



## **Interim report 1 January - 31 March 2009**

**The Swedish Housing Finance Corporation, SBAB**



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➤ **SBAB experienced strong growth in business volumes during the first quarter. Lending continued to grow and amounted to SEK 190,340 million (183,959). Lending to the public amounted to SEK 119,715 million (116,823) and lending to corporate customers and to tenant-owner associations totalled SEK 70,625 million (67,136). SBAB's market share rose to 8.7% (8.6). Demand for SBAB's savings products continued to increase, and deposits in SBAB totalled SEK 3,988 million (3,542).**

➤ **Operating profit increased to SEK 161 million (97). Net interest income was in line with the year-earlier period at SEK 307 million (305). Total operating income rose to SEK 318 million (234), with the increase mainly deriving from a reduction in net expenses attributable to unrealised changes in market value in relation to the year-earlier period. Expenses totalled SEK 151 million (135) and loan losses SEK 6 million (2).**

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

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

## Operating profit

SBAB's operating profit increased compared with the year-earlier period and amounted to SEK 161 million (97). Net interest income was in line with the year-earlier period. Financial items measured at fair value had a positive net impact of SEK 7 million (negative: 74) on operating profit.

## Operating income

Operating income was higher than in the year-earlier period, amounted to SEK 318 million (234). The improvement was primarily attributable to a reduction in net expenses attributable to unrealised changes in market value compared with the year-earlier period. Net interest income amounted to SEK 307 million (305), in line with the corresponding period of the preceding year. As a result of the trend in financial markets, funding costs and costs for managing liquidity risks increased. Consequently, net interest income was in line with the year-earlier period despite larger loan volumes. The net income from financial items measured at fair value amounted to income of SEK 7 million (expense: 74).

## Summary

SBAB-Group	Mar 2009	Mar 2008	Dec 2008
Net interest income, SEK million	307	305	1,141
Operating profit, SEK million	161	97	585
Net profit for the period, SEK million	120	70	424
Lending, SEK million	190,340	165,899	183,959
Doubtful loan receivables after specific provisions, SEK million	32	50	43
Volume international borrowing, SEK million	120,082	114,257	128,326
Expenditure/Income ratio excl. loan losses, % <sup>1)</sup>	48	58	46
Expenditure/Income ratio incl. loan losses, % <sup>1)</sup>	50	58	48
Return on equity, %	7.7	1.7	6.7
Capital ratio, %	10.3	8.7	9.4
Primary capital ratio, %	8.3	7.7	7.6
Equity ratio, %	2.3	2.6	2.5
Rating, long-term borrowing, SBAB			
Standard & Poor's	A+	AA-	A+
Moody's	A1	A1	A1
Rating, long-term borrowing, SCBC			
Standard & Poor's	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa
Rating, short-term borrowing, SBAB			
Standard & Poor's	A-1	A-1+	A-1
Moody's	P-1	P-1	P-1
Average no. of employees during the period	372	367	365
of which temporary employees	9	10	8

<sup>1)</sup> Expenses/operating income.

## Expenses

Expenses amounted to SEK 151 million (135). A minor portion of the increase was attributable to staff costs, which amounted to SEK 77 million (75). SBAB's other expenses increased to SEK 67 million (52), and the rise was primarily attributable to larger volumes of business and higher consultant expenses related to the company's development toward broader operations. Depreciation/amortisation amounted to SEK 7 million (8).

## Loan losses

Loan losses continue to be low and amounted to SEK 6 million (loss: 2). The increase was primarily due to a reduction in reversed provisions in the corporate market. At the same time, provisions in the retail market were lower during the period.

The effects of the recession have not yet become evident in SBAB's lending operations, but SBAB is closely monitoring developments and is prepared to handle problems if they arise. During the quarter, actions were taken to increase valuation reliability relating to a large part of the underlying collateral in the portfolio.

For retail market loans, the previous upswing in the number of customers unable to pay interest and amortisation in time was reversed. More recently, a significant reduction was noted, which was primarily attributable to the lower interest rate during the early part of the year.

