return on equity • Operating profit after actual tax in relation to average equity
Capital adequacy • Capital base/risk-weighted amount
Primary capital ratio • Primary capital/ risk-weighted amount
Equity ratio • Equity, incl. minority interest, in relation to total assets at year-end
Consolidation ratio • Equity, incl. minority interest, and deferred tax in relation to total assets at year-end
Number of employees • Permanent and temporary employees (annual average)

Financial Reports

Risk Management

Risk is a natural element in a business that has to be managed. For SBAB, risk arises primarily in the lending operations in the form of credit risk, as well as in other activities. The events of recent times in the financial sector exemplify the importance of efficient risk management. Additional information concerning the company's capital adequacy and risk management is available at sbab.se.

For SBAB, risk management entails that, in each individual transaction, SBAB shall be able to measure the value generated by the transaction with regard to return and risk, and the level of capital that is optimal in relation to the inherent risk. Accordingly, SBAB engages in continuous discussions concerning the following questions:

- What are the various risks generated in SBAB's operations, and how can these be measured consistently to create comparability?
- How can SBAB best organise its risk management and integrate it into business operations so that all employees understand the value of correct risk management?
- Does SBAB have sufficient capital to counter the company's risks?

Risk appetite

Risk is an integrated part of all activities conducted by SBAB. Given the company's strategy of generating income primarily by taking credit risks, it is important to know how much risk is actually desirable, both at an aggregated level and in relation to various segments and individual customers. Risk appetite can be defined as "the impact on earnings that a company can accept to support a particular strategy." SBAB's risk appetite is expressed as follows:

- SBAB shall have a return on equity that is five percentage points higher than the return on five-year government bonds after tax, viewed over a business cycle.
- The capital ratio for the SBAB Group shall exceed 1.13 (corresponds to capital adequacy of 9%).
- SBAB's primary capital ratio, according to Basel II, Pillar I, including transitional regulations, shall not be less than 7%.
- The economic capital shall not exceed 85% of the available capital.

In addition, earnings should be based primarily on credit risk and interest rate risk. As a primary rule, SBAB shall not be exposed to exchange rate fluctuations. Accordingly, no earnings from currency positions arise.

All of the objectives were achieved. The return on equity exceeded the target by 0.4 percentage points and the economic capital corresponded to 78% of the available capital. The capital ratio and primary capital ratio are presented on page 45.

Process for calculating risk and capital requirement

SBAB's definition of capital and capital requirement comply with external requirements. Internal follow-up and reporting are based on Pillars 1 and 2 of the Basel rules.

In general terms, the Group's risk process can be described as follows:

1. Identify risk

SBAB continuously identifies the risks generated by its operations. The SBAB Group conducts its operations in three different business areas. Corporate and Retail handle loans, while Finance handles funding and financial risk management. The first two business areas primarily generate credit risk, while the funding operations generate several financial risks, of which the management of the interest rate risk can give rise to minor earnings.

2. Risk measure and capital requirements

Identified risks are measured in various models. For business and operational risks, standards based on the business areas' operating expenses and operating income are used. For credit risk, SBAB has developed several statistical rating models depending on the type of counterparty for which a credit rating is required (PD – probability of default) and the existing collateral (LGD – loss given default). The SBAB Group uses an advanced method to establish internal and external capital requirements. Depending on the purpose of the assessment, market risk is measured with a Value at Risk (VaR) model or through a parallel shift of the yield curve.

3. Analyse, control and report

Based on the information provided by the models, the company conducts an analysis of how the risks affect and can be expected to affect the operations. These efforts include follow-up and analysis of historical outcomes as well as future-oriented stress tests and scenario analyses. The results of the analysis, together with a qualitative assessment of other risks, are reported to ALCO (Asset and Liability Management Committee), which is a preparatory body for risk and capital planning issues. SBAB's Board of Directors and management are continuously provided with an adequate account of the company's risk profile. These efforts comprise the supporting documentation for SBAB's strategic planning and form the foundation for the establishment of capital goals.

Overall aims for risk management

- SBAB's risk management supports the company's business operations and rating targets. Risk-taking shall be balanced. This will be achieved by ensuring that total risk is kept at a level compatible with SBAB's long-term financial objectives for return, the size of risk capital and the target rating.
- Relevant risks shall be identified, measured, controlled and monitored.
- Within the company's different business areas, allocation of capital shall be based on the desired risk level and earnings capacity.
- SBAB's risk management shall be transparent and thus easily presented for and understood by external parties.

Organisation and responsibility

The Board of Directors has ultimate responsibility for risk managements and takes decisions on risk strategy, risk appetite, risk policy and instructions for managing and measuring risk. Through the financial directives, the Board determines limits for, inter alia, market risk and liquidity risk. For certain issues, the Board has delegated responsibility to SBAB's Finance Committee. The credit instructions are established by the Board, which thereby regulates authorities to take credit and limit decisions at various levels in SBAB. The Board's Credit Committee takes decisions concerning credit limits and loans exceeding SEK 250 million.

ALCO handles matters relating to risk and capital planning, which are then addressed by executive management. The Chief Financial Officer is the chairman of the ALCO. Other committee members are the managers for each of the business areas, the Chief Credit Officer and the Chief Risk Officer.

The Risk Department is a unit within the credit division. The Chief Risk Officer is appointed by the CEO and has overall responsibility for developing and ensuring that SBAB's strategies comply with the original intentions and that policies and processes support relevant follow-ups.

The Risk department is responsible for analysing, assessing and reporting on the overall risks of the SBAB Group. In particular, credit risk, the most significant risk for SBAB, is monitored and analysed. The risk department is also responsible for the design, implementation, reliability and monitoring of SBAB's risk-classification systems and for the development of SBAB's risk-classification systems and of economic capital and for SBAB's internal capital evaluation. The individual risks are dealt with by each of the business areas. A monthly report on the overall risk scenario and the trend in economic capital is delivered by the risk department to the CEO, executive management and the Board; the report includes the controller unit's assessement of risk-adjusted return. The risk department also reports continuously on capital adequacy and the primary capital ratio to the CEO, the Board and senior executives at SBAB. In addition, the Board and CEO of the SBAB Group are provided with a quarterly detailed description of risks.

Review by the Swedish Financial Supervisory Authority (FI) of risk assessment methods

FI has reviewed SBAB's internal methods and assessed them to be reliable.

Accordingly, FI has granted SBAB permission to base capital requirements for credit risk on internal rating based methods (IRB methods). At the same time, SBAB was granted the right to apply the standardised method for credit risk for

- exposure amounts to the Swedish Government, the Riksbank and Swedish municipalities
- portfolios of insignificant size (time-limited permission)
- all central government and institutional exposures.

The standardised method is used to measure and handle operational risk. The method complies with the provisions of FI's directives. FI has reviewed the method and assesses it to be reliable.

Credit risk

Credit risk is defined as the risk of loss due to the customer or counterparty's inability to make interest payments and amortisation or otherwise fulfil the loan agreement. Credit risk arises in conjunction with loans and loan promises, and also in connection with impairment of the value of pledged assets entailing that these no longer cover the Group's receivables, and also in SBAB's finance activities.

The table describes the maximum credit risk exposure for the SBAB Group at the end of 2008 and 2009 without taking pledged assets into consideration. The carrying amount is used for assets on the balance sheet. A total of 84% (81) of the total credit risk exposure derives from lending to credit institutions and the public (taking into consideration the change in fair value for hedge-accounted loan receivables and credit related commitments).

Credit risk in the lending operations

Credit risk in lending operations is restricted by limits decided upon for the customer or customer group. The credit risk is also managed in the credit granting process, where potential borrowers' ability to make their interest payments is analysed. For example, new retail loans are granted only to borrowers who are expected to be able to pay interest and amortisation in an interest rate situation that comfortably exceeds the rate prevailing when the loan decision is taken. Furthermore, risk classification based on IRB methods is used in the analysis of the credit risk for new and existing customers in the loan portfolios.

To measure and monitor credit risk, the standardised method, foundation IRB or advanced IRB method can be applied. SBAB applies the advanced IRB method for retail credit and the fundamental IRB method for corporate credit.

For every part of individual exposures to corporate or retail customers that account for a unit in a tenant-owner association (tenant-owner right) or mortgage deed in a residential property as collateral, as is the case for 92% (81) of total lending, the credit risk is assessed in the Group's credit risk models. For other types of exposures, the standardised method is used for measurement of credit risk. For the cases in which external ratings are used, the lowest rating from either Moody's or Standard & Poor's is selected.

Maximum credit risk exposure before collateral held or other credit enhancements

SEK million	2009	2008
Credit risk exposure for on-balance sheet items		
Chargeable treasury bills and other eligible bills	8,098	10
Loans and advances to credit institutions	9,054	12,570
Loans and advances to the public:		
Loans to consumers		
– Single-family dwellings and holiday homes	86,443	80,212
– Tenant-owner rights	49,399	36,611
Loans to companies/legal entities		
– Tenant-owner associations	48,947	34,821
– Private multi–family dwellings	25,246	21,010
– Municipal multi–family dwellings	8,178	5,046
– Commercial properties	7,763	6,259
Change in fair value of hedged loan receivables	2,590	3,270
Bonds and other interest-bearing securities	32,412	31,787
Derivative financial instruments	15,123	20,649
Other assets	126	228
Prepaid expenses and accrued income	696	737
Credit risk exposure for off-balance sheet items		
Financial guarantees	–	–
Loan promises and other credit related commitments	53,282	24,719
Maximum credit exposure per 31 December	**347,357**	**277,929**

In credit risk models, an assessment is made of PD, LGD and the part of the off-balance sheet commitment which is utilised in the event of default, CCF [1]. On the basis of these parameters, together with EAD, customers can be ranked according to risk and the expected and unexpected loss can be estimated. After assessment, the exposure is referred to one of eight risk classes for corporate and retail loans respectively, where the eighth class comprises customers in default. Customers in high risk classes are monitored thoroughly and, when necessary, the exposure is managed actively by credit monitoring personnel in the credit division. The developed models are validated annually and calibrated as the need arises. During the year, such calibration occurred for models designed for corporate customers. The calibrated models will be implemented in early 2010.

Following the quantitative assessment, a system-oriented qualitative assessment is performed in Corporate Market [2] on the basis of the rules and regulations for loans. This enables greater uniformity in risk assessments based on extensive supporting data.

The assessed expected loss (EL) in the model can be compared with the assessed probable loss in the reporting seen over a longer period of time. The management of the latter is regulated by IAS 39. According to these regulations, assets are to be impaired when there are objective grounds for impairment due to the occurrence of one or more events that have a negative impact on the future cash flow. This differs from the expected loss produced by the models, whose extent is regulated by the Capital Adequacy and Large Exposures Act (2006:1371) and by FI's capital adequacy directives (FFFS 2007:1), where the risk in each individual loan is estimated based on outcomes over a longer period of time in a statistical model.

[1] *Credit Conversion Factor (CCF) is the portion of an off-balance commitment that is utilised at the time of a potential future default.*

[2] *Retail refers to all lending to consumers pertaining to single-family dwellings, holiday homes and tenant-owner rights. Corporate refers to all other lending to the public. This entails, inter alia, that loans to private individuals pertaining to multi-family dwellings are considered corporate customers.*

Expected loss (EL) is calculated using the formula EL = PD*LGD*EAD, where

- PD (probability of default) is the probability of default for a customer,
- LGD (loss given default) states the extent of the loss in the event of default and
- EAD (exposure at default) measures the expected exposure in the event of default.

Loan portfolio allocated by risk class

Corporate Market	2009		2008	
Risk class	Lending	Provision/lending in respective risk class	Lending	Provision/lending in respective risk class
C0	0.8%	–	1.0%	–
C1	67.8%	0.0%	60.1%	0.0%
C2	17.8%	0.0%	20.1%	0.0%
C3	8.2%	0.0%	9.2%	0.0%
C4	2.0%	0.1%	5.5%	0.0%
C5	1.6%	0.2%	2.3%	0.2%
C6	1.0%	2.0%	0.9%	2.5%
C7	0.3%	6.2%	0.2%	3.4%
C8	0.5%	12.3%	0.7%	16.1%
	100.0%	**0.1%**	**100.0%**	**0.2%**

C = *Corporate market*

Loan portfolio allocated by risk class

Retail Market	2009		2008	
Risk class	Lending	Provision/lending in respective risk class	Lending	Provision/lending in respective risk class
R1	34.0%	0.0%	37.1%	0.0%
R2	19.4%	0.0%	19.8%	0.0%
R3	27.6%	0.0%	25.1%	0.0%
R4	13.8%	0.0%	12.2%	0.0%
R5	2.7%	1.0%	2.9%	0.5%
R6	1.3%	2.7%	1.5%	1.4%
R7	0.9%	7.8%	1.0%	4.5%
R8	0.3%	14.1%	0.4%	9.3%
	100.0%	**0.2%**	**100.0%**	**0.1%**

R = *Retail market*

Collateral in the lending operations

In order to grant credit, adequate collateral is required, which can be provided in the form of real estate or a tenant-owner right. Adequate collateral usually means mortgage deeds in a property or a tenant-owner right up to 75%-85% of the market value. The 85% ratio applies provided that collateral can be obtained with priority right and that the customer has risk class R1-R4 for retail customers and C1-C4 for corporate customers. In other cases, a loan-to-value ratio of 75% applies. If collateral was complemented with credit insurance, it was possible in previous years to provide loans to private customers at up to 95% of market value. This remained possible as of 2009, but the credit insurance requirement has been replaced by a requirement for "Låneskydd Trygg" [3] which is signed by the borrower, and the loan amount exceeding 85% of market value must be amortised over a maximum of 10 years (previously 15 years). In addition to the above collateral, it is possible to grant credit for, inter alia, collateral in the form of a state credit guarantee, a municipal guarantee, securities, bank guarantees and deposits in a Swedish bank. To a limited extent, equities corresponding to up to 85% of the market value in the underlying property can be approved as collateral. SBAB does not hold any collateral which has been taken over to protect a receivable.

[3] *Unemployment and illness insurance with no life insurance component.*

Loan portfolios in lending operations

Loan portfolios by risk class

Every customer is allocated to a risk class. Customers with individually reserved corporate market loans are always allocated to the worst corporate market risk class, C8, or the worst retail market risk class, R8 respectively. Loans covered by collective provisions are obtained for the corporate market from risk classes C6 to C8, and collectively impaired retail market loans comprise loans in risk classes R5-R8. Risk class C0 are loans where the counterparty has a risk weight of 0% (Swedish municipalities). Transaction costs, attributable to loans, of SEK 18 million (13) have been allocated in the table.

During the year, models for corporate market loans were adjusted. During 2010, as new risk assessments occur, the change will result in a greater spread between the risk classes and reduce the concentration in risk class C1.

Loans and advances to the public and credit institutions

In the table "Loans and advances to the public and credit institutions without overdue unpaid amounts, with overdue unpaid amounts and with provisions", the loan portfolio has been allocated to loans where the borrower has fulfilled his obligations in accordance with the terms of the loan, loans where the borrower has not done so and loans with individual provisions.

Loans to the public and credit institutions without overdue unpaid amounts, with overdue unpaid amounts and with provisions

	2009		2008	
SEK million	Customers	Credit institutions	Customers	Credit institutions
Current loans without overdue unpaid amounts or provisions	225,566	9,054	183,066	12,570
Loans with unpaid amounts > 5 days overdue	649		1,010	
Loans with individual provisions	104		138	
Total outstanding loans	**226,319**	**9,054**	**184,214**	**12,570**
Individual provisions	75		95	
Collective provisions, corporate market	38		25	
Collective provisions, retail market	230		135	
Total provisions	**343**		**255**	
Total lending after provisions	**225,976**	**9,054**	**183,959**	**12,570**
Guarantees for loans with individual provisions	6		12	
Guarantees for loans with collective provisions, corporate market	8		6	
Guarantees for loans with collective provisions, retail market	46		36	
Total guarantees	**60**		**54**	
Total lending after provisions and guarantees	**226,036**	**9,054**	**184,013**	**12,570**

In the case of a loan receivable for which individual provision has been posted, an individual assessment of the future cash flow has been made together with an estimate of the market value of the underlying collateral, which serves as the basis for the individual provision. In the case of collective provisions, the risk in a group of loans has changed, but this change cannot be attributed to any particular customer. The table specifies the provision without taking into consideration guarantees or the amount guaranteed for each group of provisions.

As at 31 December 2009, total provisions (individual and collective) amounted to SEK 283 million (201) after deduction for guarantees, which were 0.1% (0.1) of the loan portfolio, of which individually assessed loans ac-

Loans and advances to the public by segment without loans with overdue unpaid amounts or loans with individual provisions plus transaction costs

	2009					
Risk class SEK million	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
C0/R0	–	–	–	–	684	–
C1/R1	35,582	10,659	33,551	16,336	6,286	5,007
C2/R2	15,560	10,849	9,820	4,566	708	938
C3/R3	21,421	16,171	2,860	2,778	158	1,611
C4/R4	9,610	9,064	766	623	242	207
C5/R5	2,052	1,654	766	567	97	–
C6/R6	1,108	564	649	284	3	–
C7/R7	801	322	162	59	–	–
C8/R8	52	19	350	0	–	–
Total	**86,186**	**49,301**	**48,924**	**25,213**	**8,178**	**7,763**

	2008					
Risk class SEK million	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
C0/R0	–	–	–	–	681	–
C1/R1	33,881	9,550	22,489	12,212	2,282	3,317
C2/R2	14,817	8,307	6,452	3,715	1,108	2,189
C3/R3	18,697	10,653	2,816	2,367	615	320
C4/R4	8,409	5,828	1,139	1,985	233	349
C5/R5	2,032	1,253	886	495	104	79
C6/R6	1,157	524	440	163	–	–
C7/R7	704	246	80	29	–	5
C8/R8	58	24	350	26	–	–
Total	**79,755**	**36,385**	**34,652**	**20,992**	**5,023**	**6,259**

counted for SEK 69 million (83). As at the end of 2009, individual provisions after deduction for guarantees had decreased by SEK 14 million (6), compared with the preceding year, and constituted 66% (60) of doubtful loan receivables, which amounted to SEK 104 million (138). No need for provisions arose for loans to credit institutions.

Loans and advances to the public without overdue unpaid amounts or individual provisions

The allocation of loans per risk class for the loans that had neither overdue unpaid amounts nor individual provisions shows that in 2009 96% (95) were in the risk classes C1/R1-C4/R4. In the allocation for 2009, total transaction costs of SEK 18 million (13) are included and were allocated to individual loans without overdue unpaid amounts and to loans with individual provisions. The cost was mainly attributable to single-family dwellings and holiday homes.

Loans with overdue unpaid amounts but without individual provisions

The table describes loans with overdue unpaid amounts without individual provisions distributed by overdue amortisation, overdue accrued interest and principal for which notice of termination was given. Furthermore, for the sake of completeness, principal and accrued interest not yet overdue are also stated for these loans. All amounts are allocated to lending segments. For loans with overdue amounts in several time intervals, the part not overdue is, where relevant, shown in the oldest time interval.

At the end of 2009, 99.7% (99.3) of lending had no overdue unpaid amounts and was not assessed as doubtful. Of SBAB's loan portfolio of SEK 226 billion (184), SEK 649 million (1,010) of the principal was overdue. Most of the loans with overdue unpaid amounts pertained to loans for single-family dwellings and tenant-owner rights (0.5% of lending to the segment in 2009, compared with 0.7% in 2008).

Lending to the public 2009 with overdue unpaid amounts but without loans with individual provisions

	2009					
	Retail market		Corporate market			
SEK 000s	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
5-30 days overdue [1]						
Overdue amortisation	1,597	2,846	3,287	169		–
Overdue accrued interest	757	242	8	18	–	–
Terminated overdue principal excl. overdue amortisation	470	588	–	–	–	–
Principal not overdue	192,048	73,741	13,227	2,805		–
Accrued interest not overdue	68	24	16	6	–	–
31-60 days overdue						
Overdue amortisation	67	104	–	1	–	–
Overdue accrued interest	371	136	–	4	–	–
Terminated overdue principal excl. overdue amortisation	1,197	35	–	-	–	–
Principal not overdue	54,604	30,402	–	660	–	–
Accrued interest not overdue	22	2	–	2	–	–
61-90 days overdue						
Overdue amortisation	143	13	–	56	–	–
Overdue accrued interest	323	80	–	225	–	–
Terminated overdue principal excl. overdue amortisation	3,118	–	–	15,526	–	–
Principal not overdue	26,284	8,832	–	22,934	–	–
Accrued interest not overdue	2	–	–	2	–	–
>90 days overdue						
Overdue amortisation	2,090	703	–	84	–	–
Overdue accrued interest	3,603	2,296	–	413	–	–
Terminated overdue principal excl. overdue amortisation	67,416	42,996	–	6,699	–	–
Principal not overdue	42,799	31,525	–	–	–	–
Accrued interest not overdue	185	92	–	103	–	–
Total overdue						
Total overdue amortisation	3,898	3,665	3,287	310	–	–
Total overdue accrued interest	5,054	2,755	8	661	–	–
Total terminated overdue principal excl. overdue amortisation	72,200	43,619	–	22,225	–	–
Total principal not overdue	315,734	144,500	13,227	26,399	–	–
Total accrued interest not overdue	277	118	16	113	–	–
Total lending for loans with overdue receivable without provision	391,832	191,785	16,514	48,934	–	–
Value of collateral and guarantees	377,446	169,681	11,357	48,892	–	–

[1] *For the time interval, SBAB has decided not to take into consideration amounts overdue by five days or less so that the analysis is not distorted by payments delayed because the payment date is a holiday.*

Lending to the public 2008 with overdue unpaid amounts but without loans with individual provisions

	2008					
	Retail market		Corporate market			
SEK 000s	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
5-30 days overdue [1]						
Overdue amortisation	6,867	5,013	45,479	12,592	23,236	–
Overdue accrued interest	1,980	825	440	328	344	–
Terminated overdue principal excl. overdue amortisation	742	–	–	–	–	–
Principal not overdue	323,839	144,057	95,509	14,911	0	–
Accrued interest not overdue	188	67	353	75	–	–
31-60 days overdue						
Overdue amortisation	117	342	–	–	–	–
Overdue accrued interest	903	477	–	–	–	–
Terminated overdue principal excl. overdue amortisation	–	1,120	–	–	–	–
Principal not overdue	97,632	51,705	–	–	–	–
Accrued interest not overdue	124	82	–	–	–	–
61-90 days overdue						
Overdue amortisation	50	136	4	–	–	–
Overdue accrued interest	342	272	34	–	–	–
Terminated overdue principal excl. overdue amortisation	458	–	2,668	–	–	–
Principal not overdue	26,492	20,975	–	–	–	–
Accrued interest not overdue	(2)	0	(1)	–	–	–
>90 days overdue						
Overdue amortisation	3,233	489	–	9	–	–
Overdue accrued interest	2,932	946	–	10	–	–
Terminated overdue principal excl. overdue amortisation	55,229	19,998	–	217	–	–
Principal not overdue	38,858	17,879	–	–	–	–
Accrued interest not overdue	242	35	–	3	–	–
Total overdue						
Total overdue amortisation	10,267	5,980	45,483	12,601	23,236	–
Total overdue accrued interest	6,157	2,520	474	338	344	–
Total terminated overdue principal excl. overdue amortisation	56,429	21,118	2,668	217	–	–
Total principal not overdue	486,821	234,616	95,509	14,911	0	–
Total accrued interest not overdue	552	184	352	78	–	–
Total lending for loans with overdue receivable without provision	553,517	261,714	143,660	27,729	23,236	–
Value of collateral and guarantees	547,249	260,737	143,397	27,318	23,236	–

[1] *For the time interval, SBAB has decided not to take into consideration amounts overdue by five days or less so that the analysis is not distorted by payments delayed because the payment date is a holiday.*

When calculating the value of the collateral, the entire loan-to-value for mortgage deeds or tenant-owner rights within the market value was included together with the entire municipal guarantee, government loan guarantee and bank guarantee. The value of the mortgaged collateral is based on the market value of the properties mortgaged as collateral for the corresponding loans. The market value is checked regularly and refers to the most probable price in a sale on the open property market on the valuation date. The review of market value conducted in 2009 resulted in a lower capital requirement due to an overall increase in collateral in the loan portfolio.