## Lending

SBAB continued to experience a strong volume trend, and new lending during the first quarter amounted to SEK 11,358 million (6,191). Lending to the public amounted to SEK 190,340 million (183,959). Lending to the retail market amounted to SEK 119,715 million (116,823). New lending amounted to SEK 6,625 million (4,509). During the quarter, high demand caused SBAB's market share to rise to 7.6% (7.5). SBAB launched three new product concepts within the retail market during the quarter: First Home Loan, Home Removal Loan and Renovation, Remodelling and Extension Loan.

Lending to the corporate market amounted to SEK 70,625 million (67,136). New lending totalled SEK 4,733 million (1,682). Also in the corporate market, an increase was noted in SBAB's market share from 11.4% to 11.6%.

SBAB's partner business constitutes an important distribution channel for SBAB's lending to the retail market. During the first quarter of 2009, SBAB entered into partnership with the real-estate agency Erik Olsson Fastighetsförmedling. As a result of this partnership, SBAB will reach new target groups in a broader market.

## Deposits

Demand for SBAB's savings accounts was high and deposits at the end of the period totalled SEK 3,988 million (3,542). SBAB offers two types of savings accounts with straightforward terms. Interest is credited from the very first krona regardless of the amount deposited and withdrawals are free of charge.

## Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio. This requires active market

presence and a flexible range of products. At an early stage of the financial crisis, SBAB decided to maintain very high access to liquid funds and has continuously acted in accordance with this aim. The first quarter of 2009 was characterised by a continued high level of turbulence in global money and capital markets, which also impacted on the less exposed Swedish money market. Despite this turmoil and reduced market liquidity, SBAB has had healthy access to funds during every phase of the crisis. SBAB increased its share of long-term funding.

In February 2009, SBAB joined the Swedish Government's guarantee programme for medium-term funding. SBAB issued SEK 28 billion under the guarantee programme.

The total value of outstanding securities issued was SEK 217,258 million (198,643).

Funding through the issuance of covered bonds is effected through SBAB's wholly owned subsidiary The Swedish Covered Bond Corporation (SCBC). The credit rating agencies Moody's and Standard & Poor's continue to set a credit rating of Aaa/AAA for the covered bonds issued.

## Capital adequacy and risk

SBAB reports credit risk mainly in accordance with the internal ratings-based (IRB) method and operational risks according to the standard method. Taking into account the

Programme utilisation	31 Mar 2009	31 Dec 2008
Swedish Commercial Paper Programme	SEK 13.2 bn	SEK 11.8 bn
Swedish covered bonds	SEK 53.2 bn	SEK 59.6 bn
European Commercial Paper Programme	USD 372 mn	USD 510 mn
US Commercial Paper Programme	USD 75 mn	USD 75 mn
Euro Medium Term Note Programme	USD 5,523 mn	USD 7,097 mn
Euro Medium Term Covered Note Programme	EUR 6,170 mn	EUR 5,994 mn
Swedish Government Guarantee Programme	SEK 28 bn	-

Loan portfolio	Mar 2009		Mar 2008		Dec 2008	
	SBAB-Group*	Group, incl. all of FriSpar	SBAB-Group*	Group, incl. all of FriSpar	SBAB-Group*	Group, incl. all of FriSpar
SEK million						
Retail lending	119,715	121,677	104,550	114,504	116,823	117,931
- new lending	6,625	7,228	4,509	5,040	19,164	21,222
Corporate lending (incl. tenant-owner associations)	70,625	70,724	61,349	61,471	67,136	67,236
- new lending	4,733	4,733	1,682	1,682	13,261	13,261
<b>Total</b>	<b>190,340</b>	<b>192,401</b>	<b>165,899</b>	<b>175,975</b>	<b>183,959</b>	<b>185,167</b>
- new lending	11,358	11,961	6,191	6,722	32,425	34,483

\* Within the SBAB Group, 51% of FriSpar is consolidated in accordance with the proportional consolidation method.

transitional regulations, the capital ratio for the SBAB Group amounted to 1.3 (1.2) and capital adequacy to 10.3% (9.4). When Basel II is fully implemented, the corresponding percentage will amount to 16.3% (16.8), excluding the effects of transitional regulations. As a result of the change in the transitional regulation from 90% for 2008 to 80% in 2009, capital requirements will decrease by SEK 973 million. The primary capital ratio was 8.3% (7.6).