Loans with individual provisions (doubtful loan receivables) pertaining to loans to the public

Doubtful loan receivables are those for which a provision has been made on the basis of an individual risk assessment. Doubtful loan receivables make up 0.046% (0.075) of SBAB's total lending. For tenant-owner associations, a minor reduction in doubtful loan receivables occurred, which can be attributed to active insolvency management.

Restructured loan receivables

Restructured receivables entail that the borrower has been granted some form of concession due to deterioration of his/her financial position or because he/she has encountered other financial problems. After the loans have been restructured, they are considered satisfactory on the basis of the new terms.

Restructuring of a loan receivable may entail

- that the terms of the loan are modified by terms that are not commercial,
- that the borrower partly repays the loan by handing over various assets

Doubtful loan receivables

SEK million	2009 Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
Doubtful loan receivables	10	7	77	10	–	–
Individual provision, corporate market			(52)	(7)	–	–
Individual provision, retail market	(9)	(7)			–	–
Doubtful loan receivables, net	1	0	25	3	–	–
Estimated value of guarantees	–	–	5	1	–	–
Doubtful loan receivables taking into pledged guarantees consideration	1	0	30	4	–	–
Value of collateral and guarantees	1	0	28	3	–	–

Doubtful loan receivables

SEK million	2008 Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Municipal multi-family dwellings	Commercial properties
Doubtful loan receivables	11	7	105	15	–	–
Individual provision, corporate market			(68)	(12)	–	–
Individual provision, retail market	(10)	(5)			–	–
Doubtful loan receivables, net	1	2	37	3	–	–
Estimated value of guarantees	–	–	12	–	–	–
Doubtful loan receivables taking into pledged guarantees consideration	1	2	49	3	–	–
Value of collateral and guarantees	1	2	39	3	–	–

When calculating the value of collateral and guarantees, valuation was based on the market value for each individual property to which the value of pledged guarantees was added.

- that the borrower agrees to convert part of the loan receivable into an ownership share, or
- that the borrower is replaced or supplemented by a new borrower.

Recognised value of renegotiated loans by property type

SEK million	2009	2008
Single-family dwellings and holiday homes	13	12
Tenant-owner rights	10	3
Tenant-owner associations	109	108
Private properties	0	3
Municipal properties	–	–
Commercial properties	–	–
Total	**132**	**126**

Credit risk in the finance operations

In the finance operations, credit risk arises in the form of counterparty risks for the derivative contracts entered into by SBAB to handle the company's risks and as a result of investments, primarily in the form of investments in the liquidity portfolio.

Counterparty risk

Counterparty risk comprise exposures to leading banks and are predominantly covered by collateral agreements, where the counterparty provides funds or collateral to reduce the exposure.

In accordance with the finance instructions, the credit-risk limit is established by SBAB's Finance Committee for all counterparties, with the exception of the Government of Sweden and companies included in the SBAB Group, for which no limits are placed on exposure. The exposure amount for the counterparty risk is calculated in accordance with the "market valuation method" and "agreements on netting of derivative contracts". The credit-risk limit may be established for a period of no longer than one year, following which a new assessment must be conducted. Decisions on the credit-risk limit that are taken by the Finance Committee must be reported to SBAB's Board of Directors at the following Board meeting.

To limit the potential counterparty risk associated with derivative transactions involving non-standardised derivative instruments that are not cleared by clearing organisations approved by the Swedish Financial Supervisory Authority, standard agreements covering "netting in bankruptcy" have been entered into with the counterparty. These agreements, known as ISDA Master Agreements, or similar agreements, have in particular cases been supplemented with associated collateral agreements, known as Credit Support Annexes "CSAs". When SCBC enters into derivative agreements, it must always draft an associated CSA.

Most of SBAB's investments in securities are found in its liquidity portfolio.

Counterparty risks

SEK million	Group 2009		Group 2008		Parent Company 2009		Parent Company 2008	
Rating category	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit	Limit	Utilised limit
AAA	500	–	1,270	273	500	–	1,270	273
AA- to AA+	7,880	649	9,590	1,801	7,880	491	9,590	1,154
A- to A+	10,335	1,742	7,780	3,990	10,335	1,114	7,780	1,774
Below A-	–	–	–	–	–	–	–	–
Unrated	–	–	–	–	–	–	–	–
Total	**18,715**	**2,391**	**18,640**	**6,064**	**18,715**	**1,605**	**18,640**	**3,200**

The table shows the utilised limit and the limit, respectively, at an aggregated level per rating category, with each counterparty placed in relation to its lowest rating, for SBAB's counterparties which are banks and credit institutions. The compilation includes investments (excluding the liquidity portfolio), derivative contracts and repo contracts. The limit is set by the Finance Committee within the scope of the rating-related framework established by the Board. Utilised limits are calculated as the market value of derivative financial instruments, repo contracts and investments. For counterparties who are also loan customers, the limit shall be coordinated with the credit limit. A limit per counterparty can be established for a period of time of at most a year before a new consideration must be made. The decisions of the Finance Committee are to be reported to the Board at the next Board meeting. All of SBAB's counterparties have a rating.

Individual limits for investment and counterparty exposure may, as a main rule, be at most 15% of SBAB's capital base. Excepted from this are certain Nordic counterparties for whom the maximum limit may amount to the equivalent of 20% of the capital base. The current rating of individual counterparties issued by Moody's or Standard & Poor's is an additional restriction in establishing individual limits. The higher the rating class of a counterparty, the greater the exposure that can be permitted in relation to SBAB's capital base.

Chargeable treasury bills, bonds and other interest-bearing securities

The table shows an analysis of chargeable treasury bills, bonds and other interest-bearing securities allocated by rating based on Standard & Poor's rating.

Rating category SEK million	2009 Government-guaranteed securities	Covered bonds	RMBS	Total
AAA	10,761	10,346	19,403	40,510
AA- to AA+	–	–	–	–
A– to A+	–	–	–	–
Below A–	–	–	–	–
Unrated	–	–	–	–
Total	**10,761**	**10,346**	**19,403**	**40,510**

All securities have the highest rating, AAA, from Standard & Poor's. However, 14 securities have a split rating. According to Moody's, seven covered bonds and one RMBS have the rating Aa1, one covered bond and two RMBSs the rating Aa2, one covered bond and one RMBS the rating Aa3 and one RMBS the rating A2.

Chargeable treasury bills, bonds and other interest-bearing securities

The table shows the geographical distribution of carrying amounts.

Carrying amount Securities, SEK million	2009 Sweden	Other EU	Australia	Total
Covered bonds	3,355	6,991	–	10,346
RMBS	–	18,315	1,088	19,403
Government-guaranteed securities	10,661	100	–	10,761
Total as at 31 December 2009	**14,016**	**25,406**	**1,088**	**40,510**
Total as at 31 December 2008	**959**	**29,287**	**1,541**	**31,787**

SBAB's securities holdings are described per credit rating and per geographical distribution respectively. Geographical distribution refers to the issuer's legal domicile.

Liquidity portfolio

The credit risk in the liquidity portfolio is managed in accordance with the standard method. SBAB's liquidity portfolio comprises three asset classes:

- European covered bonds
- European and Australian residential mortgage-backed securities (RMBS), i.e. securities covered by portfolios of home loans
- Securities issued by or guaranteed by central governments

SBAB's liquidity portfolio is a liquidity reserve which is intended to manage liquidity and funding risks. At 31 December 2009, the portfolio comprised SEK 1.1 billion (-) in chargeable treasury bills and SEK 32.0 billion (31.5) in other bonds.

Holdings in the liquidity portfolio are long term. At 31 December 2009, the portfolio comprised securities with at least one highest rating of Aaa from Moody's, or AAA from Standard & Poor's. SBAB's liquidity portfolio neither has nor had any exposure to assets that are not classed as "prime". The average duration for assets in the liquidity portfolio is 3.1 years (3.9). Derivative contracts have been entered into to manage the interest rate and currency risk in the liquidity portfolio.

The assets are classified as Loan receivables and accounts receivable (RMBS), SEK 19.4 billion (23.1) and Financial assets at fair value through profit and loss (covered bonds, government bonds and securities guaranteed by government), SEK 13.7 billion (8.4), of which chargeable treasury bills accounted for SEK 1.1 billion (–). The RMBS portfolio has been classified as "Loan receivables and accounts receivable". This entails that the assets shall be recognised at their accrued acquisition value and that credit risk assessment will take place in accordance with the same principles used in the risk assessment of SBAB's loan portfolio. All exposures in the RMBS portfolio are already ranked according to loan to value (LTV) and age (date originated) in three risk classes. Due primarily to the deteriorated market value of properties in parts of Europe, two new models for continued calculation of credit risk in the RMBS portfolio were developed during the year. The first is based on factors such as arrears statistics and credit support per transaction. Using this model, all transactions in the RMBS portfolio have been analysed. The second model is based on information such as actual and expected cash flow, underlying borrower statistics and macro-variables. This model has been used for a few carefully selected transactions with an assessed elevated risk. The model assesses the magnitude of a possible deficit for each separate transaction and whether this deficit will affect the holder of AAA tranches in the form of forthcoming losses or whether any deficit will be covered by subordinated securities and the statutory reserves. Overall, the models show that the portfolio is not subject to any need for provisions.

Market risk

Market risk is the risk that unfavourable market fluctuations may negatively affect the company's earnings. SBAB shall be characterised by low risk-taking, and the company's Board decides ultimately on methods for risk measurement and limits. Market risk is monitored at the Group level and, through daily reporting, the Risk Department monitors current risk levels and compliance with limits.

Interest rate risk for positions not included in the trading portfolio

Interest rate risk arises primarily when the interest rate structure between the company's funding and lending, Asset and Liability Management risk, (ALM risk) is not fully matched. SBAB's interest rate structure as at 31 December 2009 is shown in the table Fixed-interest terms for financial assets and liabilities.

The main principle of SBAB's handling of its ALM risk is by direct funding and the use of derivatives to limit exposure, and to create positive added value through active management within the limits set by the Board.

The interest rate risk limits set by the Board consist of an operational and a strategic component. The operational interest rate risk, which comprises exposure in ALM and trading activities, is limited to 1% of SBAB's capital base. The operational interest rate risk exposure at 31 December 2009 was a negative SEK 43 million (negative: 77), in comparison to the limit set by the Board of +/– SEK 109 million.

The strategic interest rate risk is the interest rate exposure that arises through SBAB's equity and its flow being invested in fixed-interest lending. The flow arises because interest payments for lending and funding have different payment frequencies. SBAB's equity should be used primarily to fund lending operations. The benchmark for investment of equity is defined as a series of durations with even fixed-interest maturities every year from one to 10 years. The flow is invested on the basis of the flow's aggregated duration. The interest rate risk associated with equity is the interest rate risk on the deviation from the benchmark established by the Board. As at 31 December 2009, the strategic interest rate risk amounted to SEK 12 million (11), which is within the approved interval for the deviation from the benchmark, which is +/– SEK 20 million.

The interest rate risk is quantified continuously through sensitivity analysis of the portfolio's change in value in the event of a parallel shift of the yield curve upward by one percentage point.

The interest rate risk is also quantified through measurements of Value at Risk (VaR). The VaR model used is a parametric model with risk measures based on an assumption of normally distributed standard deviations, calculated by variance/covariance matrices for the risk factors included. A unilateral 99.97% confidence interval and a risk settlement period of one year are applied. The change in the value of the portfolio resulting from a parallel shift in the yield curve is used for setting and following up limits, while the VaR result is included in the model for economic capital. The calculation takes into account all contracted transaction flows affecting lending, the liability book and derivatives.

Currency risk

Currency risk means the risk of changes in the Swedish krona's exchange rate in relation to other currencies leading to deterioration in profitability. As a main rule, SBAB shall not be exposed to exchange rate fluctuations. Accordingly, funding in international currency shall be immediately hedged or invested in matching currencies. Investments are currency hedged through funding in the corresponding currency or by entering into currency swap contracts. Since certain currency risks can arise because interest rate flows are not completely matched, a limited deviation from the main rule may be acceptable. The currency risk,

Fixed-rate interest terms for financial assets and liabilities

Carrying amount

Group	**2009**							2008						
SEK million	Without fixed-rate interest term	< 3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total	Without fixed-rate interest term	< 3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total
ASSETS														
Cash and balances at central bank	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Chargeable treasury bills and other eligible bills	–	6,999	–	–	1,099	–	8,098	–	10	–	–	–	–	10
Loans and advances to credit institutions	–	8,132	119	61	682	59	9,054	–	11,964	32	61	448	65	12,570
Loans and advances to the public	–	140,650	13,548	10,124	54,712	6,942	225,976	–	88,507	8,329	15,016	62,932	9,175	183,959
Change in fair value of hedged loan receivables	–	45	171	114	2,020	241	2,590	–	3	41	221	2,445	560	3,270
Bonds and other interest-bearing securities	–	20,110	103	202	8,193	3,805	32,412	–	23,078	615	–	3,799	4,295	31,787
Derivative financial instruments	–	(171,634)	28,175	20,498	121,872	16,211	15,123	–	(130,081)	2,238	21,347	117,604	9,541	20,649
Other assets	761	–	–	–	–	–	761	965	–	–	–	–	–	965
Total financial assets	**761**	**4,303**	**42,116**	**30,999**	**188,578**	**27,258**	**294,014**	**965**	**(6,519)**	**11,255**	**36,645**	**187,228**	**23,636**	**253,210**
LIABILITIES														
Liabilities to credit institutions	–	16,339	–	–	–	–	16,339	–	24,692	5,000	–	–	–	29,692
Customer accounts	–	4,653	–	–	–	–	4,653	–	3,542	–	–	–	–	3,542
Debt securities in issue	–	69,895	43,629	13,247	108,445	13,879	249,095	–	57,471	6,113	22,955	106,731	5,373	198,643
Derivative financial instruments	–	(103,579)	20,041	9,820	69,430	12,618	8,330	–	(93,063)	8,246	13,478	64,047	14,835	7,542
Other liabilities	4,397	–	–	–	–	–	4,397	3,776	–	–	–	–	–	3,776
Subordinated liabilities	–	300	–	928	1,583	740	3,551	–	300	–	1,033	1,585	748	3,666
Total financial liabilities	**4,397**	**(12,392)**	**63,670**	**23,995**	**179,458**	**27,237**	**286,365**	**3,776**	**(7,058)**	**19,359**	**37,466**	**172,363**	**20,956**	**246,862**
Difference assets and liabilities	(3,637)	16,694	(21,554)	7,004	9,120	21	7,649	(2,811)	539	(8,104)	(821)	14,865	2,680	6,348
Parent Company														
ASSETS														
Cash and balances at central bank	–	0	–	–	–	–	0	–	0	–	–	–	–	0
Chargeable treasury bills and other eligible bills	–	6,999	–	–	1,099	–	8,098	–	10	–	–	–	–	10
Loans and advances to credit institutions	(551)	35,741	243	125	1,392	121	37,070	(668)	27,179	5,410	125	915	133	33,094
Loans and advances to the public	–	38,033	1,630	1,857	6,091	613	48,225	–	16,056	1,178	1,173	4,982	1,521	24,910
Change in fair value of hedged loan receivables	–	(1)	(1)	(1)	(13)	(7)	(23)	–	(2)	(2)	(4)	(22)	(11)	(41)
Bonds and other interest-bearing securities	–	20,110	103	202	8,193	3,805	32,412	–	23,078	615	–	3,799	4,295	31,787
Derivative financial instruments	–	(192,710)	46,579	21,182	118,810	16,515	10,375	–	(151,584)	11,993	21,968	114,698	14,619	11,694
Other assets	523	–	–	–	–	–	523	2,192	–	–	–	–	–	2,192
Total financial assets	**(28)**	**(91,827)**	**48,553**	**23,365**	**135,571**	**21,047**	**136,680**	**1,524**	**(85,263)**	**19,194**	**23,262**	**124,372**	**20,557**	**103,646**
LIABILITIES														
Liabilities to credit institutions	–	8,707	–	–	–	–	8,707	–	9,449	5,000	–	–	–	14,449
Customer accounts	–	4,653	–	–	–	-	4,653	–	3,542	–	–	–	–	3,542
Debt securities in issue	–	52,311	33,332	204	23,001	901	109,749	–	54,488	6,189	1,762	8,752	1,681	72,872
Derivative financial instruments	–	(161,257)	32,732	14,497	104,010	20,441	10,424	–	(137,713)	8,247	19,922	102,852	16,004	9,312
Other liabilities	1,791	–	–	–	–	–	1,791	2,266	–	–	–	–	–	2,266
Subordinated liabilities	–	300	–	928	1,583	740	3,551	–	300	–	1,033	1,585	748	3,666
Total financial liabilities	**1,791**	**(95,286)**	**66,064**	**15,629**	**128,594**	**22,082**	**138,875**	**2,266**	**(69,934)**	**19,436**	**22,717**	**113,189**	**18,433**	**106,107**
Difference assets and liabilities	(1,820)	3,459	(17,511)	7,735	6,977	(1,035)	(2,194)	(742)	(15,329)	(242)	545	11,183	2,124	(2,461)

excluding the liquidity portfolio, is calculated as the effect on the present value of all contracted liquid flows given a change in the exchange rate of +/−10 percentage points per corresponding exchange rate. Currency exposure at 31 December 2009 was SEK 7.7 million (6.5). Total currency exposure may not exceed the equivalent of SEK 10 million.

The liquidity portfolio is also hedged through funding in the corresponding currency or through currency swap contracts. Calculated per currency, the portfolio shall be hedged to between 99.5% and 100.5%.

Currency options may only be used for the purpose of hedging, and no open exposures are permitted.

Risks associated with the trading portfolio
The trading portfolio predominantly comprises investments in SBAB's liquidity portfolio. The liquidity portfolio is subject to a minimised interest rate risk. The risk in the liquidity portfolio primarily derives from credit risk. At SBAB, the interest rate, currency, credit and liquidity risk arising from the trading portfolio are managed as an integral feature of the balance sheet, together with other operations, and the risks are limited in accordance with the finance instruction. Interest rate risk in the trading portfolio is included as part of the operational interest rate risks that have been delegated to the treasury department. Credit risks in the shape of issuer and counterparty risk limit in the trading portfolio are governed by credit risk limits.

Liquidity risk

Liquidity risk is defined as the risk that SBAB will not be able to meet its payment obligations in connection with due dates without the related cost increasing significantly.

SBAB has long understood the importance of advanced liquidity risk management. The company's liquidity risk management is based on the following principles:

Broad and diversified funding
Because SBAB has maintained an active presence in the international capital market since 1989, its brand is well-established. Funding takes place on a global basis on short-term, mid-term and long-term. Moreover, the SBAB Group has access to the covered bond market through its subsidiary, The Swedish Covered Bond Corporation (SCBC).

Conservative matching of assets and liabilities
SBAB applies strict regulations as to how assets and liabilities are to be matched. As a rule, capital maturity for funding the lending shall be at least as long as that for the lending itself.

Liquidity reserves
When calculating the value of the securities included in the reserves, SBAB applies the valuation deductions issued by the Riksbank, in accordance with the Riksbank's Guidelines for Collateral Management in the Riksbank's regulatory framework for RIX and monetary policy instruments. In addition to the above reserves, unutilised issuing capacity for covered bonds constitutes a highly liquid reserve.

A liquid balance sheet
SBAB's assets consist primarily of lending against collateral in property and units in tenant-owner associations. SCBC was established in 2006 with the purpose of issuing covered bonds, which has also resulted in increased liquidity in SBAB's balance sheet.

Continuous monitoring of liquidity risks
The size of SBAB's liquidity reserves and the liquidity of the balance sheet are key factors in SBAB's management of liquidity risk. By coordinating funding with liquidity risk management, concentrations of large funding maturities are avoided.

New regulations for liquidity risk
Supervisory authorities in the financial markets conduct extensive development work aimed at devising new regulations for liquidity risk management. SBAB participates in these efforts and is of the opinion that the company is well equipped to manage the forthcoming changes.

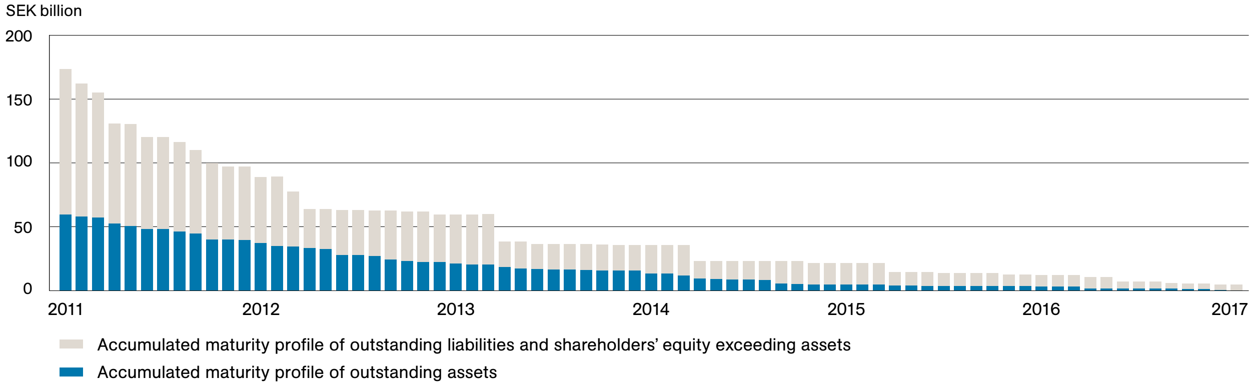
Liquidity reserve with immediately available liquidity
The liquidity reserve comprises immediately available liquidity. At 31 December 2009, SBAB had the following reserves of immediately available liquidity:

- SEK 3.0 billion loan facility at the Swedish National Debt Office (which is reduced by SEK 1 billion at the beginning of each year and expires on 31 December 2011)
- SEK 1.6 billion in bank facilities
- SEK 28.0 billion in liquid securities.

Liquidity risk measurements
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 limited. 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.

In addition, unutilised issuing capacity for covered bonds is an additional reserve that is not included in the calculation of MCO.

Future surplus liquidity, one year and onward



Assets and liabilities plus equity from one year and onward, as at 31 December 2009. The graph shows that SBAB has longer liabilities and equity than assets and therefore does not lack future funding for existing assets.

The principal liquidity risk measures for SBAB are:

- how long the company can cope without raising new loans
- how long the company can cope if it can only issue covered debt*.

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

Liquidity situation in 2009

During 2009, liquidity in monetary and capital markets improved steadily.

Liquidity risk continues to be a matter assigned high priority by SBAB and a conservative approach continues to be applied to its management.

During 2009, the liquidity reserve averaged 73 days MCO (87). At 31 December 2009, the liquidity reserve corresponded to 81 days MCO (105). During 2009, SBAB's liquidity reserve was never less than the equivalent of 30 days' future liquidity requirements. As part of liquidity risk management, SBAB also focuses on unutilised capacity for the issue of covered bonds.

Funding risk

SBAB generally endeavours to achieve maturity periods for funding that are at least as long as the maturity of capital tied up in assets. Funding risk is an expression of deviations from complete matching.

SBAB's calculation of funding risk is based on all contracted capital amounts with a remaining maturity exceeding one year. The calculation thus supplements SBAB's use of the liquidity risk model, which covers the interval up to one year. In the funding risk model, equity is calculated as having the same maturity as SBAB's longest lending assets.

Since the second half of 2007, SBAB has adopted a more conservative approach to management of the funding risk than in the past, whereby coming maturities have been prefinanced, the portion of short-term funding reduced and the liability extended. Capital maturity periods for funding are now longer than those for assets. Forthcoming maturities are monitored carefully and repurchases and prefinancing constitute key elements of practical management efforts aimed at minimising the risk. The funding risk is measured as the size of a future liquidity deficit, as well as the cost of achieving risk neutrality in the shape of a fully maturity-matched balance sheet.

The tables Maturities for financial assets and liabilities and Derivative Cash Flow Statement show how SBAB's future cash flows appeared as at 31 December 2009 and 31 December 2008 respectively, both in the short- and long-term perspective.

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.

SBAB uses the standardised method to assess capital requirements for operational risk. This method entails that the capital requirement is based on 12–18% of the average operating income of the business areas for the past three years. To be permitted to use the standardised method, SBAB must fulfil the requirements for documentation, processes and structures stipulated in the regulations, such as:

- established control documents
- process for managing operational risks
- contingency plans and continuity plans
- internal reporting structure
- method for allocating operating revenues among business areas.

Maturities for financial assets and liabilities *(Amounts refer to contracted, undiscounted cash flows)*

Group	2009							2008						
SEK million	Without fixed-rate interest term	< 3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total	Without fixed-rate interest term	< 3 months	3-6 months	6-12 months	1-5 years	> 5 years	Total
ASSETS														
Cash and balances at central banks	–	–	–	–	–	–	–	0	–	–	–	–	–	0
Chargeable treasury bills and other eligible bills	–	7,000	–	55	1,110	–	8,165	–	10	–	–	–	–	10
Loans and advances to credit institutions	275	5,268	974	1,845	730	65	9,157	200	11,272	167	448	491	71	12,649
Loans and advances to the public	–	28,721	48,002	84,533	67,438	7,781	236,475	–	23,681	28,383	62,422	72,260	9,992	196,738
Bonds and other interest-bearing securities	–	793	636	2,553	25,817	6,763	36,562	–	782	1,217	1,567	25,906	8,505	37,977
Of which, classified as loan receivables and accounts receivable	–	*463*	*382*	*2,153*	*15,895*	*2,629*	*21,522*	–	*667*	*1,102*	*1,405*	*20,247*	*3,257*	*26,678*
Derivative financial instruments	–	15,328	16,955	18,824	96,656	17,868	165,631	–	13,693	11,238	27,398	84,415	11,667	148,411
Other assets	761	–	–	–	–	–	761	965	–	–	–	–	–	965
Total financial assets	**1,036**	**57,110**	**66,567**	**107,810**	**191,751**	**32,477**	**456,750**	**1,165**	**49,438**	**41,005**	**91,835**	**183,072**	**30,235**	**396,750**
LIABILITIES														
Liabilities to credit institutions	–	16,340	–	–	–	–	16,340	9,634	15,146	5,120	–	–	–	29,900
Customer accounts	4,653	–	–	–	–	–	4,653	3,542	–	–	–	–	–	3,542
Debt securities in issue	–	33,718	32,104	19,562	164,368	14,948	264,700	–	25,221	10,617	33,504	138,933	7,683	215,958
Derivative financial instruments	–	14,239	14,899	17,763	93,953	18,822	159,676	–	13,204	10,637	23,991	76,014	11,982	135,828
Other liabilities	4,397	–	–	–	–	–	4,397	3,776	–	–	–	–	–	3,776
Subordinated liabilities	–	1	129	14	1,980	1,887	4,011	–	3	130	44	2,079	2,047	4,303
Loan promises and other credit related commitments	–	53,282	–	–	–	–	53,282	–	24,719	–	–	–	–	24,719
Total financial liabilities	**9,050**	**117,579**	**47,132**	**37,339**	**260,301**	**35,657**	**507,058**	**16,952**	**78,293**	**26,504**	**57,539**	**217,026**	**21,712**	**418,026**
Parent Company														
ASSETS														
Cash and balances at central banks	–	–	–	–	–	–	–	0	–	–	–	–	–	0
Chargeable treasury bills and other eligible bills	–	7,000	–	55	1,110	–	8,165	–	10	–	–	–	–	10
Loans and advances to credit institutions	26,845	3,059	1,988	3 766	1,489	132	37,279	19,524	5,975	5,815	915	1,001	144	33,374
Loans and advances to the public	–	6,541	10,620	23,141	8,961	670	49,932	–	3,087	3,511	9,698	8,670	1,656	26,622
Bonds and other interest-bearing securities	–	793	636	2,553	25,817	6,763	36,562	–	782	1,217	1,567	25,906	8,505	37,977
Of which, classified as loan receivables and accounts receivable	–	*463*	*382*	*2,153*	*15,895*	*2,629*	*21,522*	–	*667*	*1,102*	*1,405*	*20,247*	*3,257*	*26,678*
Derivative financial instruments	–	96,681	29,734	13,520	116,842	14,882	271,659	–	81,880	18,155	24,171	91,082	16,617	231,905
Other assets	523	–	–	–	–	–	523	2,192	–	–	–	–	–	2,192
Total financial assets	**27,368**	**114,074**	**42,978**	**43,035**	**154,219**	**22,446**	**404,120**	**21,716**	**91,734**	**28,698**	**36,351**	**126,659**	**26,922**	**332,080**
LIABILITIES														
Liabilities to credit institutions	–	8,708	–	–	–	–	8,708	544	8,998	5,120	–	–	–	14,662
Customer accounts	4,653	–	–	–	–	–	4,653	3,542	–	–	–	–	–	3,542
Issued securities	–	20,576	18,467	5,479	67,616	1,156	113,294	–	24,750	8,356	9,138	34,161	3,104	79,509
Derivative financial instruments	–	96,511	29,623	13,351	117,356	15,602	272,443	–	79,718	18,650	23,726	91,705	16,563	230,362
Other liabilities	1,791	–	–	–	–	–	1,791	2,266	–	–	–	–	–	2,266
Subordinated liabilities	–	1	129	14	1,980	1,887	4,011	–	3	130	44	2,079	2,047	4,303
Loan promises and other credit related commitments	–	53,184	–	–	–	–	53,184	–	24,633	–	–	–	–	24,633
Total financial liabilities	**6,444**	**178,980**	**48,219**	**18,844**	**186,952**	**18,645**	**458,084**	**6,352**	**138,102**	**32,256**	**32,908**	**127,945**	**21,714**	**359,277**

For receivables and liabilities that are amortised, the maturity for amortisations was calculated as the period up to the due date for the respective amortisation. Foreign currency flows were converted at closing rate as at 31 December 2009. The Parent Company SBAB is the creditor for SCBC's subordinated liabilities. Because the maturity is not specified, current liability is reported without maturity and without estimated interest rate flow. As at 31 December 2009, the item Loan promises and other credit related commitments, which amounted to SEK 53,282 million (24,719) for the Group, was reduced to SEK 9,326 million (4,756) after taking the credit conversion factor into consideration, i.e. the statistically calculated probability that the exposure will lead to payment of the loan. Corresponding figures for the Parent Company amounted to SEK 53,184 million (24,633) and SEK 9,242 million (4,682) respectively.

Derivative Cash Flow Statement *(Amounts refer to contracted, undiscounted cash flows.)*

Group	2009						2008					
SEK million	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total	Up to 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
DERIVATIVES SETTLED ON A NET BASIS												
Currency related derivatives	–	–	–	–	–	–	–	–	–	–	–	–
Interest rate related derivatives	(339)	(496)	1,895	754	(1,409)	405	(839)	(359)	1,445	573	(863)	(43)
Total derivatives settled on a net basis	**(339)**	**(496)**	**1,895**	**754**	**(1,409)**	**405**	**(839)**	**(359)**	**1,445**	**573**	**(863)**	**(43)**
DERIVATIVES SETTLED ON A GROSS BASIS												
Currency related derivatives												
– Inflows	2,089	12,413	25,764	66,830	13,572	120,668	2,753	8,986	27,586	65,660	9,513	114,498
– Outflows	(1,880)	(10,698)	(24,542)	(64,881)	(13,117)	(115,118)	(2,260)	(7,793)	(25,022)	(57,832)	(8,965)	(101,872)
Interest rate related derivatives												
– Inflows	–	–	–	–	–	–	–	–	–	–	–	–
– Outflows	–	–	–	–	–	–	–	–	–	–	–	–
Inflows total	**2,089**	**12,413**	**25,764**	**66,830**	**13,572**	**120,668**	**2,753**	**8,986**	**27,586**	**65,660**	**9,513**	**114,498**
Outflows total	**(1,880)**	**(10,698)**	**(24,542)**	**(64,881)**	**(13,117)**	**(115,118)**	**(2,260)**	**(7,793)**	**(25,022)**	**(57,832)**	**(8,965)**	**(101,872)**
Parent Company												
DERIVATIVES SETTLED ON A NET BASIS												
Currency related derivatives	–	–	–	–	–	–	–	–	–	–	–	–
Interest rate related derivatives	(46)	92	304	(207)	(767)	(624)	281	546	249	(621)	(217)	238
Total derivatives settled on a net basis	**(46)**	**92**	**304**	**(207)**	**(767)**	**(624)**	**281**	**546**	**249**	**(621)**	**(217)**	**238**
DERIVATIVES SETTLED ON A GROSS BASIS												
Currency related derivatives												
– Inflows	78	271	11,970	43,360	4,074	59,753	2,397	8,393	10,561	15,434	5,228	42,013
– Outflows	(37)	(185)	(11,994)	(43,667)	(4,027)	(59,910)	(2,000)	(7,453)	(10,863)	(15,436)	(4,957)	(40,709)
Interest rate related derivatives												
– Inflows	–	–	–	–	–	–	–	–	–	–	–	–
– Outflows	–	–	–	–	–	–	–	–	–	–	–	–
Inflows total	**78**	**271**	**11,970**	**43,360**	**4,074**	**59,753**	**2,397**	**8,393**	**10,561**	**15,434**	**5,228**	**42,013**
Outflows total	**(37)**	**(185)**	**(11,994)**	**(43,667)**	**(4,027)**	**(59,910)**	**(2,000)**	**(7,453)**	**(10,863)**	**(15,436)**	**(4,957)**	**(40,709)**

Foreign currency flows were converted at the closing rate as at 31 December 2009. Future interest rate flows for assets and liabilities with floating interest rates were estimated to the stipulated term of expiry with the aid of forward/forward interest rates based on the current interest base, usually the three-month STIBOR.

SBAB uses the Opera model to manage operational risk. The model is based on self-evaluation of operational risks for established processes and on incident reporting. The results of the self-evaluation are reported annually and any incidents that occur are reported on a monthly basis to the Board of Directors and senior executives.

During the year, a mapping of significant processes and risks associated with the financial reporting system was implemented in order to assure their quality.

Business risk

Business risk means the risk of declining earnings due to more difficult competitive conditions.

Business risk is allocated to two main groups: new business and existing business. Business risk is included in the calculation of the capital requirement on the basis of economic capital with the aid of a standardised method, which is based on the business areas' operating expenses.

Concentration risk

SBAB defines concentration risk as "if the same underlying factor realises the risk" in combination with the fact that the concentration must be regarded as risky.

In 2009, SBAB developed a model designed to manage concentration risks. Requisite capital has been allocated to counter the concentration risks that arise from the business operations.

SBAB's operations primarily concentrate on the Swedish property market, which gives rise to a slight concentration risk from a sector perspective and from a geographical perspective.

Large exposures, meaning borrower concentrations, are dealt with on the basis of the SBAB Group's credit directives. The loans concerned are identified, checked and monitored to ensure that they fall within the statutory framework for large exposures.

Internal capital evaluation, Basel Committee's Pillar 2

The purpose of SBAB's internal capital evaluation process is to ensure that the company identifies, values, secures and handles the risks to which it is exposed and that SBAB has risk capital that is compatible with the selected risk profile. The process is revised annually to capture changes in the operating environment that continuously affect the company's performance.

SBAB's evaluation of the extent of the risk capital required to counter the combined risk in the company's operations is based primarily on the calculation of SBAB's economic capital. A qualitative assessment is then made of the risks that are not included in the calculation of economic capital. In addition, SBAB takes into account risk linked to extraordinary events, which is illustrated in conjunction with stress tests. Based on the quantitative assessment and the results of the stress tests, economic capital is supplemented with an extra buffer capital, which corresponds to the risk capital in accordance with Pillar 2.

Taken together, the calculated risk capital comprises the capital that is desirable to meet all risks in the SBAB Group's operations. At 31 December 2009, internally calculated capital requirements amounted to SEK 6,939 million (5,986). The comparative figure at 31 December 2008 has been reduced by SEK 34 million due to an adjustment of the size of the buffer capital.

Economic capital

Economic capital comprises the capital that, according to SBAB's assessment, is required to cover unexpected losses during the coming year. Expected losses shall be covered by earnings from operating activities. The economic capital evaluation takes into account credit risk, market risk, operational risk and business risk. Credit risk is the dominant risk in SBAB's operations. The levels reflect diversification effects, meaning that the risk has been reduced by taking into account the probability that several risks will be realised simultaneously.

To a substantial extent, the economic capital model is based on the result of the Group's IRB models for quantification of credit risk. In addition to comprising an assessment of the combined capital requirement to counter the risks in the company's operations, the economic capital model is also used to monitor profitability in the company's operations, for economic control and for strategic considerations.

The SBAB Group's economic capital allocated by risk type

	2009	2008
Economic capital, SEK M	5,763	4,896
Of which		
Credit risk	73%	71%
Market risk	20%	25%
Business risk	3%	3%
Operational risk	4%	1%

Stress tests

To ensure that the economic capital can also cover unexpected losses in deteriorating economic conditions, stress tests and scenario analyses are conducted on the basis of a number of selected variables. Particular weight is placed on the interest rate trend and market price changes pertaining to properties.

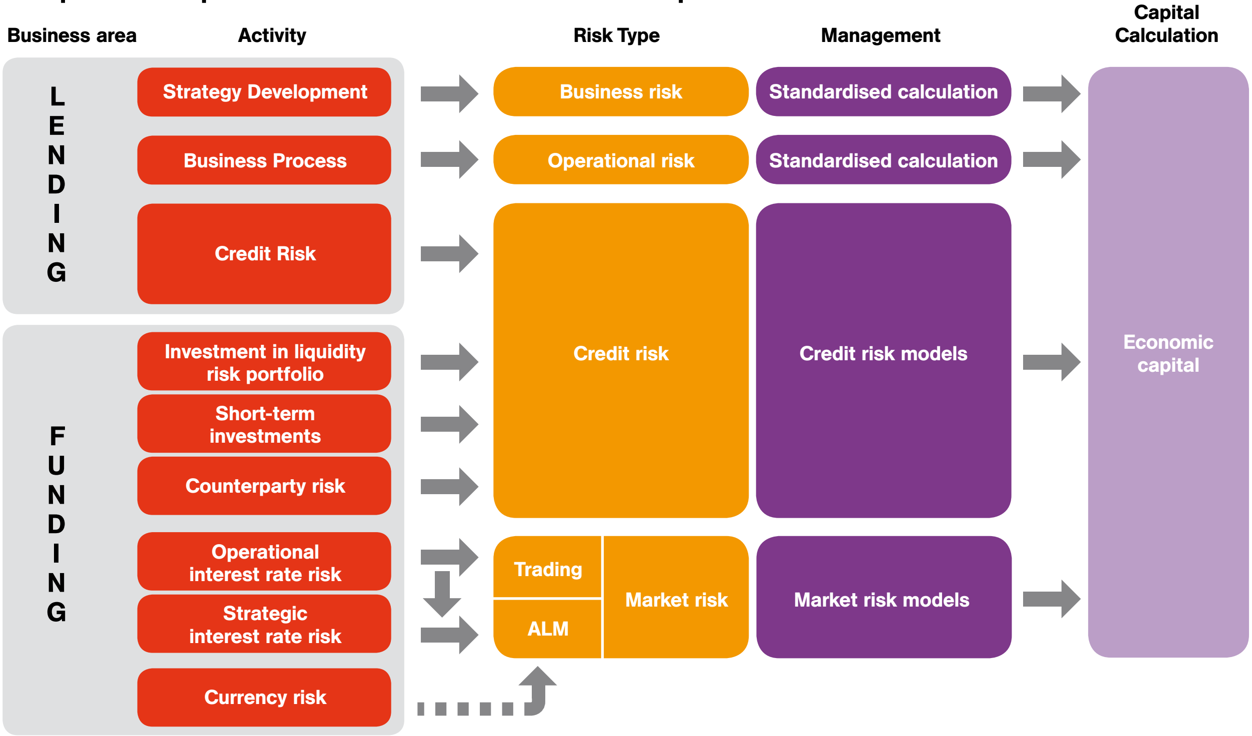
Stress tests are based on two main scenarios. The first, a downturn scenario, is based on the trends seen in 1992 – 1994, while the second is based on the current time period and is a flexible scenario. The latter illustrates the effects of SBAB's future outlook. Although the essential purpose of the tests is to indicate the need for the supply of capital, the effects on the Group's earnings trend are also illustrated.

Implemented stress tests show that, in the event of a significant economic decline, the greatest changes take place among risk classes in the superior segments, while the poorest segments are not affected to the same extent. This is explained by the fact that more borrowers have ended up representing an increasingly lower credit risk viewed over a ten-year period, due in part to a gradual reduction in interest rates. In a recessionary scenario, a corresponding shift between the risk classes occurs but in the opposite direction, meaning towards the inferior risk classes.

Capital adequacy

SBAB reports credit risk mainly in accordance with the internal rating based (IRB) method, and reports operational and market risk in accordance with the standardised method. Taking into account the transitional regulations, the SBAB Group's capital ratio at 31 December 2009 was 1.15

Comprehensive process for calculation of economic capital



(1.17), the capital adequacy was 9.2% (9.4) and the primary capital ratio 7.4% (7.6). After full implementation of Basel II, without taking the transitional regulations into account, capital adequacy was 19.7% (16.8) and the primary capital ratio was 15.9% (13.5) at 31 December 2009. In accordance with the original plan, the transitional regulations were to cease during 2010. According to new rules issued by the Swedish Financial Supervisory Authority, Basel II will not be fully implemented until after the close of 2011, which has a major impact on SBAB's reported capital adequacy and the primary capital ratio. Earnings for the year are included in the calculation of the capital base and primary capital. The figures do not include the dividend paid to shareholders, which is in line with the Board of Directors' proposal for the appropriation of profits.

For the Parent Company, the capital ratio was 3.84 (4.42), capital adequacy 30.7% (35.3), the primary capital ratio 24.5% (27.2) and the capital base SEK 10,855 million (9,481).

When calculating capital adequacy and the capital ratio, 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.

The model used for calculating minimum capital in accordance with Basel II, Pillar 2 is based to a considerable extent on the result of the Group's IRB models for quantifying credit risk. In the assessment, market risk, operational risk and business risk have also been taken into account, supplemented by the results of stress tests and an extra buffer for extraordinary events. The model was adjusted during 2009 in terms of the size of buffer capital. At 31 December 2009, minimum capital according to Pillar 2 amounted to SEK 6,939 million (5,986). The increase was predominantly due to the rise in the credit portfolio. The comparative figure for 31 December 2008 has been reduced by SEK 34 million, to reflect an adjustment of the model used to calculate the buffer capital.

There are no ongoing or anticipated material obstacles or legal barriers to a rapid transfer of funds from the capital base other than those that ensue from the terms for the subordinated debentures (see Note 29 in the Annual Report) or what generally arises from the Companies Act.

Capital base

Group, SEK million	2009	2008
Primary capital		
Equity	7,517	6,637
Primary capital contribution	994	994
Minority interest	492	500
Total primary capital gross	**9,003**	**8,131**
Less other intangible assets	(39)	(48)
Less deferred tax assets	–	(24)
Deductions in accordance with Chapter 3, Section 8 of the Capital Adequacy Act	(116)	(411)
Total primary capital net	**8,848**	**7,648**
Supplementary capital		
Perpetual subordinated debentures	–	–
Time-limited subordinated debentures	2,260	2,260
Deductions in accordance with Chapter 3, Section 8 of the Capital Adequacy Act	(115)	(410)
Total supplementary capital	**2,145**	**1,850**
Expanded part of capital base	–	–
Deduction from entire capital base	–	–
Amount for capital base net after deductible items and limit value	**10,993**	**9,498**

Capital requirements

Group, SEK million	2009	2008
Credit risk reported in accordance with IRB method		
– Corporate exposures	2,014	1,577
– Retail exposures	889	672
Total credit risk in accordance with IRB method	**2,903**	**2,249**
Credit risk reported in accordance with standardised method		
– Exposures to governments and central banks	0	0
– Exposures to municipalities and comparable associations	0	0
– Institutional exposures	188	978
– Corporate exposures	1,044	980
– Retail exposures	23	14
– Unregulated items	1	1
– Other items	5	4
Total credit risk in accordance with standardised method	**1,261**	**1,977**
Risks in the commercial portfolio	**158**	**149**
Operational risk	**140**	**143**
Currency risk	**–**	**–**
Raw material risk	**–**	**–**
Total minimum capital requirement	**4,462**	**4,518**
Addition during transitional period	5,120	3,577
Capital requirement including addition	**9,582**	**8,095**

Capital adequacy

	Group		Parent Company		FriSpar Bolån		SCBC	
SEK million	2009	2008	2009	2008	2009	2008	2009	2008
Primary capital	8,848	7,648	8,647	7,287	992	993	8,993	7,371
Total capital	10,993	9,498	10,855	9,481	992	993	8,993	7,371
With the transitional rules								
Risk-weighted assets	119,776	101,182	35,311	26,840	3,790	1,024	80,760	73,535
Primary capital ratio	7.4%	7.6%	24.5%	27.2%	26.2%	96.9%	11.1%	10.0%
Capital adequacy	9.2%	9.4%	30.7%	35.3%	26.2%	96.9%	11.1%	10.0%
Capital ratio	1.15	1.17	3.84	4.42	3.27	12.12	1.39	1.25
Without the transitional rules								
Risk-weighted assets	55,780	56,474	29,147	23,666	791	504	27,172	33,783
Primary capital ratio	15.9%	13.5%	29.7%	30.8%	125.4%	197.1%	33.1%	21.8%
Capital adequacy	19.7%	16.8%	37.2%	40.1%	125.4%	197.1%	33.1%	21.8%
Capital ratio	2.46	2.10	4.66	5.01	15.68	24.63	4.14	2.73

Income Statement

SEK million	Note	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Interest income	1	6,043	11,222	2,294	4,445
Interest expense	1	(4,524)	(10,081)	(1,611)	(4,175)
Net interest income		**1,519**	**1,141**	**683**	**270**
Dividend income	2	–	–	9	–
Commission income	3	44	45	90	73
Commission expense	3	(90)	(33)	(40)	(18)
Net income from financial instruments measured at fair value	4	495	(26)	356	(143)
Other operating income	5	6	0	415	375
Total operating income		**1,974**	**1,127**	**1,513**	**557**
Personnel expenses	6	(309)	(268)	(308)	(268)
Other expenses	7	(241)	(220)	(250)	(230)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	8	(28)	(32)	(13)	(16)
Total expenses before loan losses		**(578)**	**(520)**	**(571)**	**(514)**
Profit before loan losses		**1,396**	**607**	**942**	**43**
Loan losses, net	9	(107)	(22)	(82)	(4)
Operating profit		**1,289**	**585**	**860**	**39**
Income tax	10	(338)	(161)	(224)	16
Profit for the year		**951**	**424**	**636**	**55**

Statement of Comprehensive Income

SEK million	Note	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Profit for the year		**951**	**424**	**636**	**55**
OTHER COMPREHENSIVE INCOME					
Revenues/Expenses recognised directly in equity					
Change in reclassified financial assets, after tax	30	67	(203)	67	(203)
Change in instruments used in cash flow hedging, after tax	30	(3)	(15)	(3)	(15)
Other comprehensive income during the year, after tax		**64**	**(218)**	**64**	**(218)**
Total comprehensive income during the year		**1,015**	**206**	**700**	**(163)**

In accordance with FFFS 2008:25, recognition of other comprehensive income is not mandatory for 2009. The Parent Company has elected to recognise comprehensive income in advance in two statements, as above.