In contrast to SBAB's consolidated accounts, in which FriSpar Bolån is recognised in accordance with the proportional accounting method, FriSpar Bolån AB is recognised as a subsidiary in the capital adequacy analysis. This is due to differences in rules relating to Group affiliation between the regulatory framework for capital adequacy and large exposures, as well as IFRS.

To a great extent, SBAB's model for the calculation of the minimum capital level in accordance with Basel II, Pillar 2 is based on the result of the Group's IRB models for quantification of credit risk. In the calculation, consideration is also taken to market risk, operational risk and commercial risk, and the assessment is complemented with the results of stress tests and an extra buffer for extraordinary events. At 31 March 2009, minimum capital in accordance with Pillar 2 amounted to SEK 6,858 million (6,020).

In 2008, the Swedish Financial Supervisory Authority (FI) assessed SBAB's internal capital evaluation. FI determined that SBAB was sufficiently capitalised in relation to the risk to which it was exposed.

At 31 March 2009, a parallel shift of the yield curve by plus one percentage point would have reduced the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions, by approximately SEK 86.1 million.

SBAB's liquidity portfolio is a liquidity reserve whose purpose is to manage liquidity and funding risks. The portfolio amounted to SEK 31.4 billion (31.5) and comprised assets classified as "Loan receivables and accounts receivable" in an amount of SEK 22.9 billion (23.1) and "Securities measured at fair value through profit and loss" of SEK 8.5 billion (8.4).

The intention of having these securities holdings in the liquidity portfolio is long term. The portfolio consists only of items that achieve the highest rating, meaning Aaa from Moody's and/or AAA from Standard & Poor's. SBAB's liquidity portfolio has never been subject to any exposure to the US, to North American assets or to mortgage loans that are not classified as prime. In order to manage currency and interest rate risks in the liquidity portfolio, derivative contracts have been entered into. Accordingly, the changes in market value that arise are attributable to a general increase in the credit spread, due to the turbulence in financial markets. The bonds in the portfolio can be pledged at the Riksbank or the European Central Bank.

## Current events

- ➔ On 22 April 2009, the Riksdag enacted Government bill (2008/09:104) authorizing SBAB, in addition to its current operations, to also conduct banking activities and other financial operations that have a natural correlation with such activities pursuant to the Swedish Banking and Finance Business Act (2004:297), as well as fund operations pursuant to the Swedish Investment Fund Act (2004:46).
- ➔ On 17 February 2009, the National Debt Office approved SBAB's application to participate in the Swedish Government's guarantee programme.
- ➔ In terms of reputation, SBAB is ranked third among Swedish financial players and fourth among Swedish public enterprises, according to a survey by Nordic Brand Academy.
- ➔ Turbulence in the global money and bond markets continued after the end of the period.

## Performance in the first quarter of 2009 compared with the fourth quarter of 2008

The trend in lending to the public was highly favourable during the first quarter of 2009. Lending to the public amounted to SEK 190,340 million, compared with SEK 183,959 million in the fourth quarter of 2008. Lending to the retail market totalled SEK 119,715 million (116,823). SBAB's share of the retail market was 7.6% (7.5).

Lending to the corporate market totalled SEK 70,625 million (67,136). SBAB's share of the corporate market was 11.6% (11.4). Deposits to SBAB's savings products continued to increase and, at the end of the period, deposits from the public amounted to SEK 3,988 million (3,542).

Net interest income improved compared with the fourth quarter and amounted to SEK 307 million (210). Total operating income amounted to SEK 318 million (410). The lower operating income during the first quarter compared with the preceding quarter was primarily due to a slightly less favourable impact from "Net income from financial items recognised at fair value". In relation to the preceding quarter, expenses increased somewhat, amounting to SEK 151 million (147).