Balance Sheet

SEK million	Note	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
ASSETS					
Cash and balances at central banks		0	0	0	0
Chargeable treasury bills and other eligible bills	11	8,098	10	8,098	10
Loans and advances to credit institutions	12	9,054	12,570	37,070	33,094
Loans and advances to the public	13	225,976	183,959	48,225	24,910
Change in fair value of hedge-accounted loan receivables	14	2,590	3,270	(23)	(41)
Bonds and other interest-bearing securities	15	32,412	31,787	32,412	31,787
Derivative financial instruments	16	15,123	20,649	10,375	11,694
Shares and participations in joint ventures	17	–	–	510	510
Shares and participations in Group companies	18	–	–	9,600	9,600
Deferred tax assets	28	–	24	–	–
Intangible fixed assets	19	39	48	6	12
Property, plant and equipment	20	22	12	22	12
Other assets	21	65	228	43	1,686
Prepaid expenses and accrued income	22	696	737	480	506
TOTAL ASSETS		**294,075**	**253,294**	**146,818**	**113,780**
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	23	16,339	29,692	8,707	14,449
Customer accounts	24	4,653	3,542	4,653	3,542
Debt securities in issue	25	249,095	198,643	109,749	72,872
Derivative financial instruments	16	8,330	7,543	10,424	9,312
Other liabilities	26	331	172	922	1,342
Accrued expenses and prepaid income	27	4,066	3,604	869	924
Provisions	28	333	–	373	354
Subordinated liabilities	29	3,551	3,666	3,551	3,666
Total liabilities		**286,698**	**246,862**	**139,248**	**106,461**
Equity					
Share capital	30	1,958	1,958	1,958	1,958
Legal reserve		–	–	392	392
Other reserves/Fair value reserve	30	(140)	(204)	(140)	(204)
Retained earnings	30	4,608	4,254	4,724	5,118
Profit for the year		951	424	636	55
Total equity		**7,377**	**6,432**	**7,570**	**7,319**
TOTAL LIABILITIES AND EQUITY		**294,075**	**253,294**	**146,818**	**113,780**
Off-balance sheet items					
Assets pledged for own liabilities	31	166,374	153,115	7,157	10
Commitments	32	53,282	24,719	89,285	46,813

Statement of Changes in Equity

Group

SEK million		Share capital	Other reserves	Retained earnings and profit for the year	Total equity
OPENING BALANCE 1 JANUARY 2008		**1,958**	**14**	**4,254**	**6,226**
Total other comprehensive income during the year, after tax	Note 30		(218)		(218)
Profit for the year				424	424
CLOSING BALANCE 31 DECEMBER 2008		**1,958**	**(204)**	**4,678**	**6,432**
OPENING BALANCE 1 JANUARY 2009		**1,958**	**(204)**	**4,678**	**6,432**
Change in accounting policies, IAS 19, after tax	Note 30			(70)	(70)
Adjusted opening balance 1 January 2009		**1,958**	**(204)**	**4,608**	**6,362**
Total other comprehensive income during the year, after tax	Note 30		64		64
Profit for the year				951	951
CLOSING BALANCE 31 DECEMBER 2009		**1,958**	**(140)**	**5,559**	**7,377**

Parent Company

		Restricted equity		Non-restricted equity		
mnkr		Share capital	Legal reserve	Fair value reserve	Retained earnings and profit for the year	Total equity
OPENING BALANCE 1 JANUARY 2008		**1,958**	**392**	**14**	**3,966**	**6,330**
Total other comprehensive income during the year, after tax	Note 30			(218)		(218)
Profit for the year					55	55
Group contribution received, after tax					1,152	1,152
CLOSING BALANCE 31 DECEMBER 2008		**1,958**	**392**	**(204)**	**5,173**	**7,319**
OPENING BALANCE 1 JANUARY 2009		**1,958**	**392**	**(204)**	**5,173**	**7,319**
Total other comprehensive income during the year, after tax	Note 30			64		64
Profit for the year					636	636
Group contribution provided, after tax					(449)	(449)
CLOSING BALANCE 31 DECEMBER 2009		**1,958**	**392**	**(140)**	**5,360**	**7,570**

Cash Flow Statement

	Group		Parent Company	
SEK million	2009	2008	2009	2008
Cash and cash equivalents at the beginning of the year	**11,377**	**10,140**	**5,986**	**3,124**
OPERATING ACTIVITIES				
Interest received	6,162	11,299	2,326	4,394
Commission received	39	52	86	91
Interest paid	(4,729)	(10,150)	(1,895)	(4,878)
Commission paid	(46)	(27)	(23)	(24)
Dividends received for shares and similar securities	–	–	9	408
Recoveries on loans previously written off	3	1	3	1
Payments to suppliers and employees	(531)	(482)	(532)	(484)
Income taxes paid/received	89	(96)	(7)	68
Changes in subordinated receivables	–	–	(7,200)	(3,986)
Changes in loans and advances to credit institutions [1]	(3,000)	8,577	(820)	12,255
Change in loans and advances to the public	(41,942)	(15,957)	(23,354)	4,667
Change in securities, current assets	(9,786)	2,512	(9,786)	2,512
Change in liabilities to credit institutions	(13,353)	14,156	(5,742)	7,357
Change in customer accounts	1,111	2,783	1,111	2,783
Issue of long-term debt securities	141,797	78,787	72,077	33,198
Repayment of long-term debt securities	(93,954)	(68,912)	(40,273)	(30,435)
Issue of short-term debt securities	83,691	111,530	83,691	111,530
Repayment of short-term debt securities	(75,707)	(133,332)	(75,707)	(133,332)
Change in other assets and liabilities	3,669	112	1,609	(552)
Cash flow from operating activities	**(6,487)**	**853**	**(4,427)**	**5,573**
INVESTING ACTIVITIES				
Sale of property, plant and equipment	0	0	0	0
Investments in property, plant and equipment and intangible fixed assets	(28)	(19)	(17)	(6)
Investments in subsidiaries and joint ventures	–	–	(1,200)	(3,108)
Cash flow from investing activities	**(28)**	**(19)**	**(1,217)**	**(3,114)**
FUNDING ACTIVITIES				
Issue of subordinated debentures	–	1,000	–	1,000
Repayment of subordinated debentures	–	(597)	–	(597)
Group contribution received	–	–	1,600	–
Cash flow from funding activities	**–**	**403**	**1,600**	**403**
Increase/Decrease in cash and cash equivalents	**(6,515)**	**1,237**	**(4,044)**	**2,862**
Cash and cash equivalents at year-end	**4,862**	**11,377**	**1,942**	**5,986**

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.

[1] *Pertains to loans and advances to credit institutions with a maturity of more than three months from the date of acquisition.*

Accounting Policies

The operations of the Swedish Housing Finance Corporation (SBAB) and its subsidiaries and joint ventures mainly comprise lending to private individuals, tenant-owner associations and companies in the Swedish residential mortgage market. SBAB's offering also includes savings products. SBAB is a limited liability company that is registered in Stockholm County, Stockholm Municipality, which is also where the Board of Directors has its registered office. The address of the Head Office is the Swedish Housing Finance Corporation (SBAB), Box 27 308, SE-102 54 Stockholm.

The Annual Report for the Swedish Housing Finance Corporation (SBAB) has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the accounting regulatory code of the Swedish Financial Supervisory Authority (FFFS 2008:25), the Act concerning Credit Institutions and Securities Companies (ÅRKL) and the requirements in the Swedish Financial Reporting Board's recommendation RFR 1.2 Supplementary Accounting Rules for Groups were taken into consideration. It has been prepared in accordance with the acquisition method, apart from items pertaining to revaluation of derivative instruments, available-for-sale financial assets and financial assets and liabilities at fair value through profit and loss.

These consolidated financial statements were authorised for issue by the Board of Directors on 16 March 2010. They will receive final approval from the Annual General Meeting of Shareholders on 21 April 2010.

Changed and new accounting policies in 2009

The Group has applied the following new or revised accounting policies as of 1 January 2009.

- IAS 1 (Revised) Presentation of Financial Statements
  The revised standard prohibits the presentation of income and expense items (meaning changes in equity that do not involve transactions with shareholders) in the statement of changes in shareholders' equity. Instead it requires that "changes in shareholders' equity" that do not involve transactions with shareholders be recognised separately from changes in shareholders' equity in a statement of comprehensive income. Accordingly, the Group presents all shareholder-related changes in shareholders' equity in the "Statement of changes in equity" while all changes in shareholders' equity that do not pertain to transactions with shareholders are presented in the "Statement of comprehensive income".

- IFRS 7 (Amendment) Financial Instruments: Disclosures
  The amendment requires information about fair value measurement and liquidity risk. For SBAB, it primarily requires fair value measurement to be provided per tier in the following measurement hierarchy: prices quoted on active markets, other observable market data and non-observable market data.

- IFRS 8 Operating Segments
  According to IFRS 8, an operating segment is a part of a company that generates income and expenses. Operating segments are reported in a manner that complies with the internal financial reporting as submitted by the senior executive decision-maker. The operating segments comply with the appearance of SBAB's organisation and match the segments previously reported according to IAS 14.

- IAS 19 Employee benefits
  SBAB has defined-benefit pension plans. During prior years, information about these plans has not been available and these plans have therefore been recognised as defined-contribution plans. As of 1 January 2009, the information that can be obtained about this is currently designed in such a manner that it is possible to calculate the pension obligations as a defined-benefit plan in accordance with IAS 19.
  The change in accounting policy has been implemented in accordance with the transitional regulations, which entails making an irrevocable choice that the defined-benefit liability be recognised directly, in accordance with IAS 8. At 1 January 2009, the calculated pension liability for the defined-benefit plans that formerly, due to lack of information, could not be recognised in this way amounted to SEK 76 million (94, including special payroll tax). If deferred tax is taken into account, the change affects retained earnings by SEK 70 million.

Implementation of new accounting standards

The IASB has decided to implement new standards and to change applicable standards. These standards became effective on 1 July 2009 and are applied to financial years beginning on 1 January 2010.

- IAS 27 (Amendment) Consolidated and Separate Financial Statements (applicable as of 1 July 2009)
  The amended standard requires that the effects of transactions with shareholders who have no controlling influence (previously called minority interests) be recognised in shareholders' equity if they do not result in any change in the controlling influence and these transactions no longer give rise to goodwill or profits and losses. The standard also states that when a parent company loses its controlling influence, any remaining portion of the company must be remeasured at fair value and a profit and loss be recognised in profit and loss. The Group will apply IAS 27 (Amendment) prospectively for any "transactions with shareholders who have no controlling influence" as of 1 January 2010.

- IFRS 3 (Revised), Business Combinations (applies as of 1 July 2009)
  The revised standard continues to prescribe that the acquisition method be applied to business combinations, but with a few material changes. For example, all payments for acquiring a business must be recognised at fair value on the date of acquisition, while subsequent conditional payments must be classified as liabilities and thereafter be measured in profit and loss. "Holdings that do not give rise to a controlling influence" (previously called minority interests) in the acquired business may be measured optionally at either fair value or the proportional share of the acquired business's net assets, as held by the shareholder without gaining a controlling influence. All transaction costs pertaining to business combinations must be expensed. As of 1 January 2010, the Group will apply IFRS 3 (Revised) prospectively for any business combinations.

- IFRS 9 Financial Instruments
  New requirements concerning classification and measurement of financial assets and liabilities are presented in this standard. The aim is that IFRS 9 will replace IAS 39 in its entirety. Although the standard is not mandatory until 1 January 2013, premature application is permissible. However, IFRS 9 has not yet been adopted by the EU. SBAB is awaiting decisions on other features of IFRS 9 in order to evaluate the effects on the company's financial statements.

General accounting policies

Consolidation

The consolidated financial statements were prepared in accordance with the acquisition method and include the Parent Company, The Swedish Housing Finance Corporation, SBAB and its subsidiaries.

Entities qualify as subsidiaries if they are controlled by the Parent Company, which means that the Parent Company has the power to govern the financial and operating strategies of the entity in order to obtain financial benefits from its activities. The companies included in the Group are those over which SBAB exercises the control generally accompanying a shareholding of more than 50% of the voting rights or where the Group exercises a sole determining influence by agreement. The companies are consolidated from the date on which control is transferred to SBAB and are deconsolidated from the date on which control ceases. Intra-Group transactions and receivables and liabilities between Group companies are eliminated.

Joint venture
By contractual agreement, FriSpar Bolån is to be regarded as a joint venture and reported in accordance with the proportional consolidation method. Proportional consolidation means that SBAB's share (51%) of the company's assets and liabilities is included in the consolidated balance sheet. The corresponding share of the company's income and expense is included in the consolidated income statement.

Recognition and derecognition in the balance sheet
Issued and purchased securities, including all derivative financial instruments, are recognised on the trade date, meaning the date on which the significant risks and contractual rights are transferred between the parties. Other financial instruments are recognised on the settlement date.

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

Recognition of income and expense
Interest income and interest expense (including interest income from impaired receivables) are reported in accordance with the compounded interest method. The calculation of the compounded interest rate includes all fees paid or received between parties to the contract, including transaction expenses.

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

Commission income and commission expense are included in profit and loss continuously in accordance with the terms of the contract.

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

Financial instruments
Classification
All financial instruments that are covered by IAS 39 and are not covered by hedge accounting are classified in accordance with this standard in the following categories:

- Financial assets at fair value through profit and loss
- Loans and receivables
- Financial liabilities measured at fair value through profit and loss
- Other financial liabilities

SBAB has no assets classified as "Held-to-maturity investments" or "Available-for-sale financial assets".

Measurement of fair value
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Measurement of the fair value of financial instruments measured at fair value and quoted on an active market is based on quoted prices.

If the market for a financial instrument is not active, the fair value is estab¬lished on the basis of generally accepted valuation techniques. Calculations conducted in connection with measurement are based to the greatest extent possible on observable market information. In individual cases, the calculations may also be based on own assumptions or estimates.

Financial assets at fair value through profit and loss
The category "Financial assets at fair value through profit and loss" is divided into those financial assets held for trading and those financial assets that executive management has designated as such upon initial recognition. All of SBAB's assets in this category are classified as held for trading and primarily include interest-bearing instruments. Assets in this category are initially recognised at fair value, while related transaction expenses are recognised in profit and loss.

Changes in fair value and realised gains or losses for these assets are recognised directly in profit and loss under the heading "Net income from financial instruments measured at fair value", while interest accrued and received is recognised as interest income.

Loans and receivables
Financial assets classified as loans and receivables are reported at fair value plus transaction expenses at the time the loan is released. Loan receivables and accounts receivable are subsequently measured at amortised cost using the compounded interest method. This category consists of assets with fixed or determinable payments that are not quoted in an active market. Loan receivables consist of lending to the public and credit institutions and include associated items. The majority of lending comprises consumer credits for home loans and loans to legal entities and private individuals for multi-family dwellings and commercial properties. Changes in value and impairment losses are recognised as "Loan losses, net" while interest accrued and received is recognised as interest income. Also refer to the section on "Loan losses and impairment of financial assets" on page 52.

From 1 July 2008, loan receivables also include the bonds (RMBS, Residential Mortgage Backed Securities) that have been reclassified from "Available-for-sale financial assets" to "Loans receivables and accounts receivable". For further information, refer to Note 33. Impairment losses are recognised as "Impairment of financial assets", while interest accrued and received is recognised as interest income.

Available-for-sale financial assets
Financial assets that were previously included in this category pertained to the bonds that have been reclassified as "Loan receivables and accounts receivable". The change in value that was recognised on the reclassification occasion in "Other reserves/Fair value reserve under equity was reversed using the compounded interest method in pace with the maturity period of the underlying asset. This reversal was recognised in profit and loss as interest income.

Financial liabilities at fair value through profit and loss
The category "Financial liabilities at fair value through profit and loss" is divided into those financial liabilities held for trading and those financial liabilities that executive management has designated as such upon initial recognition. All of SBAB's liabilities in this category are classified as held for trading. The category includes derivatives not covered by hedge accounting. Liabilities in this category are initially recognised at fair value, while related transaction expenses are recognised in profit and loss.

Changes in fair value and realised gains or losses for these liabilities are recognised in profit and loss under the heading "Net income from financial instruments measured at fair value", while interest accrued and paid is recognised in net interest income.

Other financial liabilities
Financial liabilities that are not classified as "Financial liabilities at fair value through profit and loss" are initially recognised at fair value with an addition for transaction expenses and are subsequently measured at amortised cost using the compounded interest method. This category consists mainly of debt securities in issue, customer accounts and liabilities to credit institutions.

Realised profit and loss from repurchase of own liabilities affects profit and loss when incurred and is recognised under the heading "Net income from financial instruments measured at fair value".

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

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

Derivative financial instruments and hedge accounting
Derivative financial instruments are used primarily to eliminate interest rate and currency risk in the Group's assets and liabilities. Derivative financial instruments are recognised at fair value in the balance sheet.

For economic hedges where the risks for significant fluctuation in gain or loss are greatest and that meet the formal criteria, SBAB has chosen to apply hedge accounting for hedging of the interest rate and currency risk. In addition, there are other economic hedges for which hedge accounting is not applied. These derivative financial instruments that are not subject to hedge accounting are classified as assets or liabilities measured at fair value through profit and loss.

SBAB uses two models for hedge accounting: fair value hedge and cash flow hedge.

Fair value hedge

In the case of a fair value hedge, the derivative hedging instrument is measured at fair value at the same time as the hedged asset or liability is valued with an addition for accumulated changes in fair value attributable to the hedged risk associated with the hedged item. Changes in fair value are recognised directly in profit and loss under the heading "Net income from financial instruments measured at fair value". Interest paid and accrued for the hedge is recognised in net interest income.

When hedging relationships are discontinued, the cumulative gains or losses are accrued adjusting the carrying amount of the hedged item in profit and loss in accordance with the compounded interest method. The accrual extends over the remaining life of the hedged item. The realised gain or loss that is attributable to premature closing of a hedging instrument is recognised in profit and loss under the heading "Net income from financial instruments measured at fair value".

Macro hedge

In this type of hedge, derivative financial instruments are used at an aggregated level to hedge structural interest rate risks. When reporting these transactions, the "carve-out" version of IAS 39 is applied, as adopted by the EU. In the accounts, derivative instruments designated as macro hedges are treated in the same way as other hedging instruments recognised at fair value.

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

Cash flow hedge

In a cash flow hedge, the hedging instrument, meaning the derivative financial contract, is measured at fair value. The effective portion of the total change in value is recognised in equity under the item "Other reserves/Fair value reserve". Accumulated amounts are reversed in profit and loss during the period when the hedged item affected profit and loss. The ineffective portion of the change in the market value of the derivative is recognised in profit and loss under the item "Net income from financial instruments measured at fair value" where the realised gain or loss attributable to the termination of a hedge relationship is also recognised. Interest paid and accrued for the derivative is recognised in the net interest income.

Loan losses and impairment of financial assets

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

The amount of impairment is measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted at the compounded interest rate of the receivable. The cash flows attributable to the borrower or issuer and any use of the collateral are taken into consideration when assessing the need for impairment. Any expenses associated with selling the collateral are included in the cash flow calculations. Calculation of probable loan losses or impairment of other financial assets is effected in gross amounts, and when there is a guarantee or the equivalent, this is recognised as a receivable on the counterparty. If the present value of future cash flows exceeds the carrying amount of the asset, no impairment takes place and the receivable is not regarded as impaired. The impairment amount is recognised in profit and loss under the heading "Loan losses, net" or "Impairment of financial assets" depending on the type of receivable. Refer to the paragraph on "Loan receivables and accounts receivable" on page 51. If the impairment requirement has declined in a subsequent period and the decrease can objectively be attributed to an event that occurred after the impairment loss had been recognised, a reversal of a previously recognised impairment loss can be recognised in the corresponding profit and loss item.

Confirmed loan losses and probable losses, with deductions for guarantees expected to be utilised or that have been utilised plus any recoveries, are recognised as loan losses.

"Confirmed loan losses" refers to losses where the amounts are definite or established with a high level of probability.

Individually measured loan receivables

Corporate loans are individually measured for impairment. Retail market loans are individually measured for impairment if there are special reasons for doing so. Loan receivables not determined to be impaired individually are included in the selection of loans collectively measured for impairment.

Collectively measured loan receivables

The loan receivables included in this group are as follows:

- Retail market loans for which an individual provision has not been posted. These consist of a large number of loans each of an insignificant amount and with similar credit risk characteristics.
- Individually measured loan receivables where no objective evidence of individual impairment requirements has been determined as above, "Individually measured loan receivables".

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

- As part of SBAB's work with Basel II, statistical models have been produced for use in the Group's internal risk classification system. SBAB has adjusted these in accordance with the IFRS regulatory framework and identified groups of loans which have been subject to events that produce a measurable negative impact on the expected future cash flows.
- In addition, SBAB identifies groups of loans for which future cash flows have undergone a measurable deterioration due to events that have recently taken place but which have not yet had an impact in the risk classification system.

Restructured loan receivables

A restructured loan receivable is a receivable on which SBAB has made some form of concession due to deficiencies in the borrower's solvency. Concessions granted are regarded as a confirmed loan loss. A loan that has been restructured is no longer regarded as doubtful but as a receivable with new conditions.

Individually valued bonds

Receivables included in this group are the bonds (RMBS) that as of 1 July 2008 were reclassified from "Available-for-sale financial assets" to "Loan receivables and accounts receivable". Each security is impairment tested individually. SBAB's approach is described in the Liquidity portfolio paragraph in the "Risk management" section on page 36.

Miscellaneous

Functional currency

Functional currency is the currency used in the primary economic environments in which the companies included in the Group conduct their operations. The companies included in the Group are the Parent Company, subsidiaries and joint ventures. The Parent Company's functional currency and presentation currency is Swedish kronor. The Group's presentation currency is Swedish kronor.

Foreign currency measurement of receivables and liabilities

Foreign currency transactions are recorded by applying the exchange rate on the date of transaction, and foreign currency receivables and liabilities are translated using the closing day rate. Foreign exchange gains or losses resulting from settlements of foreign currency transactions and from translation of monetary assets and liabilities in foreign currency are recognised in profit and loss under "Net income from financial instruments measured at fair value".

Leasing
Existing leases relate to normal leases for SBAB's operations. They mainly concern office premises and office equipment and are classified as operating leases.

In operating leases, lease payments shall be recognised as expenses in profit and loss on a straight-line basis over the lease term. The lease terms are between one and five years.

Property, plant and equipment
Property, plant and equipment is recognised as an asset in the balance sheet if it is probable that future economic benefits will flow to the entity and the acquisition value of the item can be measured reliably. An item of property, plant and equipment is carried at its cost less any accumulated depreciation and any impairment loss.

Depreciation of property, plant and equipment
The depreciable amount is calculated as the acquisition value of an asset less its estimated residual value at the end of its useful life.

The depreciable amount is allocated on a straight-line basis over the estimated useful life of the asset, and the depreciation charge for each period is recognised in profit and loss. The useful life is estimated at four years for computer hardware and five years for other equipment.

The residual value and useful life of an asset are assessed annually.

Intangible fixed assets
Investments in acquired computer software and/or software developed by SBAB are carried at cost less any accumulated amortisation and any impairment loss. Costs for the maintenance of software are expensed as they arise. Development expenditure that is directly attributable to the development and testing of identifiable and unique software products controlled by the Group is recognised as an intangible asset when the following criteria are fulfilled:

- it is technically possible to complete the software so that it can be used,
- the company intends to complete the software and use it,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, economic and other resources for completing the development and for using the software are available, and
- the expenditure that was attributable to the software during its development can be reliably estimated.

Other development expenditure that does not fulfil these criteria is expensed as it arises. Development expenditure that has previously been expensed may not be recognised as an asset in a later period.

Additional expenses for capitalised development expenditure are recognised as an asset in the balance sheet only in cases where they increase the future economic benefits of the specific asset to which they are attributable. All other costs are expensed as they arise.

Development expenditure is capitalised only in the consolidated balance sheet.

Amortisation of intangible fixed assets
Amortisation is allocated on a straight-line basis over the useful life of the asset. The useful life is estimated at four or five years.

The amortisation period and amortisation method for an intangible fixed asset are reviewed at each financial year-end.

Impairment of non-financial assets
The recoverable amount of an asset is measured when there is any indication that an asset may be impaired. Development work not yet available for use is tested annually for impairment irrespective of whether there is any indication of impairment. An asset is impaired when its carrying amount exceeds its recoverable amount. The impairment loss for each period is charged against profit and loss.

Taxes
Total tax consists of current tax and deferred tax. Current tax comprises tax which is to be paid or received for taxable earnings during the current year and adjustments of current taxes for previous years. Accordingly, for items recognised in profit and loss, the related tax effects are also recognised in profit and loss. Tax effects of items recognised in other comprehensive income or in equity are recognised in other comprehensive income or equity.

Deferred tax assets and tax liabilities are calculated according to the balance sheet method on the basis of temporary differences that arise between the carrying amount and the tax base of an asset or liability. Deferred tax assets are recognised for unutilised tax losses to the extent that it is probable that the carryforwards can be used to offset future taxable profit. Deferred taxes are calculated in accordance with the tax rate applicable at the time of taxation.

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

Pensions
The Group has both defined-contribution and defined-benefit pension plans. For the defined-contribution pension plans, fixed fees are paid to an independent unit, following which no additional obligations arise. The defined-benefit plan stipulates an amount for the pension benefit that an employee will receive on retirement based on age, period of service and salary.

Pension costs for defined-contribution plans are expensed on a current-account basis in pace with vesting by the individual employee.

The provision recognised in the balance sheet for defined-benefit pension plans is the present value of the defined-benefit pension obligation at the end of the reporting period less the fair value of the plan assets, adjusted for unrecognised actuarial gains and losses, as well unrecognised costs for service during prior periods. The defined-benefit pension obligation is calculated annually by independent actuaries applying the projected unit credit method. Also refer to the paragraph concerning changed accounting policies in 2009.

Actuarial gains and losses resulting from experience-based adjustments and changes affecting actuarial assumptions exceeding the higher of 10% of the fair value the plan assets and 10% of the present value of the defined-benefit obligation are recognised as costs or revenues over the employee's estimated average remaining period of service.

Segment reporting
An operating segment is a part of a company that generates revenues and incurs costs. Operating segments are reported in a manner that complies with the internal financial reporting as submitted by the senior executive decision-maker. At SBAB, the CEO is the function that is responsible for allocating resources and assessing the result of the operating segment.

Accounting Policies for the Parent Company
The Parent Company, The Swedish Housing Finance Corporation, SBAB applies statutory IFRS, which means that the Annual Report has been prepared in compliance with IFRS with the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities, the Act concerning Credit Institutions and Securities Companies (ÅRKL) and the Swedish Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies (FFFS 2008:25).

Differences in comparison with the Group
The main differences between the accounting policies of the Group and those of the Parent Company are shown below:

Presentation of income statement and balance sheet
The Parent Company complies with the ÅRKL presentation standards for income statements and balance sheets, which entails that equity is presented separately. The Parent Company's legal reserve is reported in the Group as retained earnings, while the Parent Company's fair value reserve is included in the Group's other reserves.

Pensions
The Act on Safeguarding Pension Obligations and regulations issued by the Swedish Financial Supervisory Authority containing rules requiring a different method of recognising defined-benefit pension plans compared with the manner stipulated in IAS 19. Application of the Act on Safeguarding Pension Obligations is a prerequisite for tax deductibility of the pension payments. In view of this, RFR 2.2 states that the regulations of IAS 19 in terms of defined-benefit pension plans need not be applied by the legal entity.

Subsidiaries
Participating rights in subsidiaries are recognised in the Parent Company in accordance with the cost method.

Dividends
Dividends received from subsidiaries are recognised in profit and loss. Anticipated dividends from subsidiaries are recognised in cases where formal decisions have been taken in the subsidiaries or where the Parent Company otherwise has full control over the decision-making process before it publishes its financial statements.

Group contributions
Group contributions that are provided and received to minimise the Group's taxes are recognised in the Parent Company as a decrease and increase, respectively, in unrestricted shareholders' equity after adjustments for estimated tax.

Critical accounting estimates and judgments
Significant estimates in the application of SBAB's accounting policies
SBAB owns 51% of the shares of FriSpar Bolån AB, although the shareholders' agreement between SBAB and the savings banks Sparbankerna Finn and Gripen states that SBAB cannot solely govern the financial and operating policies for the company. In addition, unanimity among all partners is required for valid decisions in all important matters. Accordingly, SBAB does not have a controlling influence and executive management have arrived at the assessment that FriSpar Bolån AB is to be reported as a joint venture. At the Group level, this entails a marginal influence on net interest income, total assets and capital adequacy compared with reporting FriSpar Bolån AB as a subsidiary.

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

Measurement of loan receivables
The area that primarily entails a risk of causing an adjustment to the carrying amounts of assets and liabilities in the next financial year is measurement of loan receivables.

In the case of individually measured loan receivables, the most critical assessment, which also contains the most uncertainty, is the estimate of the future cash flow that the customer will generate. For collectively measured loan receivables, the estimates of future cash flows are based partly on the assumption of how observable data may result in loan losses. See also the section "Loan losses and impairment of financial assets" above. The portion of the liquidity portfolio that pertains to RMBS is also measured as a loan receivable. Here too the most critical assumption involves estimating future cash flow. During the year, models were devised to enable measurements to be performed in an appropriate manner. The methods and the models are described under the paragraph Liquidity portfolio in the "Risk management" section.

Recognition of pension
Measurement of the Group's pension obligations are based on a number of actuarial and financial assumptions that have a material impact on carrying amounts. The assumptions upon which the measurement is based are presented in Note 28.

Events after the balance sheet date
See the "Results" section of the Administration Report on page 25.

Notes

Note 1 Net interest income

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Interest income				
Loans and advances to credit institutions	106	501	437	1,790
Loans and advances to the public[1]	6,641	8,604	1,192	1,128
Interest-bearing securities	969	1,640	969	1,640
Derivative instruments	(1,673)	477	(304)	(113)
Total	**6,043**	**11,222**	**2,294**	**4,445**
Interest expense				
Liabilities to credit institutions	223	507	111	249
Customer accounts	59	84	59	84
Debt securities in issue	7,331	8,759	2,192	3,708
Subordinated debt	167	139	167	139
Derivative instruments	(3,282)	554	(942)	(33)
Other	26	38	24	28
Total	**4,524**	**10,081**	**1,611**	**4,175**
Net interest income	**1,519**	**1,141**	**683**	**270**

[1] *Includes interest income of SEK 5 million (6) from doubtful receivables.*

Note 2 Dividend income

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Dividend income from FriSpar Bolån AB joint venture	–	–	9	–
Total	**–**	**–**	**9**	**–**

Note 3 Commissions

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Commission income				
Commission on lending	26	34	55	61
Other commissions	18	11	35	12
Total	**44**	**45**	**90**	**73**
Commission expense				
Commission on securities	44	33	23	18
Stability fee	46	–	17	–
Total	**90**	**33**	**40**	**18**
Commissions, net	**(46)**	**12**	**50**	**55**

Note 4 Net income from financial instruments measured at fair value

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Gains/losses on interest-bearing financial instruments				
– Securities measured at fair value through profit and loss	432	(146)	432	(146)
– Change in hedged items in hedge accounting	1,147	(1,672)	357	(444)
– Realised gain/loss from other financial liabilities in hedge accounting	(949)	119	(121)	0
– Derivative instruments in hedge accounting	(325)	1,252	(144)	502
– Other derivative instruments	4	398	(215)	(48)
– Loan receivables	190	32	50	4
– Liabilities measured at fair value	–	(2)	–	(2)
Currency translation effects	(4)	(7)	(3)	(9)
Total	**495**	**(26)**	**356**	**(143)**

Note 5 Other operating income

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Administrative services for subsidiaries	–	–	410	375
Other operating income	6	0	5	0
Total	**6**	**0**	**415**	**375**

Note 6 Personnel expenses

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Salaries and other remuneration	191	160	191	160
Cost of pension premiums	32	32	31	32
Other social security expenses	70	62	70	62
Other personnel costs	16	14	16	14
Total	**309**	**268**	**308**	**268**

Average number of employees

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Women	236	217	236	217
Men	160	148	160	148
Total average number of employees	**396**	**365**	**396**	**365**

Sickness absence

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Total sickness absence	**2.6%**	**3.6%**	**2.6%**	**3.6%**
Women	3.1%	4.4%	3.1%	4.4%
Men	1.7%	2.5%	1.7%	2.5%
29 years or younger	2.3%	1.2%	2.3%	1.2%
30-49 years	2.4%	3.8%	2.4%	3.8%
50 years and older	2.9%	3.6%	2.9%	3.6%
Proportion of long-term sickness absence, i.e. sickness absence exceeding 60 days	33.3%	56.3%	33.3%	56.3%

Gender distribution among senior executives

Board of Directors, elected at AGM	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Women	5	3	4	2
Men	12	13	5	6
Total no. of Board members	**17**	**16**	**9**	**8**

The Group includes the subsidiary The Swedish Covered Bond Corporation (SCBC) and the jointly owned company FriSpar Bolån AB.

continued note 6

Executive management	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Women	5	5	5	5
Men	7	7	5	5
Total number of persons in executive management	**12**	**12**	**10**	**10**

The Group includes the subsidiary SCBC and the jointly owned company FriSpar Bolån AB.

Salaries and other remuneration

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
The Board of Directors and CEO	4	4	4	4
Other persons in the Parent Company's executive management	13	13	13	13
Other employees	174	143	174	143
Total salaries and other remuneration	**191**	**160**	**191**	**160**

No remuneration is paid to the MD or the Board of the subsidiary SCBC and the jointly owned company FriSpar Bolån AB.

Employment presentation

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Total number of employees at year-end, number	**418**	**364**	**418**	**364**
Of whom, women	51.9%	59.6%	51.9%	59.6%
Of whom, managers	11.0%	12.1%	11.0%	12.1%
Of whom, female managers	4.3%	4.9%	4.3%	4.9%
Of whom, temporary employees	13.9%	6.6%	13.9%	6.6%
Of whom, part-time employees	4.8%	5.5%	4.8%	5.5%

Personnel turnover

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Permanent employees who terminated employment during the year, number	**9**	**29**	**9**	**29**
Of whom, women	44.4%	37.9%	44.4%	37.9%
Of whom, 30 years or younger	–	6.9%	–	6.9%
Of whom, 30-50 years	55.6%	86.2%	55.6%	86.2%
Of whom, 50 years and older	44.4%	6.9%	44.4%	6.9%

External education/training

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Education/training days per employee, number	**1.4**	**1.4**	**1.4**	**1.4**

Internal education/training

	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Education/training days per employee, number	**2.0**	**0.6**	**2.0**	**0.6**
Education/training days per temporary employee, number	**2.0**	**0.6**	**2.0**	**0.6**

Salaries and other remuneration

Salaries and other remuneration to the CEO amounted to SEK 3.0 million (3.0). No car was provided and no fringe benefits were paid.

Salaries and other remuneration to senior executives who report to the CEO totalled SEK 14.6 million (13.9). Fringe benefits (subsidised interest rate and sickness benefit) to these executives amounted to SEK 0.1 million (0.1). Salary and other benefits to senior executives who report to the CEO was paid in the following amounts: Chief Credit Officer SEK 1.5 million (1.6), Chief Legal Counsel SEK 1.2 million (1.0), Chief Information Officer SEK 1.4 million (1.2), Head of Accounts Department SEK 1.4 million (1.2), Chief Communication Officer SEK 1.7 million (1.5), Chief Financial Officer SEK 1.6 million (1.6), Head of Corporate Clients SEK 1.8 million (1.8), Human Resources Manager SEK 1.3 million (1.2), Head of Consumer Department SEK 1.6 million (1.7) and Head of Internal Audit SEK 1.1 million (1.1). SBAB appointed a new Chief Credit Officer during the autumn.

During 2009, remuneration was adapted in view of SBAB's participation in the Swedish Government's guarantee programme. For the five senior executives with the highest combined remuneration in October 2008, the remuneration was not revised in 2009.

During 2009, the Government adopted new guidelines for employment terms and conditions of senior executives in state-owned companies. Among other consequences, the guidelines entail that variable remuneration should not be paid to senior executives. As an adaptation to these guidelines, the Remuneration Committee has decided to remunerate other senior executives, who are no longer covered by the incentive programme, with a pay supplement corresponding to 8% of the executive annual salary, which will apply as long as SBAB has an incentive programme.

For 2010, the Remuneration Committee has proposed a remuneration policy for decision by the Board of Directors. A risk analysis and the remuneration policy are published on sbab.se. The Remuneration Committee's composition and authorities are described on page 85.

Remuneration to the Board

The level of remuneration paid to the Board is resolved at the Annual General Meeting. Remuneration to Board Members in the Parent Company was paid in amounts of SEK 0.9 million (1.2) for board work and SEK 0.3 million (0.3) for work on Board committees. A fee of SEK 0.4 million (0.3) was paid to the Chairman of the Board and of SEK 0.1 million (0.2) each to the elected Board Members. Directors' fees are not paid to employee representatives who sit on the Board. Board Members serving on a committee or executive committee received SEK 3,500 per meeting attended.

Pensions

Pension costs for the entire company, including special employers' contributions, totalled SEK 40.0 million (40.0). Pension costs, including special employers' contributions, for the CEO amounted to SEK 0.9 million (0.8).

Pension costs, including special employers' contributions, of SEK 5.1 million (5.0) were paid to senior executives who report to the CEO. Pension costs, including special employers' contributions were paid to these executives in the following amounts: Chief Credit Officer SEK 0.8 million (0.6), Chief Legal Counsel SEK 0.3 million (0.3), Chief Information Officer SEK 0.4 million (0.5), Head of Accounts Department SEK 0.5 million (0.5), Chief Communication Officer SEK 0.6 million (0.5), Chief Financial Officer SEK 0.6 million (0.5), Head of Corporate Clients SEK 0.5 million (0.5), Human Resources Manager SEK 0.5 million (0.5), Head of Consumer Department SEK 0.5 million (0.7) and Head of Internal Audit SEK 0.4 million (0.4).

SBAB employees are covered by a pension plan that includes illness pension, survivor's coverage, retirement pension, supplementary pension and, in some cases, family pension. The pension plan also covers those on high incomes, whereby the recipient can choose an alternative investment for a portion of the premium. SBAB applies IAS 19 Employee Benefits. SBAB has defined-contribution pension plans and defined-benefit pension plans. The defined-benefit plans are collective employee plans (BTP), secured through insurance with SPP. These are defined-benefit multi-employer plans. Previously, due to the technical design of the plan, these were recognised as defined-contribution plans. During 2009, SBAB received the type of information that enabled it to calculate these obligations as defined-benefit plans. SBAB's pension costs amounted to SEK 32.1 million (32.2) excluding special employers' contributions. See Note 28, Provisions, for additional information.

The Board's proposed guidelines for remuneration of senior executives

During 2009, the Board's preparation of matters relating to remuneration of the company's senior executives occurred in the Remuneration Committee, which also decided on remuneration. For further information on the Remuneration Committee, see page 85. The Board's proposal concerning principles for the remuneration and other employment terms of senior executives, as resolved by the Annual General Meeting, entails in brief that remuneration shall consist of a fixed basic salary without any variable remuneration.

Agreements on severance pay and pension

With respect to pension conditions, periods of notice and severance pay for senior executives, the principles stipulated in the Government's guidelines for senior executives (April 2009) apply in SBAB, with the exception of the CEO, for whom no deductions will be made from pay during periods of notice/severance pay in connection with new employment. The company and the CEO are subject to a mutual period of notice of six months. If the company gives notice terminating the contract and the CEO leaves her post, the company shall – in addition to salary during the period of notice – pay severance pay corresponding to 18 monthly salaries without deduction of new salary. An agreement has been entered into with the CEO on a mutual right to demand pen¬sion no earlier than when the CEO turns 62. The company pays for a defined-contribution pension insurance plan corresponding to 25% of the CEO's pensionable salary, although no longer than until age 62.

An agreement has been entered into with the Head of Corporate Clients concerning a defined-contribution plan corresponding to 22% of pensionable salary. An agreement has been entered into with the Head of the Consumer Department concerning a lump-sum pension payment which was made in 2008. There are no other pension agreements that deviate from the general rules of the collective agreement for the bank area.

In cases where individual agreements on severance pay exist, these comply with the Government's guidelines for state-owned companies. In the event of notice being served by the company, compensation of up to two years' salary is paid including the period of notice. Deductions will be made from the compensation in the event of new employment or income from other activity being received during the two-year period.

The accumulated total amount plus the expensed total amount for severance pay and guaranteed variable remuneration pledged during the year was SEK 0. Disbursed severance pay during the year amounted to SEK 1.1 million.

Loans to senior executives

Loans to senior executives are presented in Note 35, Information about related parties.

Incentive programme

Following preparation by SBAB's Remuneration Committee and a decision by the Board of Directors, the incentive programme for 2009 has been adapted to The Swedish Financial Supervisory Authority's new regulations and general guidance on the remuneration policy of credit institutions, investment firms and fund management companies (FFFS 2009:6).

The overall principles and prerequisites for SBAB's incentive programme are established by the Board for a year at a time. The incentive programme covers all employees (subject to a certain period of employment on condition that they have been employed for a full quarter and remained employed on 31 December 2009). Those exempted from the incentive programme are the CEO and ten senior executives who report directly to the CEO. The maximum payment is two monthly salaries. All payment from the incentive programme consists of cash. The incentive programme for 2009 is based on two parts: 50% is based on company-wide goals, calculated on the basis of budgeted earnings for the year after costs for the incentive programme have been taken into account and 50% on unit goals. The company-wide goals were exceeded, while the results of the unit goals vary from 50% fulfilled to completely fulfilled. Payment based on unit goals is pensionable in the BTP scheme.

During 2009, SBAB paid remuneration pertaining to the 2008 incentive programme corresponding to SEK 7.8 million*. In 2009, SBAB expensed SEK 27.9 million, inclusive social fee, within the framework of the incentive programme for 2009. Accordingly variable remuneration accounted for 9.5% of total payroll costs*. The programme's 389 recipients include 14 employees who can influence the company's risk level as well as certain control functions. Their expensed portion of remuneration from the incentive programme corresponds to SEK 2.2 million accounted for 11.7% of their total payroll costs*. In order not to reveal the individual employees' financial situation, no further breakdown of remuneration from the incentive programme per business area or equivalent has been performed. 60% of SEK 2.2 million is accounted for by deferred remuneration and will be disbursed during the spring of 2013 after indexing in relation to the Consumer Price Index (CPI). Prior to disbursement, a risk adjustment will be performed by the Board of Directors deciding, on the basis of documentation from the Remuneration Committee, whether all or parts of the deferred incentive remuneration will be disbursed, a decision that the Board has unrestricted rights to make.

* *Total of salary, pensions and social fees.*

Note 7 Other expenses

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
IT expenses	90	85	100	98
Rents [1]	17	16	17	16
Other costs for premises	6	4	6	4
Other administration expenses	69	49	68	47
Marketing	44	54	44	54
Other operating expenses	15	12	15	11
Total	**241**	**220**	**250**	**230**

Expenses for development amounted to SEK 68 million (57), of which SEK 11 million (13) was for internally produced intangible assets in the Group. Most of the development work is pursued in project form and includes the budgets of entire projects, involving such expenses as planning, analysis, specification of requirements, programming, implementation and quality testing.

Fees and expenses for auditors

Fees and expenses for Öhrlings PricewaterhouseCoopers amounted to SEK 7.0 million (5.5) in the Group, of which SEK 5.2 million (4.4) was for the audit. The corresponding expense in the Parent Company amounted to SEK 6.1 million (4.2), of which SEK 4.6 million (3.1) was for the audit.

Auditing commissions refer to examination of the Annual Report and financial accounts and the administration by the Board and the CEO, other duties devolving on the company's auditor in provision of advice or other assistance occasioned by observations in the course of such examination or implementation of other such tasks. Everything else is classed as other assignments.

Future rents [1]

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Agreed future rents due for payment:				
– within a year	14	12	14	12
– between one and five years	42	27	42	27
– after five years	29	–	29	–

[1] *Rents = operating leases*

Note 8 Depreciation of property, plant and equipment and amortisation of intangible fixed assets

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Property, plant and equipment				
Computer hardware	3	4	3	4
Other equipment	3	3	3	3
Amortisation of intangible fixed assets				
Acquired software	7	9	7	9
Internally developed part of software	15	16	–	–
Total	**28**	**32**	**13**	**16**

Note 9 Loan losses, net

Corporate market

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Individual provision, corporate market loans				
This year's write-off for confirmed loan losses	9	2	9	2
Reversal of prior year provisions for probable loan losses reported as confirmed loan losses in this year's financial statements	(11)	(2)	(11)	(2)
This year's provision for probable loan losses	7	15	7	15
Recoveries in respect of confirmed loan losses in prior years	(1)	(0)	(1)	(0)
Reversal of prior year provisions for probable loan losses no longer required	(17)	(41)	(17)	(41)
Guarantees	6	16	6	16
Net cost for the year for individual provisions for corporate market loans	**(7)**	**(10)**	**(7)**	**(10)**
Collective provision, corporate market loans				
Allocation/reversal of collective provision	13	(28)	7	(14)
Guarantees	(3)	2	(1)	(1)
Net cost for the year for collective provisions for corporate market loans	**10**	**(26)**	**6**	**(15)**

Retail market

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Individual provision, retail market loans				
This year's write-off for confirmed loan losses	7	4	7	4
Reversal of prior year provisions for probable loan losses reported as confirmed loan losses in this year's financial statements	(6)	(4)	(6)	(4)
This year's provision for probable loan losses	6	9	5	9
Reversal of prior year provisions for probable loan losses no longer required	(0)	(2)	(0)	(2)
Guarantees	–	–	–	–
Net cost for the year for individual provisions for retail market loans	**7**	**7**	**6**	**7**
Collective provision, retail market loans				
This year's write-off for confirmed loan losses	16	5	16	5
Recoveries in respect of confirmed loan losses in prior years	(2)	(1)	(2)	(1)
Allocation/reversal of collective provision	96	42	74	19
Guarantees	(13)	5	(11)	(1)
Net cost for the year for collective provisions for retail market loans	**97**	**51**	**77**	**22**
THIS YEAR'S NET COST FOR LOAN LOSSES	**107**	**22**	**82**	**4**

Both the write-offs for the year regarding confirmed loan losses and reversal of previous year's write-offs as specified above relate to receivables from the public. For additional analyses and information on loan losses, refer to the paragraph "Credit risk" in the "Risk management" section on page 29.

Note 10 Income tax

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Current tax	(123)	(4)	145	–
Deferred income tax	(215)	(157)	(369)	16
Total	**(338)**	**(161)**	**(224)**	**16**
The effective tax rate differs from the nominal tax rate in Sweden as below				
Profit before tax	1,289	585	860	39
Nominal tax rate in Sweden 26.3% (28)	(339)	(164)	(226)	(11)
Recalculation of deferred tax to 26.3%	–	3	–	27
Tax-free dividend from subsidiaries	–	–	2	–
Tax for previous years and others	1	0	0	0
Total tax	**(338)**	**(161)**	**(224)**	**16**
Effective tax rate	26%	27%	26%	-41%

Note 11 Chargeable treasury bills and other eligible bills

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Current assets measured at fair value through profit and loss				
The Swedish state	8,098	10	8,098	10
Total chargeable treasury bills and other eligible bills	**8,098**	**10**	**8,098**	**10**
Holdings of chargeable treasury bills and other eligible bills by remaining term, carrying amount				
At most 1 year	6,999	10	6,999	10
Longer than 1 year but at most 5 years	1,099	–	1,099	–
Longer than 5 years but at most 10 years	–	–	–	–
Longer than 10 years	–	–	–	–
Total	**8,098**	**10**	**8,098**	**10**
Average remaining term, years	0.4	0.1	0.4	0.1
Average remaining fixed-interest term, years	0.4	0.1	0.4	0.1

Note 12 Loans and advances to credit institutions

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Lending in Swedish kronor	9,045	12,364	37,064	32,892
Lending in foreign currency	9	206	6	202
Total	**9,054**	**12,570**	**37,070**	**33,094**
of which repos	*2,917*	*10,810*	–	*10,768*
Loans and advances to credit institutions by remaining term, net carrying amount				
Payable on demand	1,528	185	28,081	19,493
At most 3 months	3,998	11,275	1,789	5,990
Longer than 3 months but at most 1 year	2,787	597	5,687	6,563
Longer than 1 year but at most 5 years	682	448	1,392	915
Longer than 5 years	59	65	121	133
Total	**9,054**	**12,570**	**37,070**	**33,094**
Average remaining term, years	0.4	0.2	0.2	0.2

Of the Parent Company's loans and advances to credit institutions, SEK 26,626 million (19,426) related to receivables from the wholly owned subsidiary SCBC. These receivables are subordinated, which means that payment is received only after payment of the subsidiary's other creditors.