Loan losses decreased compared with the preceding quarter and amounted to SEK 6 million (loss: 23). The change was primarily attributable to a decrease in possible loan losses during the quarter. Operating profit during the period was lower than in the fourth quarter of 2008, amounting to SEK 161 million (241).

Capital adequacy remained favourable and amounted to 10.3% (9.4), and the primary capital ratio was 8.3% (7.6).

## Performance of the Parent Company 2009

In the Parent Company, loans and advances to the public amounted to SEK 38,400 million (24,910). The Parent Company's profit trend improved compared with the year-earlier

period, and operating income was a negative SEK 21 million (negative: 222). Net interest income increased to SEK 320 million (19). The improvement was attributable to the sharp reduction in short-term interest rates applying since the end of 2008, which had a favourable impact on net interest income because of the varying dates for the renegotiation of the company's positions involving short fixed interest terms in relation to the subsidiary SCBC. Net financial transactions amounted to a profit of SEK 454 million (loss: 347). Expenses totalled SEK 150 million (138). Loan losses amounted to SEK 5 million (amount recovered: 17). An operating loss of SEK 176 million was reported (loss: 343).

The Parent Company's capital adequacy remained very favourable. The primary capital ratio and capital adequacy ratio amounted to 22.0% (27.2) and 28.7% (35.3), respectively.

### Accounting principles

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. It also complies with the Swedish Financial Supervisory Authority's accounting directives, the Act on Annual Accounts in Credit Institutions and Securities Companies, and the Swedish Financial Reporting Board's recommendation RFR 1.2, Supplementary Accounting Rules for Groups.

This interim report complies with the requirements of IAS 34, Interim Financial Reporting, and the new presentation of financial statements according to IAS 1, Presentation of Financial Statements.

In accordance with the amendment to IAS 1, income and expenses are recognised in a single statement, the statement of comprehensive income. This statement

includes other comprehensive income items that comprise income and expenses from transactions that, until the year-end report 2008, were recognised directly in equity. These components are no longer presented in the statement of changes in equity, which only includes transactions with the company's shareholders.

The accounting principles and methods of calculation are unchanged compared with the Annual Report for 2008, with the exception of the fact that SBAB now applies IFRS 8, Operating Segments instead of IAS 14, Segment Reporting.

According to IFRS 8, an operating segment is a part of a company that can incur income and expenses. Independent financial information must be available, and operating profit shall be regularly reviewed and monitored by the company's highest decision-maker. SBAB has identified three operating segments: Retail, Corporate and Finance. The operating segments correspond with the structure of SBAB's organisation and also with the segments presented earlier in accordance with IAS 14. Overhead costs/indirect costs have been allocated to the segments with the aid of relevant indexes for distribution.