Note 13 Loans and advances to the public

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Opening balance	184,214	168,241	25,078	29,752
Lending for the year	64,626	32,425	61,828	30,283
Transferred to/from Group company	–	–	(28,964)	(24,729)
Amortisation, write-offs, redemption, etc.	(22,521)	(16,452)	(9,481)	(10,228)
Closing balance	226,319	184,214	48,461	25,078
Provision for probable loan losses	(343)	(255)	(236)	(168)
Closing balance	225,976	183,959	48,225	24,910
of which subordinated assets	–	–	–	–
Receivables outstanding by remaining term, net carrying amount				
Payable on demand	–	–	–	–
At most 3 months	27,246	21,560	6,225	2,800
Longer than 3 months but at most 1 year	129,370	86,999	33,095	12,679
Longer than 1 year but at most 5 years	62,232	66,225	8,292	7,910
Longer than 5 years	7,128	9,175	613	1,521
Total	**225,976**	**183,959**	**48,225**	**24,910**
Average remaining term, years	1.3	1.5	1.0	1.4

Group

Distribution of lending by type of property

SEK million	2009				2008			
	FriSpar Bolån AB	The Swedish Covered Bond Corporation	The Swedish Housing Finance Corporation, SBAB	Total within Group [1]	FriSpar Bolån AB	The Swedish Covered Bond Corporation	The Swedish Housing Finance Corporation, SBAB	Total within Group [1]
Single-family dwellings and holiday homes	7,234	68,674	14,225	86,588	2,199	72,878	6,321	80,320
Tenant-owner rights	1,194	38,570	10,321	49,500	65	32,940	3,679	36,653
Tenant-owner associations	83	39,859	9,117	49,018	85	30,664	4,193	34,901
Private multi-family dwellings	88	19,133	6,094	25,272	118	16,275	4,700	21,035
Municipal multi-family dwellings	–	7,229	949	8,178	2	4,996	50	5,046
Commercial properties	–	8	7,755	7,763	–	124	6,135	6,259
Provision for probable loan losses	(10)	(102)	(236)	(343)	(4)	(85)	(168)	(255)
Total	8,589	173,371	48,225	225,976	2,465	157,792	24,910	183,959
Proportion of lending with a state or municipal guarantee, %	–	4	3	4	–	5	2	4
Average fixed-interest term, years	0.6	1.0	0.5	0.9	1.4	1.3	1.0	1.3

[1] *The Group includes 51% of FriSpar Bolån AB.*

In case of early redemption between interest rate adjustment dates, SBAB has the right to receive interest rate 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 percentage point. For other loans, the reinvestment interest rate for comparable government securities is, in most cases, the applicable interest rate. In other cases, the comparable interest rate is specified in the current loan conditions.

In addition to mortgage deeds in pledged property, SBAB has, in certain cases, received government or municipal guarantees as collateral for the borrower's commitments. The proportion of loans covered by this type of guarantee is shown in the table above. SEK 41,642 million (36,431) of SBAB's portfolio was provided by business partners and it is possible for certain partners, in the event of a change of ownership of SBAB, to acquire loans provided. Loan promises and other credit related commitments are reported in Note 32.

Doubtful loan receivables and provisions

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
a) Doubtful loan receivables	104	138	103	138
b) Individual provisions, loan receivables	75	95	73	95
c) Collective provisions, corporate market loans	38	25	23	17
d) Collective provisions, retail market loans	230	135	140	56
e) Total provisions (b+c+d)	343	255	236	168
f) Doubtful loan receivables after individual provisions (a–b)	29	43	30	43
g) Provision ratio for individual provisions (b/a)	72%	69%	71%	69%

See risk section, page 29.

Group

Distribution of doubtful loan receivables and provisions by type of property

SEK million	2009					2008				
	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Total	Single-family dwellings and holiday homes	Tenant-owner rights	Tenant-owner associations	Private multi-family dwellings	Total
Doubtful loan receivables, gross	10	7	77	10	104	11	7	105	15	138
Individual provisions, loan receivables	(9)	(7)	(52)	(7)	(75)	(10)	(5)	(68)	(12)	(95)
Collective provisions corporate market loans			(19)	(19)	(38)			(12)	(13)	(25)
Collective provisions, retail market loans	(136)	(94)			(230)	(99)	(36)			(135)
Doubtful loan receivables after individual provisions					29					43

Note 14 Change in fair value of hedge-accounted loan receivables

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Carrying amount of the beginning of the year	3,270	(922)	(41)	(88)
Terminated hedges	8	9	18	47
Revaluation of hedged items	(688)	4,183	–	–
Total	**2,590**	**3,270**	**(23)**	**(41)**

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

Note 15 Bonds and other interest-bearing securities

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Securities measured at fair value through profit and loss	13,011	8,657	13,011	8,657
Securities classified as loan receivables and accounts receivable, valued at accrued cost	19,401	23,130	19,401	23,130
Total	**32,412**	**31,787**	**32,412**	**31,787**
Holding by issuer, etc				
CURRENT ASSETS				
Listed securities				
Issued by public bodies				
The Swedish state	1,095	8	1,095	8
Issued by other borrowers				
Swedish banks (with government guarantee)	1,468	–	1,468	–
Swedish mortgage institutions	3,355	951	3,355	951
Other foreign issuers (covered bonds, RMBS)	26,394	30,816	26,394	30,816
Other foreign issuers (with government guarantee)	100	13	100	13
Total listed securities	**32,412**	**31,787**	**32,412**	**31,787**
Unlisted securities	**–**	**–**	**–**	**–**
Total	**32,412**	**31,787**	**32,412**	**31,787**
– of which subordinated assets	–	–	–	–
Bonds and other interest-bearing securities distributed by remaining term, carrying amount				
At most 1 year	1,244	1,056	1,244	1,056
Longer than 1 year but at most 5 years	22,783	20,411	22,783	20,411
Longer than 5 years but at most 10 years	5,446	6,337	5,446	6,337
Longer than 10 years	2,939	3,984	2,939	3,984
Total	**32,412**	**31,787**	**32,412**	**31,787**
Average remaining term, years	4.0	5.1	4.0	5.1

Note 16 Derivative financial instruments

SEK million	Group 2009			Group 2008			Parent Company 2009			Parent Company 2008		
	Fair value assets	Fair value liab-ilities	Nominal amount	Fair value assets	Fair value liab-ilities	Nominal amount	Fair value assets	Fair value liab-ilities	Nominal amount	Fair value assets	Fair value liab-ilities	Nominal amount
Derivatives in fair value hedges												
Interest rate related												
– interest rate swaps	6,338	4,086	231,896	5,940	4,269	194,718	1,399	329	26,969	1,531	302	27,144
Share related	–	–	–	5	1	129	–	–	–	5	1	129
Currency related	6,456	2,056	77,406	11,142	115	63,039	1,198	2,028	31,060	1,388	153	11,144
Total	**12,794**	**6,142**	**309,302**	**17,087**	**4,385**	**257,886**	**2,597**	**2,357**	**58,029**	**2,924**	**456**	**38,417**
Derivatives in cash flow hedges												
Currency related	22	20	507	43	5	529	22	20	507	43	5	529
Total	**22**	**20**	**507**	**43**	**5**	**529**	**22**	**20**	**507**	**43**	**5**	**529**
Other derivatives												
Interest rate related												
– interest rate swaps	910	1,469	92,567	650	1,008	31,133	6,464	7,348	469,502	6,549	6,707	338,730
– interest rate forwards	37	41	5,802	116	118	2,000	37	41	5,802	116	118	2,000
Currency related	1,360	658	54,943	2,445	2,027	29,538	1,255	658	57,102	2,062	2,026	24,086
Credit related	–	–	–	308	–	18,042	–	–	–	–	–	–
Total	**2,307**	**2,168**	**153,312**	**3,519**	**3,153**	**80,713**	**7,756**	**8,047**	**532,406**	**8,727**	**8,851**	**364,816**

Derivative instruments by remaining term, carrying amount

SEK million	Group 2009		Group 2008		Parent Company 2009		Parent Company 2008	
	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount
At most 3 months	1,591	65,408	1,415	19,890	(183)	54,352	1,455	17,980
3-12 months	1,509	90,293	2,124	65,758	(224)	88,322	(668)	44,366
1-5 years	3,335	271,153	9,368	228,474	504	416,651	(2,106)	161,537
Longer than 5 years	358	36,267	199	25,006	(146)	31,617	3,701	179,879
Total	**6,793**	**463,121**	**13,106**	**339,128**	**(49)**	**590,942**	**2,382**	**403,762**

Hedge accounting
Hedge accounting is only applied for the hedge relationships where the risk of substantial fluctuation in terms of gain or loss is considered greatest.

Fair value hedges
SBAB mainly uses fair value hedges to protect against changes in the fair value of lending and funding at fixed interest rates and to hedge currency exposure of funding in foreign currency. The hedge instruments primarily used are interest rate swaps and currency swaps.

Group
As at 31 December 2009, the nominal amount of derivatives held for fair value hedging was SEK 309.3 billion (257.9). The fair value of these derivatives was SEK 6,652 million (12,702) and the year's change in value was a decline of SEK 325 million (increase: 1,252). The change in value of the hedged items with respect to hedged risk amounted to income of SEK 1,147 million (expense: 1,672) and the realised result from hedged items amounted to an expense of SEK 949 million (income: 119). Accordingly, the effect on the year's earnings of the Group's hedge accounting for fair value was an expense of SEK 127 million (expense: 301).

Parent Company
As at 31 December 2009, the nominal amount of derivatives held for fair value hedging was SEK 58.0 billion (38.4). The fair value of these derivatives was SEK 240 million (2,468) and the year's change in value was a decline of SEK 144 million (increase: 502). The change in fair value of the hedged items with respect to hedged risk amounted to income of SEK 357 million (expense: 444) and the realised result from hedged items amounted to an expense of SEK 128 million (0). Accordingly, the effect on the year's earnings of the Parent Company's hedge accounting for fair value was income of SEK 85 million (58).

continued note 16

Cash flow hedges

SBAB also hedges uncertainty associated with future cash flows. Uncertainty associated with future cash flows arises when funding takes place at floating interest rates. These interest rates have a fixed-interest term of between one and six months. However, the maturity horizon is considerably longer, up to 15 years. Interest rate swaps are used to hedge the future interest rate payments for a desired maturity. Interest rate swaps with a future value date are used for future cash flows that are to be reinvested or refinanced to guarantee a known reinvestment or a refinancing rate. There is a high degree of probability that the hedged future cash flows will be received, since they are contracted.

Group and Parent Company

As at 31 December 2009, the nominal amount of derivatives held for cash flow hedging was SEK 0.5 billion (0.5). The fair value of these derivatives was SEK 2 million (38). To the extent that the hedge is effective, the change in value of derivative contracts is recognised in equity. The change in value is recognised in profit and loss at the same rate as the cash flows of the hedged item affect earnings. At the end of the year, the hedge reserve after tax amounted to a negative SEK 4 million (negative: 1). These hedges showed no ineffectiveness.

Note 17 Shares and participations in joint ventures

FriSpar Bolån AB is a joint venture reported in accordance with proportional consolidation.

Parent Company

SEK million	2009	2008
Swedish credit institutions	Frispar Bolån AB 556248-3338, Stockholm	Frispar Bolån AB 556248-3338, Stockholm
Acquisition value at the beginning of the year	510	602
Shareholders' contribution	–	26
Repaid shareholders' contribution	–	(118)
Acquisition value at the end of the year	**510**	**510**

The assets are expected to be disposed of after more than 12 months.

Parent Company

SEK million	2009	2008
Swedish credit institutions	Frispar Bolån AB 556248-3338, Stockholm	Frispar Bolån AB 556248-3338, Stockholm
Number of shares	6,120	6,120
Share of equity	51%	51%
Carrying amount	510	510

Parent Company

SEK million	2009	2008
Swedish credit institutions	Frispar Bolån AB 556248-3338, Stockholm	Frispar Bolån AB 556248-3338, Stockholm
Current assets	12	11
Fixed assets	4,895	1,769
Current liabilities	18	18
Long-term liabilities	4,363	1,241
Income	26	30
Expenses	(6)	(17)

The amounts relate to the Parent Company's share, meaning 51% of FriSpar's corresponding amount.

Note 18 Shares and participations in Group companies

Parent Company

SEK million	2009	2008
Swedish credit institutions	The Swedish Covered Bond Corporation 556645-9755, Stockholm	The Swedish Covered Bond Corporation 556645-9755, Stockholm
Acquisition value at the beginning of the year	9,600	5,200
Shareholders' contribution	–	4,400
Acquisition value at the end of the year	**9,600**	**9,600**

The assets are expected to be disposed of after more than 12 months.

continued note 18

Parent Company

SEK million	2009	2008
Swedish credit institutions	The Swedish Covered Bond Corporation 556645-9755, Stockholm	The Swedish Covered Bond Corporation 556645-9755, Stockholm
Number of shares	500,000	500,000
Share of equity	100%	100%
Carrying amount	9,600	9,600

Note 19 Intangible fixed assets

	Group		Parent Company	
SEK million	2009	2008	2009	2008
Acquisition value at the beginning of the year	131	118	43	44
Acquisitions during the year	12	16	1	2
Divestments during the year	–	(3)	–	(3)
Acquisition value at the end of the year	143	131	44	43
Amortisation at the beginning of the year	(83)	(60)	(31)	(25)
Amortisation for the year according to plan	(21)	(26)	(7)	(9)
Divestments during the year	–	3	–	3
Accumulated amortisation according to plan	(104)	(83)	(38)	(31)
Net carrying amount	**39**	**48**	**6**	**12**

Note 20 Property, plant and equipment

	Group		Parent Company	
SEK million	2009	2008	2009	2008
Acquisition value at the beginning of the year	111	107	111	107
Acquisitions during the year	16	4	16	4
Divestments during the year	(1)	(0)	(1)	(0)
Acquisition value at the end of the year	126	111	126	111
Depreciation at the beginning of the year	(99)	(93)	(99)	(93)
Depreciation for the year according to plan	(6)	(6)	(6)	(6)
Divestments during the year	1	0	1	0
Accumulated depreciation according to plan	(104)	(99)	(104)	(99)
Net carrying amount	**22**	**12**	**22**	**12**

Note 21 Other assets

	Group		Parent Company	
SEK million	2009	2008	2009	2008
Overdue interest receivables	47	107	18	24
Receivables on subsidiaries	–	–	–	1,600
Tax assets	–	108	–	11
Other	18	13	25	51
Total	**65**	**228**	**43**	**1,686**
Other assets by remaining term, carrying amount				
At most 1 year	65	228	43	1,686
Longer than 1 year	–	–	–	–
Total	**65**	**228**	**43**	**1,686**

Note 22 Prepaid expenses and accrued income

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Prepaid expenses	20	17	18	16
Accrued interest income	594	645	419	450
Accrued guarantees	60	56	26	25
Other accrued income	22	19	17	15
Total	**696**	**737**	**480**	**506**
Prepaid expenses and accrued income by remaining maturity, carrying amount				
At most 1 year	656	702	463	491
Longer than 1 year	40	35	17	15
Total	**696**	**737**	**480**	**506**

Note 23 Liabilities to credit institutions

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Lending in Swedish kronor	13,656	27,823	8,707	14,449
Lending in foreign currency	2,683	1,869	–	–
Total	**16,339**	**29,692**	**8,707**	**14,449**
of which repos	*7,879*	*6,145*	*8,695*	–
Liabilities to credit institutions by remaining maturity, carrying amount				
Payable on demand	8,460	9,642	12	544
At most 3 months	7,879	15,050	8,695	8,905
Longer than 3 months but at most 1 year	–	5,000	–	5,000
Total	**16,339**	**29,692**	**8,707**	**14,449**
Average remaining term, years	0.0	0.1	0.0	0.2

Note 24 Customer accounts

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Private individuals	4,248	3,542	4,248	3,542
Tenant-owner associations	360	–	360	–
Companies	45	–	45	–
Total	**4,653**	**3,542**	**4,653**	**3,542**
Customer accounts by remaining maturity, carrying amount				
Payable on demand	4,651	3,542	4,651	3,542
At most 3 months	–	–	–	–
Longer than 3 months but at most 1 year	1	–	1	–
Longer than 1 year but at most 5 years	1	–	1	–
Longer than 5 years	–	–	–	–
Total	**4,653**	**3,542**	**4,653**	**3,542**

Note 25 Debt securities in issue

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Financial liabilities at amortised cost				
Commercial paper programmes in Swedish kronor	14,343	11,758	14,343	11,758
Commercial paper programmes in foreign currency	9,811	4,550	9,811	4,550
Total	**24,154**	**16,308**	**24,154**	**16,308**
Financial liabilities in hedge accounting				
Bonds in Swedish kronor	133,663	83,365	44,590	23,373
Bonds in foreign currency	91,278	98,970	41,005	33,191
Total	**224,941**	**182,335**	**85,595**	**56,564**
Total debt securities in issue	**249,095**	**198,643**	**109,749**	**72,872**
of which covered bonds	*139,346*	*126,280*	–	–
Debt securities in issue by remaining term, carrying amount				
At most 1 year	77,299	61,096	41,562	38,847
Longer than 1 year but at most 5 years	157,503	131,546	66,872	31,915
Longer than 5 years but at most 10 years	12,982	4,710	1,315	2,070
Longer than 10 years	1,311	1,291		40
Total	**249,095**	**198,643**	**109,749**	**72 872**
Average remaining term, years	1.9	1.8	1.4	1.1
Average remaining fixed-interest term, years	1.6	1.6	0.7	0.5

The bond loan conditions in SBAB's long-term funding programme include a possibility for the bondholder to demand premature redemption of the holder's bonds issued in such loan programmes if the Swedish Government ceases to own the majority of the shares in SBAB and the Swedish state, before such change in ownership, has not taken steps to guarantee SBAB's commitments ensuing from the bond loan or the bondholders have accepted this in such a way as is described in current terms and conditions. Subordinated debentures and primary capital contributions issued under the long-term funding programme do not include the aforesaid conditions, however. Total funding under these programmes with the right to demand redemption amounted to SEK 63.2 billion (55.2) as at 31 December 2009. Refer to the section concerning funding on page 22.

Note 26 Other liabilities

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Accounts payable	10	6	10	6
Employees' income tax	6	5	6	5
Tax liabilities	54	–	52	–
Liabilities to borrowers	240	133	223	103
Liabilities to subsidiaries	–	–	610	1,200
Other	21	28	21	28
Total	**331**	**172**	**922**	**1,342**
Other liabilities allocated according to remaining term, carrying amount				
At most 1 year	331	172	922	1,342
Longer than 1 year	–	–	–	–
Total	**331**	**172**	**922**	**1,342**

Note 27 Accrued expenses and prepaid income

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Accrued interest expenses	3,810	3,479	657	808
Other accrued expenses	256	125	212	116
– of which incentive programme	*28*	*8*	*28*	*8*
Total	**4,066**	**3,604**	**869**	**924**
Accrued expenses and prepaid income allocated by remaining term, carrying amount				
At most 1 year	4,066	3,604	869	924
Longer than 1 year	–	–	–	–
Total	**4,066**	**3,604**	**869**	**924**

Note 28 Provisions

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Deferred tax liabilities	(238)	–	(373)	(354)
Provisions for pensions	(77)	–	–	–
Provision for special payroll tax on pensions	(18)	–	–	–
Total	**(333)**	**–**	**(373)**	**(354)**

Deferred taxes

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Deferred tax assets (+)/tax liability (–) pertaining to temporary differences in				
– Change in fair value of hedge-accounted loan receivables	92	331	–	–
– Bonds	(277)	(860)	(277)	(860)
– Securities in issue	854	1,337	71	163
– Derivative instruments	(923)	(1,288)	(167)	(166)
– Intangible fixed assets	(9)	(9)	–	–
– Provision for pensions	25	–	–	–
– Loss carry-forwards	–	513	–	509
– Other	0	0	0	0
Total	**(238)**	**24**	**(373)**	**(354)**
Change in deferred taxes				
Deferred tax in profit and loss	(215)	(157)	(369)	16
Deferred tax attributable to items recognised directly in equity	(47)	78	350	(370)
Total	**(262)**	**(79)**	**(19)**	**(354)**
Deferred tax by expected due date, carrying amount				
At most 1 year	–	–	–	–
Longer than 1 year	(238)	24	(373)	(354)
Total	**(238)**	**24**	**(373)**	**(354)**

Provision for pensions

Summary of defined-benefit pension plan

SEK million	Group 2009	Group 2008
Present value of the obligation, closing balance	242	–
Fair value of plan assets	(163)	–
Unrecognised actuarial gain (+) / loss (–) net	(2)	–
Provisions for pensions	**77**	**–**

Changes pertaining to pension obligations

SEK million	Group 2009	Group 2008
Present value of the obligation, opening balance, 1 January 2009	**233**	**–**
Cost pertaining to service during the period	10	–
Interest expense	9	–
Pension disbursements	(5)	–
Actuarial gain (–) / loss (+) during the period	(5)	–
– of which, experience-based	*(5)*	–
Present value of the obligation, closing balance	**242**	**–**

Changes in fair value of plan assets

SEK million	Group 2009	Group 2008
Fair value, opening balance, 1 January 2009	**157**	**–**
Expected return	8	–
Premium payments	10	–
Disbursed compensation	(5)	–
Actuarial gain (–)/loss (+) during the period	(7)	–
– of which, experience-based	*(7)*	–
Fair value, closing balance	**163**	**–**

The plan assets comprise interest-bearing paper (86%), equities (8%) and alternative investments (6%).

continued note 28

Pension cost pertaining to defined-benefit pension plan

SEK million	Group 2009	Group 2008
Cost pertaining to service during the period	10	–
Interest expense	9	–
Expected return on plan assets	(8)	–
Total pension cost for defined-benefit pension plan	**11**	**–**

During 2010, SEK 9 million is expected to be paid into the defined-benefit pension plan.

Actuarial and financial obligations

%	Group 2009	Group 2008
Discount interest rate	3.75	3.75
Return on plan assets	5.00	5.00
Annual salary increase	3.00	3.00
Annual increase in income base amount	3.00	3.00
Annual inflation	2.00	2.00
Retirement frequency	6.00	6.00
Mortality table	DUS06	DUS06

Unrecognised actuarial gain (+)/loss (–) net

SEK million	Group 2009	Group 2008
Unrecognised actuarial gain (+)/loss (–) net, opening balance	**–**	**–**
Corridor limit, opening balance	*23*	–
Amortisation of actuarial gain (–)/loss (+)	–	–
Actuarial gain (+)/loss (–) on present value of the obligation during the period	5	–
Actuarial gain (+)/loss (–) on plan assets during the period	(7)	–
Unrecognised accumulated actuarial gain (+)/loss (–) net, closing balance	**(2)**	**–**

Note 29 Subordinated liabilities

Group and Parent Company

Loan designation	Currency	Nominal amount	Outstanding nominal amount	First possible redemption right for SBAB	Interest rate, % 31 Dec 2009	Due date	Carrying amount, SEK million 2009	Carrying amount, SEK million 2008
Debenture JPY 1	JPY	10,000,000,000	10,000,000,000	–	5.23	2015-11-16	929	1,033
Debenture SEK 1	SEK	500,000,000	500,000,000	2011	3.60	2016-06-14	516	514
Debenture SEK 2	SEK	700,000,000	700,000,000	2016	5.22	Perpetual	739	748
Debenture SEK 3	SEK	300,000,000	300,000,000	2016	3 M STIBOR+0.93	Perpetual	300	300
Debenture SEK 4	SEK	1,000,000,000	1,000,000,000	2013	7.32	2018-04-25	1,067	1,071
Total							**3,551**	**3,666**
of which, Group companies							–	–

The subordinate debentures are subordinated to the Parent Company's other liabilities, which means that they carry entitlement to payment only after other claimants have received payment. Subordinated debentures SEK 2 and SEK 3 are subordinated to other subordinated debentures, known as primary capital contributions, and may be included in primary capital. Permission has been obtained from the Financial Supervisory Authority to include these in the company's capital base for the purpose of calculating the Parent Company's capital adequacy.

Subordinated liabilities are distributed among the following five loans:

JPY 1

Term: 1995-11-16 - 2015-11-16

Interest rate: SBAB can decide to pay the interest in USD, EUR or JPY. The interest rate totals 5.23% in the respective currency.

SEK 1

Term: 2005-12-14 - 2016-06-14

Interest rate: For the period 14 December 2005 - 14 June 2011: 3.60%. For the subsequent period: Floating interest correspond¬ing to three months STIBOR plus 1.71%.

SEK 2

The loan is undated.

Interest rate: For the period 30 June 2006 - 30 June 2016: 5.22%. For the subsequent period: Floating interest correspond¬ing to three months STIBOR plus 1.93%.

continued note 29

SEK 3
The loan is undated.
Interest rate: For the period 30 June 2006 - 30 June 2016: Floating interest equivalent to three months STIBOR plus 0.93%. For the subsequent period: Floating interest corresponding to three months STIBOR plus 1.93%.

SEK 4
Term: 2008-04-25 - 2018-04-25
Interest rate: For the period 25 April 2008 - 25 April 2013: 7.32%. For the subsequent period: Floating interest corresponding to three months STIBOR plus 4.10%.

Note 30 Equity

The share capital amounts to SEK 1,958,300,000. The number of shares was 19,583, with a quotient value of SEK 100,000, as in previous years. All shares are owned by the Swedish state. Dividends are proposed by the Board in accordance with the provisions of the Companies Act and are resolved by the Annual General Meeting. It is proposed that no dividend be paid for 2009. It was decided not to pay a dividend in 2007-2008.

Specification of changes in equity

Group
Other reserves

SEK million	2009	2008
Cash flow hedges at the beginning of the year	**(1)**	**14**
Change in fair value	(4)	(21)
Tax attributable to the change	1	6
Cash flow hedges at the end of the year	**(4)**	**(1)**
Reclassification of financial assets at the beginning of the year/ Assets available for sale at the beginning of the year	**(203)**	**–**
Change in fair value in assets available for sale [1]	–	(277)
Accrual of interest and currency effect in reclassified financial assets	91	1
Tax attributable to the change	(24)	73
Reclassified financial assets at the end of the year	**(136)**	**(203)**
Total	**(140)**	**(204)**

Parent Company
Reserve for fair value

SEK million	2009	2008
Cash flow hedges at the beginning of the year	**(1)**	**14**
Tax attributable to the change	(4)	(21)
Skatt hänförlig till förändringen	1	6
Cash flow hedges at the end of the year	**(4)**	**(1)**
Reclassification of financial assets at the beginning of the year/ Assets available for sale at the beginning of the year	**(203)**	**–**
Change in fair value in assets available for sale [1]	–	(277)
Accrual of interest and currency effect in reclassified financial assets	91	1
Tax attributable to the change	(24)	73
Reclassified financial assets at the end of the year	**(136)**	**(203)**
Total	**(140)**	**(204)**

Group
Retained earnings

SEK million	2009	2008
Retained earnings at the beginning of the year	**4,254**	**4,064**
Preceding year's profit transferred to retained earnings	424	190
Changed accounting policy, provision for pensions, incl. special payroll tax	(94)	–
Tax attributable to the change	24	–
Retained earnings at the end of the year	**4,608**	**4,254**

[1] *currently reclassified as loan receivables*

Note 31 Assets pledged for own liabilities

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Loan receivables	165,569	149,745	–	–
Other receivables	158	–	158	–
Repos	647	3,360	–	–
Securities	0	10	6,999	10
Total	**166,374**	**153,115**	**7,157**	**10**

Of the assets pledged, SEK 166,216 million (153,105) consists of collateral for covered bonds of SEK 139,346 million (126,280).

Note 32 Commitments

SEK million	Group 2009	Group 2008	Parent Company 2009	Parent Company 2008
Commitments concerning future payments	–	–	–	–
Other commitments				
Loan promises and other credit related committements	53,282	24,719	53,184	24,633
Unutilised portion of granted credit facilities	–	–	–	–
Other commitments	–	–	36,101	22,180
Commitments allocated by remaining term				
Within 1 year	52,440	23,640	88,443	45,734
1-5 years	842	1,079	842	1,079
> 5 years	–	–	–	–
Total	**53,282**	**24,719**	**89,285**	**46,813**

Loan promises and other credit related commitments in the Group totalling SEK 53,282 million (24,719) were reduced to SEK 9,326 million (4,756) after the conversion factor, meaning the statistically calculated probability that the exposure will lead to payment of the loan. Corresponding figures for the Parent Company amounted to SEK 53,184 million (24,633) and SEK 9,242 million (4,682) respectively. Other commitments in the Parent Company pertain to a liquidity facility with the subsidiary SCBC. The purpose of the agreement is to enable SCBC to borrow funds from the Parent Company if SCBC cannot obtain payment for its bondholders when its bonds fall due.

Note 33 Classification of financial instruments

Group

Financial assets

SEK million	2009						2008					
	Hedge-accounted derivative instruments	Loan receivables incl. in hedge accounting	Assets measured at fair value via profit and loss	Other loan receivables	Total	Total fair value	Hedge-accounted derivative instruments	Loan receivables incl. in hedge accounting	Assets measured at fair value via profit and loss	Other loan receivables	Total	Total fair value
Cash and balances at central banks				0	0	0				0	0	0
Chargeable treasury bills and other eligible bills			8,098		8,098	8,098			10		10	10
Loans and advances to credit institutions				9,054	9,054	9,091				12,570	12,570	12,589
Loans and advances to the public		84,865		141,111	225,976	228,936		68,847		115,112	183,959	185,016
Change in fair value of hedge-accounted loan receivables				2,590	2,590	–				3,270	3,270	–
Bonds and other interest-bearing securities			13,011	19,401	32,412	31,370			8,657	23,130	31,787	28,512
Derivative financial instruments	12,816		2,307		15,123	15,123	17,130		3,519		20,649	20,649
Other assets				65	65	65				228	228	228
Prepaid expenses and accrued income		84	263	349	696	696		315	189	233	737	737
Total	**12,816**	**84,949**	**23,679**	**172,570**	**294,014**	**293,379**	**17,130**	**69,162**	**12,375**	**154,543**	**253,210**	**247,741**

continued note 33

Financial liabilities

SEK million	2009						2008					
	Hedge-accounted derivative instruments	Liabilities covered by hedge accounting	Liabilities measured at fair value via profit and loss	Other financial liabilities	Total	Total fair value	Hedge-accounted derivative instruments	Liabilities covered by hedge accounting	Liabilities measured at fair value via profit and loss	Other financial liabilities	Total	Total fair value
Liabilities to credit institutions				16,339	16,339	16,339				29,692	29,692	29,725
Customer accounts				4,653	4,653	4,653				3,542	3,542	3,542
Debt securities in issue		224,941		24,154	249,095	250,493		182,335		16,308	198,643	198,907
Derivative financial instruments	6,162		2,168		8,330	8,330	4,390		3,153		7,543	7,543
Other liabilities				331	331	331				172	172	172
Accrued expenses and prepaid income		3,705		361	4,066	4,066		3,359		245	3,604	3,604
Subordinated liabilities		3,251		300	3,551	3,431		3,666			3,666	3,569
Total	**6,162**	**231,897**	**2,168**	**46,138**	**286,365**	**287,643**	**4,390**	**189,360**	**3,153**	**49,959**	**246,862**	**247,062**

Parent Company

Financial assets

SEK million	2009						2008					
	Hedge-accounted derivative instruments	Loan receivables incl. in hedge accounting	Assets measured at fair value via profit and loss	Other loan receivables	Total	Total fair value	Hedge-accounted derivative instruments	Loan receivables incl. in hedge accounting	Assets measured at fair value via profit and loss	Other loan receivables	Total	Total fair value
Cash and balances at central banks				0	0	0				0	0	0
Chargeable treasury bills and other eligible bills			8,098		8,098	8,098			10		10	10
Loans and advances to credit institutions				37,070	37,070	37,148				33,094	33,094	33,169
Loans and advances to the public				48,225	48,225	48,819				24,910	24,910	24,108
Change in fair value of hedge-accounted loan receivables				(23)	(23)	–				(41)	(41)	–
Bonds and other interest-bearing securities			13,011	19,401	32,412	31,370			8,657	23,130	31,787	28,512
Derivative financial instruments	2,619		7,756		10,375	10,375	2,967		8,727		11,694	11,694
Other assets				43	43	43				1,686	1,686	1,686
Prepaid expenses and accrued income			263	217	480	480			189	317	506	506
Total	**2,619**		**29,128**	**104,933**	**136,680**	**136,333**	**2,967**		**22,447**	**78,232**	**103,646**	**99,685**

continued note 33

Financial liabilities

SEK million	2009						2008					
	Hedge-accounted derivative instruments	Liabilities covered by hedge accounting	Liabilities measured at fair value via profit and loss	Other financial liabilities	Total	Total fair value	Hedge-accounted derivative instruments	Liabilities covered by hedge accounting	Liabilities measured at fair value via profit and loss	Other financial liabilities	Total	Total fair value
Liabilities to credit institutions				8,707	8,707	8,707				14,449	14,449	14,482
Customer accounts				4,653	4,653	4,653				3,542	3,542	3,542
Debt securities in issue		85,595		24,154	109,749	110,800		56,565		16,307	72,872	73,253
Derivative financial instruments	2,377		8,047		10,424	10,424	461		8,851		9,312	9,312
Other liabilities				922	922	922				1,342	1,342	1,342
Accrued expenses and prepaid income		570		299	869	869		730		194	924	924
Subordinated liabilities		3,251		300	3,551	3,431		3,666			3,666	3,569
Total	**2,377**	**89,416**	**8,047**	**39,035**	**138,875**	**139,806**	**461**	**60,961**	**8,851**	**35,834**	**106,107**	**106,424**

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective compounded 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 31 December 2009, the fair value of the assets would have amounted to SEK 18.4 billion had the assets continued to be recognised as "Financial assets available for sale." The carrying amount at 31 December 2009 was SEK 19.4 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.8 billion, net after tax, had the assets continued to be recognised as "Financial assets available for sale". The reserve amounted to a negative SEK 136 million, net after tax, at 31 December 2009. After the reclassification date, SEK 116.9 million of the reserve before tax has been reversed and exchange rate fluctuations had a negative impact of SEK 25 million before tax on the value of the reserve.

The following table shows how the reclassified assets were recognised in terms of gains, losses, revenues and costs. Interest income is shown gross, excluding financial expense. Currency effects do not take into account the counteracting effects that have arisen in connection with funding.

Impact on profit

SEK million	2009	2008	2008
	After reclassification	After reclassification	Before reclassification
Interest income	628	699	307
Change in fair value	–	–	–
Currency	(1,138)	3,067	145
Total	**(510)**	**3,766**	**452**

Expected cash flow per reclassification occasion, 1 July 2008

SEK million

	< 1 year	1-2 years	2-5 years	> 5 years
Structured loans	2,430	1,769	14,875	2,603

Note 34 Calculation of fair value

SEK million	Group 2009 Quoted market prices (Tier 1)	Group 2009 Other observable data (Tier 2)	Group 2009 Non-observable data (Tier 3)	Group 2009 Total	Parent Company 2009 Quoted market prices (Tier 1)	Parent Company 2009 Other observable data (Tier 2)	Parent Company 2009 Non-observable data (Tier 3)	Parent Company 2009 Total
Assets								
Securities in the category trade	5,919	15,190	–	21,109	5,919	15,190	–	21,109
Derivative instruments in the category trade	37	2,270	–	2,307	37	7,719	–	7,756
Other derivative instruments	–	12,816	–	12,816	–	2,619	–	2,619
Total	**5,956**	**30,276**	**–**	**36,232**	**5,956**	**25,528**	**–**	**31,484**
Liabilities								
Securities in the category trade	–	–	–	–	–	–	–	–
Derivative instruments in the category trade	41	2,127	–	2,168	41	8,006	–	8,047
Other derivative instruments	–	6,162	–	6,162	–	2,377	–	2,377
Total	**41**	**8,289**	**–**	**8,330**	**41**	**10,383**	**–**	**10,424**

Parent Company and Group
In the table, financial assets and liabilities measured at fair value in the balance sheet are divided on the basis of the following three measurement methods:

Quoted market prices (Tier 1)
Measurement at quoted prices in a market for identical assets and liabilities. The measurement method is used for holdings of interest-bearing securities issued by Swedish banks, Swedish mortgage institution and the Swedish Government, plus publicly quoted derivative instruments, primarily interest rate futures.

Measurement based on other observable data (Tier 2)
Measurement aided by external market information other than quoted prices, such as those included in Tier 1; for example, interest rates or prices for closely related instruments. This group includes all non-quoted derivative instruments, as well as holdings of European covered bonds.

Measurement based in part on non-observable data (Tier 3)
Measurement whereby a material component of the model is based on estimates or assumptions that did not originate directly from the market. This method is currently not used for any assets or liabilities.

Note 35 Information about related parties

SBAB is a Swedish public limited company that is 100% owned by the Swedish state.

Group companies and joint ventures
The Swedish Covered Bond Corporation is to be regarded as a subsidiary and recognised in accordance with the acquisition method, which entails that internal transactions are eliminated at Group level. FriSpar Bolån AB is a joint venture.

Parent Company

SEK million	2009 Group Companies Assets/ Liabilities	2009 Group Companies Interest	2009 Joint ventures Assets/ Liabilities	2009 Joint ventures Interest	2009 Total Assets/ Liabilities	2009 Total Interest
Loans and advances to credit institutions	26,626	291	8,503	132	35,129	423
Derivative financial instruments	3,753	(195)			3,753	(195)
Other assets	212		7		219	
Total	**30,591**	**96**	**8,510**	**132**	**39,101**	**228**
Liabilities to credit institutions	6,999	7			6,999	7
Debt securities in issue			1,000	39	1,000	39
Derivative financial instruments	2,400	613			2,400	613
Other liabilities	0		20		20	
Total	**9,399**	**620**	**1,020**	**39**	**10,419**	**659**

continued note 35

Parent Company

SEK million	Group Companies 2008		Joint ventures 2008		Total 2008	
	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest	Assets/ Liabilities	Interest
Loans and advances to credit institutions	24,820	1,195	2,337	492	27,157	1,687
Derivative financial instruments	3,946				3,946	
Other assets	1,695		4		1,699	
Total	**30,461**	**1,195**	**2,341**	**492**	**32,802**	**1,687**
Liabilities to credit institutions		34				34
Debt securities in issue			1,000	41	1,000	41
Derivative financial instruments	1,844				1,844	
Other liabilities	1,200		18		1,218	
Total	**3,044**	**34**	**1,018**	**41**	**4,062**	**75**

Of the Parent Company's commission income, commission from joint ventures accounts for SEK 44 million (55) and compensation concerning Group companies' opportunity to exercise a liquidity facility at the Parent Company for SEK 18 million (1). In addition, the Parent Company conducts administrative services on behalf of Group companies for SEK 410 million (375); see Note 5.

Loans to the Board, the CEO and other key executive personnel

SEK million	2009		2008	
	Lending	Interest income	Lending	Interest income
CEO	–	–	–	–
Board of Directors	6	0	1	0
Other key executive personnel	11	0	5	0
Total	**17**	**0**	**6**	**0**

The CEO and the Board refer to the Parent Company. Wherever relevant, the CEO and board of other Group companies are included under Other key executives.

Lending to members of the Board of the Swedish Housing Finance Corporation (SBAB) or to employees holding key positions in the company may not occur on terms that are not normally available to other personnel.

Note 36 Operating segments

SBAB has identified three operating segments: Consumer, Corporate Clients and Finance. The operating segments comply with how SBAB's organisation is composed and matches the segments previously presented in accordance with IAS 14. The Consumer operating segment includes lending for single-family dwellings, holiday homes, tenant-owner rights and tenant-owner associations, as well as deposits from private individuals and tenant-owner associations. Corporate Clients includes lending to private multi-family dwellings, commercial properties and municipal home loans, together with deposits. The Finance operating segment includes SBAB's funding, as well as management of financial risks and liquidity. Overhead costs/indirect costs have been allocated to the segments using relevant allocation keys.

Group

SEK million	2009				2008			
Risk-adjusted income statement	Consumer	Corporate Clients	Finance	Total	Consumer	Corporate Clients	Finance	Total
Net interest income	**746**	**167**	**552**	**1,465**	**615**	**138**	**304**	**1,057**
Commission income	39	5	0	44	40	4	1	45
Other operating income	(24)	(12)	(47)	(83)	(8)	(1)	(24)	(33)
Net income from financial instruments measured at fair value	(2)	1	496	495	0	3	(29)	(26)
Total operating income	**759**	**161**	**1,001**	**1,921**	**647**	**144**	**252**	**1,043**
Other expenses	(181)	(36)	(40)	(257)	(193)	(19)	(22)	(234)
Personnel costs	(195)	(53)	(45)	(293)	(185)	(36)	(33)	(254)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(19)	(3)	(6)	(28)	(21)	(3)	(8)	(32)
Total expenses before loan losses	**(395)**	**(92)**	**(91)**	**(578)**	**(399)**	**(58)**	**(63)**	**(520)**
Loan losses, net	(56)	(35)	(1)	(92)	(59)	(18)	(1)	(78)
Operating income	**308**	**34**	**909**	**1,251**	**189**	**68**	**188**	**(445)**
Tax	(81)	(9)	(239)	(329)	(53)	(19)	(53)	(125)
Risk-adjusted profit after tax	**227**	**25**	**670**	**922**	**136**	**49**	**135**	**(320)**
RAROC[1], after tax	**7,8%**	**2.3%**	**42.4%**	**16.5%**	**5.0%**	**5.8%**	**18.5%**	**7.5%**

[1] *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, return on reported equity is replaced by return on economic capital. Economic capital comprises the capital that SBAB regards as necessary in order to cover unexpected losses during the coming year. Since at 31 December 2009, economic capital was lower than reported equity, the return on equity in the risk-adjusted income statement is lower. In the risk-adjusted costs, recognised loan losses are replaced by expected losses. Expected losses are calculated in the models for credit risk by calculating the risk for payment of every single loan on the basis of the outcome over an extended period, which is in contrast to recognised loan losses. For further information on economic capital and expected losses, refer to www.sbab.se/In English/IR/Risk Management.

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

Reconciliation

	Group	
SEK million	2009	2008
Net interest income	**1,519**	**1,141**
Net commission income	44	45
Commission costs	(90)	(33)
Other operating income	6	0
Net income from financial instruments measured at fair value	495	(26)
Total operating income	**1,974**	**1,127**
Risk-adjusted revenues	1,921	1,043
Adjustment to return on reported equity	53	84
Total operating income	**1,974**	**1,127**
Other costs	(241)	(220)
Personnel costs	(309)	(268)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(28)	(32)
Loan losses	(107)	(22)
Total overhead costs and loan losses	**(685)**	**(542)**
Risk-adjusted costs	(670)	(598)
Adjustment to recognised loan losses	(15)	56
Total overhead costs and loan losses	**(685)**	**(542)**
Risk-adjusted profit before tax	1,251	445
Tax according to risk-adjusted income statement	(329)	(125)
Risk-adjusted profit after tax	**922**	**320**
Operating profit	1,289	585
Reported tax	(338)	(161)
Profit for the year after tax	**951**	**424**

The central profitability ratio is RAROC after tax, meaning the risk-adjusted return after tax. The risk-adjusted outcome in relation to budget is also of vital importance to control within SBAB. Disclosures previously submitted in accordance with IAS 14 were based on SBAB's external result, while the above disclosures are submitted in accordance with IFRS 8, which constitutes the risk-adjusted result.

Assets

SEK million	2009					2008				
	Consumer	Corporate Clients	Finance	Unallo-cated items	SBAB	Consumer	Corporate Clients	Finance	Unallo-cated items	SBAB
Total assets per segment	188,831	41,438	63,795	11	294,075	153,851	31,691	67,620	132	253,294

SBAB's share (51%) of FriSpar Bolån AB is included in the respective segments. Intra-Group eliminations have already been adjusted in the respective segments. Unallocated items include items that are not to be allocated, such as current and deferred income tax.

Note 37 Five-year overview

Parent Company

SEK million	2009	2008	2007	2006 [1]	2005 [2]
Interest income	2,294	4,445	4,231	4,869	5,323
Interest expense	(1,611)	(4,175)	(4,007)	(4,043)	(4,142)
Net interest income	**683**	**270**	**224**	**826**	**1,181**
Other operating income	830	287	324	624	48
Total operating income	**1,513**	**557**	**548**	**1,450**	**1,229**
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(13)	(16)	(18)	(16)	(15)
Other operating expenses	(558)	(498)	(500)	(579)	(589)
Total operating expenses	**(571)**	**(514)**	**(518)**	**(595)**	**(604)**
Result before loan losses	**942**	**43**	**30**	**855**	**625**
Loan losses, net	(82)	(4)	19	(0)	36
Operating profit	**860**	**39**	**49**	**855**	**661**
Loan portfolio	48,225	24,910	29,570	65,036	141,285
Other assets	98,593	88,870	78,571	56,623	20,795
Total assets	**146,818**	**113,780**	**108,141**	**121,659**	**162,080**
Deposits	4,653	3,542	759	–	–
Debt securities in issue	109,749	72,872	86,573	105,983	146,100
Other liabilities	20,922	26,027	11,754	6,688	8,257
Deferred tax liabilities	373	354	–	–	–
Subordinated liabilities	3,551	3,666	2,725	2,808	1,851
Untaxed reserves	–	–	–	3	1,055
Shareholders' equity	7,570	7,319	6,330	6,177	4,817
Total liabilities and equity	**146,818**	**113,780**	**108,141**	**121,659**	**162,080**
Capital adequacy, % [3]	30.7	35.3	34.7	19.1	9.6
Primary capital ratio, % [3]	24.5	27.2	27.3	15.3	7.4

[1] *Since May 2006, the Parent Company has transferred parts of the loan portfolio to the subsidiary.*
[2] *The comparative figures for 2005 have not been restated in accordance with IAS/IFRS.*
[3] *The comparative figures for 2005-2006 have not been restated in accordance with IAS/IFRS.*

Proposed Appropriation of Profits

The Group's income statements and balance sheets will be submitted to the Annual General Meeting on 21 April 2010 for adoption.

The Board and the CEO certify that the consolidated financial statements were prepared in accordance with the international accounting standard IFRS as adopted by the EU and provide a true and fair view of the Group's position and earnings. The Annual Report was prepared in accordance with generally accepted accounting policies and provides a true and fair view of the Parent Company's position and earnings.

The administration report for the Group and Parent Company provides a true and fair view of the development of the Group and Parent Company's operations, position and earnings, and describes the significant risks and uncertainty factors faced by the Parent Company and the companies included in the Group.

Assuming their approval by the Annual General Meeting, Group contributions have been provided in the amount of SEK 610,000,000, which resulted in unrestricted equity on the balance-sheet date, after taking the tax effect into account, being reduced by SEK 449,570,000. In the opinion of the Board of Directors, the proposed value transfer, in the form of Group contributions, does not constitute an impediment in accordance with Chapter 17, Section 3 of the Companies Act. The value transfer is defensible taking into account the requirements that the nature, scope and risks of the operations impose in terms of the size of shareholders' equity and the company's liquidity and position in general.

In accordance with Chapter 6, Section 2, second subsection of ÅRKL, the Board considers that the company's equity is sufficiently large in relation to the extent and risks of the operations. The Board and the CEO propose that the funds which, according to the balance sheet of the Parent Company, are at the disposal of the Annual General Meeting, namely SEK 5,220,384,692, of which the profit for the year amounts to SEK 636,772,833, be carried forward.

Stockholm, 16 March 2010

Claes Kjellander
Chairman of the Board

Lennart Francke
Board Member

Helena Levander
Board Member

Lars Linder-Aronson
Board Member

Karin Moberg
Board Member

Lena Smeby-Udesen
Board Member

Michael Thorén
Board Member

Anders Bloom
Board Member
(Employee Representative)

Anna Christenson
Board Member
(Employee Representative)

Eva Cederbalk
Chief Executive Officer

Our audit report was submitted on 17 March 2010

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Shareholders of the Swedish Housing Finance Corporation, SBAB, reg. no. 556253-7513

We have audited the annual accounts, consolidated accounts, accounting records and administration of the Board of Directors and the Chief Executive Officer of the Swedish Housing Finance Corporation, reg. no. 556253-7513, for the year 2009. The Annual Report and the consolidated accounts are included in the printed version of the report on pages 16-79. 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 ensuring compliance with the Annual Accounts Act for Credit Institutions and Securities Companies when preparing this report and for compliance with the international financial reporting standards IFRS as adopted by the EU and the Annual Accounts for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted the audit in accordance with generally accepted auditing standards in Sweden. This entails that we planned and performed the audit to obtain reasonable, but not absolute, assurance that the annual accounts and the consolidated accounts were 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 policies used and their application by the Board of Directors and Chief Executive Officer, as well as evaluating the important estimates made by the Board and Chief Executive Officer when drawing up the annual accounts and consolidated accounts and evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Company to enable us 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 had, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business 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 were prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, accordingly, provide a true and fair view of the Company's earnings and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts were prepared in accordance with the international accounting standard IFRS as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and provide a true and fair view of the Group's financial position and results. The administration report is in accordance with other parts of the annual accounts and consolidated accounts.

We recommend to the Annual General Meeting of Shareholders that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit for the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 17 March 2010

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

Corporate Governance Report

Chairman's Statement

The Board of Directors' work during 2009 was characterised by a great deal of strategy issues linked to SBAB's planned broadening of operations. In April, SBAB obtained a parliamentary ruling allowing the company to expand its business to include banking, mutual fund and other financial operations. At its meeting in December, the Board of Directors decided to submit an application to the Swedish Financial Supervisory Authority for a permit to conduct banking operations. The planned expansion of operations is in line with the strategy that the Board of Directors has discussed over several years.

The Board of Directors' work during the year also entailed following up and taking decisions on issues relating to SBAB's handling of the turbulence that characterised the capital markets, particularly during the first half of 2009. In February, the Board of Directors decided that SBAB would participate in the Swedish government's guarantee program. As a result of improved conditions in the capital market and favourable access to funds, the Board of Directors was able to decide in October that SBAB's participation in the guarantee program would cease. During the year, the Board of Directors worked on issues relating to SBAB's capital adequacy and capitalisation.

Through its committees and subcommittees, the Board of Directors also focused on issues pertaining to granting of credit, funding operations, auditing, internal controls and remuneration. The Board's committees are an important part of its governance of SBAB.

In conjunction with its review of interim reports at Board meetings and through the CEO's regular monthly reports, the Board of Directors monitored SBAB's positive earnings trend during 2009.

Following decisions by the general meetings in April and October, the Board of Directors was expanded with the members Lennart Francke, Karin Moberg and Lena Smeby-Udesen. Gunilla Asker and Jan Berg stepped down as Board members in conjunction with the Annual General Meeting in April.

Stockholm, March 2010

Claes Kjellander
Chairman of the Board

Corporate Governance Report

The State's governance and the Swedish Code of Corporate Governance

SBAB is a Swedish public limited company that is 100% owned by the Swedish state. SBAB's registered office is in Stockholm. The owner controls SBAB through General Meetings of shareholders, the Board of Directors and the CEO in accordance with the Companies Act, the articles of association, SBAB policies and instructions and guidelines from the Government. The Swedish Code of Corporate Governance (the Code) is part of the Government's framework for corporate governance that complements the state's ownership policy. In certain issues, the Government Offices have decided to apply the rules in a manner that deviates from the Code rules, which are described in greater detail in the "Annual Report State-owned Companies 2009". SBAB complies with the Code in accordance with the Government Offices' interpretation, which entails the deviations from Code items 2 and 4, as described below.

General Meetings of Shareholders

The Annual General Meeting

SBAB's Annual General Meeting was held on 15 April 2009 in Stockholm. The Annual General Meeting was open and the public was invited to attend through a notice in the daily press together with other specially invited persons including business partners, Members of Parliament, customers and other stakeholders. In addition to these persons, most of the Board Members, the CEO, and the company auditor attended the meeting. Claes Kjellander, Chairman of the Board, chaired the Annual General Meeting.

At the Annual General Meeting, Board Members Claes Kjellander (Chairman), Helena Levander, Lars Linder-Aronson and Michael Thorén were re-elected. Lennart Francke and Lena Smeby-Udesen were newly elected to the Board.

The fees of the Board Members were decided upon at the Annual General Meeting. The meeting also decided to discharge the Board of Directors and the CEO from liability and took decisions on the appropriation of profits and the adoption of the annual accounts for 2008. The CEO, Eva Cederbalk, held an address on SBAB's activities in 2008. Auditor Ulf Westerberg, auditor in charge at Öhrlings PricewaterhouseCoopers AB, reported at the Annual General Meeting on his examination in the audit report and, in this connection, gave an account of his work on the audit of SBAB during 2008. In addition, Ulf Westerberg submitted to the Meeting his report on the open accounting prepared by SBAB in accordance with the Insight into Certain Financial Links and Related Matters Act (2005:590).

Extraordinary General Meeting

On 28 October 2009, an Extraordinary General Meeting of SBAB was held in Stockholm. The Extraordinary General Meeting resolved to amend SBAB's Articles of Association. The material amendments entailed that the definition of the type of properties that SBAB is permitted to mortgage has been expanded and SBAB has been given an opportunity to grant loans without loans collateral to the extent decided by the Board of Directors. At the Extraordinary General Meeting, Karin Moberg was elected new member of the Board.

Nomination process

Uniform and common principles are applied for a structured nomination process for the state-owned companies, as described in the "Annual Report State-owned Companies 2009". This entails that large parts of Item 2 of the Code is not applied for SBAB.

The Board of Directors and its methods of work

According to the articles of association, the Board is to consist of at least five and at most ten members. The members of the Board are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. SBAB's board consists of seven Board Members elected at the Annual General Meeting and two members appointed by the local branch of the employee organisation the Financial Sector Union of Sweden. The CEO is not a member of the Board. The Board of Directors of SBAB comprises Claes Kjellander (Chairman of the Board), Anders Bloom (employee representative), Anna Christenson (employee representative), Lennart Francke, Helena Levander, Lars Linder-Aronson, Karin Moberg, Lena Smeby-Udesen and Michael Thorén. A specification of age, principal education, occupational experience and the other assignments held by the members of the Board is presented on page 87.

All Board members with the exception of the employee representatives are independent in relation to SBAB and the executive management. The state's owner policy explicitly states that nominations to the Board are to be published in accordance with the guidelines of the Code with the exception of reporting of the Board members' independence in relation to major owners, which is motivated by the purpose of the said Item 2 of the Code, which is to protect minority shareholders in companies with diversified ownership. According to the owner's guidelines, wholly state-owned companies or partly owned companies with few owners have no reason to report independence in relation to major owners. Accordingly, Item 4.5 of the Code is not applied pertaining to reporting of independence in relation to major owners.

The Board is ultimately responsible for the organisation and administration of the company. The work of the Board takes complies with the formal work plan adopted annually at the statutory meeting of the Board following the Annual General Meeting. The formal work plan regulates decision-making within SBAB, the arrangements for board meetings, and the division of work among the Board, the Chairman of the Board and the Board committees.

In 2009, the Board had seven ordinary board meetings and four extraordinary meetings. The work of the Board takes place in accordance with an annual plan aimed at meeting the Board's need for information. SBAB's Board takes decisions in matters concerning SBAB's strategic direction, investments, financing, major organisational issues and policies, and certain instructions. The Board considers the company's quarterly interim reports and decides on their adoption and publication. Issues relating to control that are the responsibility of the Board are discussed by the Board as a whole and by committees specially appointed by the Board. The Board also receives annually reports from the company's internal and external auditors concerning their observations from their examination and their assessments on how control is maintained within the company. Other executives in SBAB attend board meetings as reporter. SBAB's Chief Legal Counsel keeps the minutes of board meetings.

In addition to its meetings, the Board monitors SBAB's ongoing work and financial development through the CEO's monthly written report to the Board. The report includes a disclosure of the net operating income and information on changes in the loan portfolios with reporting on margins, loan losses and problem loans, funding activity and the capital adequacy situation and risks.

The Board continuously evaluates its work through open discussions between the Chairman of the Board and individual Board Members. In addition, a structured evaluation of the work of the Board and CEO is prepared annually in accordance with the Board's work plan and the owner's instructions. An evaluation of the work of the Board and CEO was implemented at the end of 2009, the results of which were addressed by the Board meeting held on 4 February 2010.

None of the Board Members or the CEO holds shares or financial instruments issued by SBAB.

Committees of the Board

The Board has deepened its work through the participation of elected Board Members in the following committees established by the Board. The committee meetings are minuted and the minutes are circulated to all Board Members and submitted and reported at Board meetings.

Credit Committee

The principal task of the Credit Committee is to decide on credit limits and loans in accordance with established credit instructions. The Credit Committee also has the task of preparing, for decision by the Board, changes in credit policy and credit instructions, assessing portfolio strategies, increasing the transparency of the loan portfolio, assessing valuation, decision and risk models, and evaluating existing or new delegation rights and pricing of credit risks on the basis of market conditions for strategic discussions in the Board.

The Credit Committee comprises at least three Board Members appointed by the Board, one of whom is the chairman of the committee, and SBAB's CEO. The Chief Credit Officer, the head of Corporate Clients or another specially appointed officer acts as reporter.

The members of the Credit Committee are: Claes Kjellander (Chairman), Lennart Francke, Helena Levander and Eva Cederbalk (CEO).

The Credit Committee had 18 meetings during the year.

Finance Committee

The principal task of the Finance Committee is to take decisions in accordance with the financial instructions adopted by the Board for credit risk limits for financial activities and, in the event of exceeded limits due to changes in the exchange rate or interest rate, to take a position on measures, instructions concerning handling of credit risk limits, and the use of new financial instruments and the benchmark for interest rate risk in the company's equity in accordance with the principles established by the Board. In addition, the Finance Committee shall monitor risks in financial activities. The Finance Committee is to prepare changes in financial policy and financial instructions and other matters relating to financial activity for Board decisions.

The Finance Committee comprises at least three Board Members appointed by the Board, one of whom is the chairman of the committee, and SBAB's CEO. The Chief Financial Officer or another specially appointed officer acts as reporter for the issue concerned as does, to the extent relevant, SBAB's Risk Manager.

The members of the Finance Committee are: Lars Linder-Aronson (Chairman), Claes Kjellander, Lena Smeby-Udesen and Eva Cederbalk (CEO).

The Finance Committee had seven meetings during the year.

Audit Committee

The main task of the Audit Committee is to examine, on the basis of the owner's instructions and applicable rules and regulations, the governance of SBAB, internal controls and financial information, and to prepare issues within these areas for decision by the Board.

The Audit Committee comprises at least three Board Members appointed by the Board, one of whom is the chairman of the committee. The head of Internal Audit acts as convenor and secretary at the committee's meetings. SBAB's Head of Accounts and Risk Department participates in the committee's meetings. In addition, the auditor elected at the Annual General Meeting of Shareholders participates in certain predetermined meetings during the year.

Board members' attendance of meetings of the Board, committees in 2009

	Board	Credit Committee	Finance Committee	Audit Committee	Remuneration Committee
Number of meetings	11	18	7	7	2
Attendance					
Claes Kjellander	11	18	6		2
Gunilla Asker *	3	2			
Jan Berg *	4	4			
Anders Bloom	11			4	
Anna Christenson *	7				
Lennart Francke *	7	10		5	
Helena Levander *	9	9	3	2	
Lars Linder-Aronson	11		7		
Karin Moberg *	2				
Lena Smeby-Udesen *	7		3		
Göran Thilén *	3				
Michael Thorén	11			7	2

In some cases, participation in the meetings of the Board, committees pertains only to a portion of the year. In the cases marked with an asterisk (*), membership of the Board or committees pertained only to a portion of 2009. CEO's attendance at committee meetings is not shown in the table.

The members of the Audit Committee are: Michael Thorén (Chairman), Lennart Francke and Karin Moberg.

The Audit Committee had seven meetings during the year.

Remuneration Committee

The principal task of the Remuneration Committee is to prepare and issue decide on matters relating to compensation and other conditions for the company's senior executives. Issues relating to the CEO's conditions of employment, remuneration and benefits are prepared by the Remuneration Committee but are decided upon by the Board. The Remuneration Committee also monitors the overall salary development in SBAB and prepares matters relating to SBAB's remuneration system and incentive programme.

The Remuneration Committee comprises two Board Members appointed by the Board, one of whom is the chairman of the committee. The CEO and, in certain cases, the Human Resources Manager participate in the meetings of the Remuneration Committee.

The members of the Remuneration Committee are: Claes Kjellander (Chairman) and Michael Thorén.

The Remuneration Committee had two meetings during the year.

Remuneration to the Board and senior executives

Further information on the remuneration of Board members, the CEO and other members of executive management is provided in Note 6 to the income statements and balance sheets.

Other supervisory bodies and control functions

External audit

The owner is responsible for the appointment of auditors for state-owned companies. SBAB's Audit Committee evaluates the contribution of the auditor and assists the owner in producing proposals for the auditor and fees. Officials at the Government Offices monitor all the steps of the procurement process from tendering criteria to selection and evaluation. When the process is concluded, proposals for appointment of an auditor are published in accordance with the guidelines of the Code. The final decision is taken by the owner at the Annual General Meeting.

Every four years, the Annual General Meeting appoints an auditor or auditing firm to audit SBAB. The auditor is to be an authorised public accountant or authorised public accountancy firm which appoints an auditor-in-charge. The 2007 Annual General Meeting appointed Öhrlings PricewaterhouseCoopers AB as auditor. The auditor-in-charge is Ulf Westerberg. A more detailed presentation of the auditor and the fees and cost compensation paid is included on page 88 and Note 7 to the Annual Report.

The auditor examines the annual report, consolidated accounts, accounting records and the administration of the company by the Board and the CEO. A report on the result of this examination is issued to the shareholder through an audit report, which is submitted to the Annual General Meeting. In addition, the auditor conducts an examination of SBAB's interim reports and submits detailed accounts to the Audit Committee at the ordinary Audit Committee meetings and to the Board at least once a year.

Internal audit

The internal audit in SBAB is an internal independent inspection function in accordance with the Swedish Financial Supervisory Authority's regulations (FFFS 2005:1, Chapter 6). Accordingly, the main task of the internal audit is to review and evaluate the internal control for companies in the SBAB Group. The internal audit provides a brief written and oral report directly to the Board and Audit Committee in accordance with the established reporting and meeting plan. The review efforts of the internal audit take place in accordance with an audit plan which is annually prepared by the Audit Committee and decided upon by the Board. In connection with this, the Head of the Internal Audit presents both the proposed audit plan for the coming year and the overall risk assessment on which the plan is based to both the Audit Committee and the Board. At least twice a year, the Head of Internal Audit makes an oral and written report to the Audit Committee and the Board on the result of the work of the internal audit according to the plan.

Compliance

SBAB has a centrally located Compliance Officer whose task, on a comprehensive level, is to monitor that operations are managed in accordance with the laws and regulations applicable for financial businesses subject to permits. The Compliance Officer is also responsible for leading and organising the structure required to ensure that controlling functions within SBAB implement monitoring in their areas of instruction in accordance with a shared model. In addition to continuous reporting to SBAB's chief legal counsel, reporting occurs biannually to the CEO and Board. Each year, an oral report is also made to SBAB's Audit Committee. The annual plan for the compliance function is established by the CEO.

Risk

SBAB has a central risk unit that analyses and checks the company's overall risks. The risk unit performs its work on the basis of an established annual plan. The risk unit makes continuous reports to the Board of Directors, CEO and company management concerning the company's total risks on the basis of available risk information. Another of the unit's duties is to monitor and ensure on an overall basis that SBAB identifies, measures, checks and has control over all risks.

Internal control of financial reporting

Control environment

The basis for SBAB's internal control process with regard to financial reporting is the control environment, meaning the organisation and division of decisions, as well as the guidelines and steering documents described above in the Corporate Governance Report.

Risk assessment and control activities

SBAB's Accounts Department analyses, checks and evaluates the company's financial reporting risk. The Accounts Department reports to the Board's Audit Committee and the CEO concerning the company's financial reporting risk on the basis of available risk information. The unit is to follow up and ensure on an overall level that SBAB identifies, measures, manages and has control over the financial reporting risks. A self-evaluation of the financial reporting risks existing in the organisation will be conducted on an annual basis.

Information and communication

SBAB's regulatory framework is available to employees on SBAB's intranet and is updated continuously.

Follow-up

The Board receives monthly financial reports, and SBAB's financial situation is addressed at every Board meeting. Moreover, the Board's various committees perform important functions in the Board's follow-up. The work of the committees is described under the heading "Committees of the Board" on pages 84-85.

Financial information 2009

SBAB published the following financial reports in 2009:

Year-end Report for 2008	30 January
Interim report January-March	29 April
Interim report January-June	14 August
Interim report January-September	30 October

The Annual Report for 2008 was published on 31 March 2009.

Examination Report

As an expansion of our audit assignment, we have, at the request of the Board, reviewed the corporate governance report for The Swedish Housing Finance Corporation, SBAB for 2009. The corporate governance report was prepared in accordance with the guidelines stated in the Swedish Corporate Governance Code.

Stockholm, 17 March 2010

Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant

Board of Directors

Claes Kjellander

Chairman of the Board
Bachelor of Science, post-graduate studies in Business Administration and Economics
Born 1945
Elected to the Board 2003
Member of SBAB's Credit Committee, Finance Committee and Remuneration Committee
Other assignments: Chairman of the Board of Bygg-Partner gruppen, Chairman of the Board of Sydtotal AB
Past experience: CEO Jones Lang LaSalle AB, CEO Stenvalvet Fastighets AB, Deputy CEO and Acting CEO Vasakronan AB, Deputy CEO ABB Environmental Control AB, CFO Fläkt AB

Lena Smeby-Udesen

CFO, the Second Swedish Pension Fund
Master of Business Administration and Economics, MBA
Born 1961
Elected to the Board 2009
Member of SBAB's Finance Committee
Other assignments: Chairman of the Board of Stiftelsen Centrum för Finans, Gothenburg University
Past experience: Executive Corporate Banking Göteborg & Malmö, Swedbank Markets, Project financing, Business Controller Ericsson group, Volvo Energi AB

Lennart Francke

Senior Advisor
Bachelor of Business Administration and Economics, Executive education
Born 1950
Elected to the Board 2009
Member of SBAB's Credit Committee and Audit Committee
Other assignments: Senior Advisor Oliver Wyman, Member of the Board Blomsterfonden, Member of the Board of Centre for Business History
Past experience: Vice President, Group Credit Manager and Group CFO at Handelsbanken

Michael Thorén

Desk Officer, Ministry of Enterprise, Energy and Communications
Bachelor of Business Administration and Economics
Born 1969
Elected to the Board 2003
Member of SBAB's Audit Committee and Remuneration Committee
Other assignments: Board Member of Infranord AB, Board Member of Vasallen AB
Past experience: Analyst ABN Amro Bank, Project Manager Retriva Kredit AB

Helena Levander

Partner and CEO Nordic Investor Services AB
Bachelor of Business Administration and Economics
Born 1957
Elected to the Board 2004
Member of SBAB's Credit Committee
Other assignments: Board Member of Erik Penser Bankaktiebolag, Board Member of the Mistra research project "Sustainable Investments", Board Member of Nordisk Energiforvaltning ASA, Board Member of Stampen AB, Board Member of AB Svensk Exportkredit (SEK), Board Member of Transatlantic AB, Board Member of Wiborg Kapitalförvaltning
Past experience: CEO Neonet Securities AB, CEO Odin Fonder, Senior Fund Manager Nordea Asset Management, SEB Asset Management

Lars Linder-Aronson

Chairman Ventshare AB
Bachelor of Business Administration and Economics
Born 1953
Elected to the Board 2000
Member of SBAB's Finance Committee
Other assignments: Board Member of the Seventh Swedish Pension Fund
Past experience: CEO Enskilda Securities, Deputy CEO SEB

Anders Bloom

Employee Representative since 2004
Appointed by the Financial Sector Union of Sweden
Born 1955

Karin Moberg

Bachelor of Business Administration and Economics
Born 1963
Elected to the Board 2009
Member of SBAB's Audit Committee
Other assignments: Founder of FriendsOfAdam, Board Member of the Seventh Swedish Pension Fund, Board Member of Caretech AB, Board Member of Doro AB
Past experience: Various positions at TeliaSonera, including CEO Telia e-bolaget, Marketing Director and acting Chief Communication Officer, Management consultant Karlöf & Partners, sales representative in Hong Kong for IDF Ltd and Ekonomitryck AB

Anna Christenson

Employee Representative since 2009
Appointed by the Financial Sector Union of Sweden
Born 1970

Changes in the Board during 2009

New members during the year are Lennart Francke, Karin Moberg and Lena Smeby-Udesen. The members Gunilla Asker and Jan Berg retired in connection with the Annual General Meeting in April 2009. Anna Christenson replaced Göran Thilén as employee representative.

Executive Management and Auditor

Eva Cederbalk

CEO
Bachelor of Business Administration and Economics
Born 1952
Year of employment 2004
Board assignments: Board member of Bilia AB, Board Member of Klarna AB and Board Member of Klarna Finans AB
Past experience: CEO Netgiro International, Head of E-Business If Skadeförsäkring AB, CEO Dial Försäkringar AB, various positions in the SEB Group, including Head of Internet and Telephone Banking, Head of Banking Products, Head of SEB Kort, CEO Eurocard AB

Bo Andersson

Chief Information Officer
Master of Science
Born 1966
Year of employment 2004
Board Assignments: Board Member of The Swedish Covered Bond Corporation
Past experience: Project Manager Sydkraft, Senior Project Manager Honeywell, Head of Project Development – CPMO Icon Medialab

Per Balazsi

Head of Accounts Department
Master of Business Administration and Economics, Executive MBA
Born 1966
Year of employment 2002
Board assignments: Chairman of the Board of the Swedish Covered Bond Corporation
Past experience: Risk analyst at the Swedish National Debt Office, Deputy Assistant Undersecretary, Ministry of Finance

Fredrik Bergström

Head of Consumer Department
Bachelor of Business Administration and Economics
Born 1970
Year of employment 2007
Board assignments: Board Member of FriSpar Bolån AB
Past experience: Distribution Manager If Private Business in Sweden and other positions in If Skadeförsäkring AB and Dial Försäkrings AB

Johan Brodin

Chief Credit Officer
Bachelor of Business Administration and Economics
Born 1968
Year of employment 2005
Board assignments: Board Member of the Swedish Covered Bond Corporation
Past experience: Various positions at Handelsbanken, Senior Manager at KPMG, Senior Manager Oliver Wyman

Johanna Clason

Chief Financial Officer
Bachelor of Business Administration and Economics
Born 1965
Year of employment 2005
Board assignments: Board Member of the Swedish Medical Products Agency, Board Member of the Swedish Covered Bond
Past experience: IR Brummer & Partners, Financial Director AB Svensk Exportkredit, Trader ABB Treasury Center (Sweden) AB

Per O. Dahlstedt

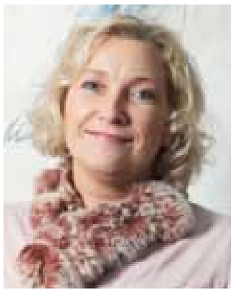
Head of Corporate Clients
Bachelor of Business Administration and Economics
Born 1953
Year of employment 2005
Past experience: Senior Advisor Strategic and Operational Development Askus Consulting, Business Area Manager and Regional Area Manager positions within SEB

Christine Ehnström

Chief Legal Counsel
Master of Laws (LL.M.)
Born 1973
Year of employment 1999
Board assignments: Board Member of Maricon Marinconsult AB's pension foundation
Past experience: Legal Counsel Volvo Treasury AB (publ)

Lena Hedlund

Chief Communication Officer
Bachelor of Business Administration and Economics
Born 1961
Year of employment 1994
Board assignments: Board Member of HEBA Fastighets AB (publ)
Past experience: Property valuation, sales and credit ratings at Stadshypotek AB (publ)



Catharina Kandel

Human Resources Manager
B.A. Personnel and Working Life Programme
Born 1965
Year of employment 2004
Past experience: HR positions at Försäkringsaktiebolaget Skandia, HR Manager SkandiaBanken

Changes in executive management during 2009

Bengt-Olof Nilsson-Lalér resigned as Chief Credit Officer during the summer of 2009. He joined SBAB in 2000. He was succeeded by Johan Brodin.

Auditor

The 2007 Annual General Meeting elected the auditing firm Öhrlings Pricewaterhouse Coopers AB as auditor for the period until the end of the Annual General Meeting to be held in 2011. The auditing firm appointed Ulf Westerberg as auditor-in-charge.

Ulf Westerberg, Öhrlings PricewaterhouseCoopers AB

Auditor-in-charge at SBAB since 2007
Born 1959
Other assignments: NCC, Brio, Home Properties, Proventus, Stronghold

Addresses

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Loans to single-family dwellings, tenant-owner rights and holiday homes

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