### Financial information

Six-month interim report January-June  
Interim report January-September

2009

14 August  
30 October

Stockholm, 28 April 2009

Eva Cederbalk  
CEO

# Statement of comprehensive income

SEK million	Group		Parent Company	
	Jan-Mar 2009	Jan-Mar 2008	Jan-Mar 2009	Jan-Mar 2008
Interest income	2,345	2,884	499	1,033
Interest expense	(2,038)	(2,579)	(179)	(1,014)
<b>Net interest income</b>	<b>307</b>	<b>305</b>	<b>320</b>	<b>19</b>
Commission income	8	13	19	19
Commission expense	(10)	(10)	(5)	(5)
Net income from financial items measured at fair value (Note 1)	7	(74)	(454)	(347)
Other operating income	6	-	99	92
<b>Total operating income</b>	<b>318</b>	<b>234</b>	<b>(21)</b>	<b>(222)</b>
Staff costs	(77)	(75)	(77)	(75)
Other expenses	(67)	(52)	(70)	(59)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(7)	(8)	(3)	(4)
<b>Total expenses before loan losses</b>	<b>(151)</b>	<b>(135)</b>	<b>(150)</b>	<b>(138)</b>
<b>Profit before loan losses</b>	<b>167</b>	<b>99</b>	<b>(171)</b>	<b>(360)</b>
Loan losses, net (Note 2)	(6)	(2)	(5)	17
<b>Operating profit</b>	<b>161</b>	<b>97</b>	<b>(176)</b>	<b>(343)</b>
Tax	(41)	(27)	48	96
<b>Net profit for the period</b>	<b>120</b>	<b>70</b>	<b>(128)</b>	<b>(247)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Income/expenses recognised directly in shareholders' equity</b>				
Changes in reclassified financial assets, after tax	13	(555)	13	(555)
Changes in instrument for cash flow hedges, after tax	(2)	(1)	(2)	(1)
<b>Other comprehensive income for the period, after tax</b>	<b>11</b>	<b>(556)</b>	<b>11</b>	<b>(556)</b>
<b>Comprehensive income for the period</b>	<b>131</b>	<b>(486)</b>	<b>(117)</b>	<b>(803)</b>

# Balance sheet

SEK million	Group			Parent Company	
	31 Mar 2009	31 Mar 2008	31 Dec 2008	31 Mar 2009	31 Dec 2008
<b>ASSETS</b>					
Cash and balances at central banks	0	0	0	0	0
Chargeable treasury bills and other eligible bills	24,007	10	10	24,007	10
Loans and advances to credit institutions (Note 3)	7,979	13,890	12,570	17,223	33,094
Loans and advances to the public (Note 4)	190,340	165,899	183,959	38,400	24,910
Fair value adjustment of hedge accounted loan receivables	3,764	(521)	3,270	(36)	(41)
Bonds and other interest-bearing securities	31,615	29,379	31,787	31,615	31,787
Derivative financial instruments (Note 6)	22,901	4,429	20,649	12,156	11,694
Shares and participations in joint ventures	-	-	-	510	510
Shares and participations in Group companies	-	-	-	9,600	9,600
Deferred income tax assets	-	47	24	-	-
Intangible fixed assets	45	60	48	10	12
Property, plant and equipment	12	13	12	12	12
Other assets	417	4,777	228	1,648	1,686
Prepaid expenses and accrued income	587	733	737	453	506
<b>TOTAL ASSETS</b>	<b>281,667</b>	<b>218,716</b>	<b>253,294</b>	<b>135,598</b>	<b>113,780</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Liabilities to credit institutions	25,475	12,729	29,692	5,000	14,449
Customer accounts	3,988	1,272	3,542	3,988	3,542
Debt securities in issue	217,258	189,758	198,643	91,512	72,872
Derivative financial instruments (Note 6)	8,954	3,415	7,543	12,071	9,312
Other liabilities	11,537	407	172	10,975	1,342
Accrued expenses and prepaid income	4,185	3,209	3,604	852	924
Deferred income tax liabilities	20	-	-	311	354
Subordinated liabilities	3,687	2,186	3,666	3,687	3,666
<b>Total liabilities</b>	<b>275,104</b>	<b>212,976</b>	<b>246,862</b>	<b>128,396</b>	<b>106,461</b>
<b>Equity</b>					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve	-	-	-	392	392
Other reserves/Fair value reserve	(193)	(542)	(204)	(193)	(204)
Profit brought forward	4,678	4,254	4,254	5,173	5,118
Net profit for the period	120	70	424	(128)	55
<b>Total equity</b>	<b>6,563</b>	<b>5,740</b>	<b>6,432</b>	<b>7,202</b>	<b>7,319</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>281,667</b>	<b>218,716</b>	<b>253,294</b>	<b>135,598</b>	<b>113,780</b>

# Statement of changes in equity

## Group

SEK million

	Share capital	Other reserves	Retained earnings	Net profit for the period	Total equity
<b>Opening balance 1 January 2009</b>	<b>1,958</b>	<b>(204)</b>	<b>4,678</b>		<b>6,432</b>
Total comprehensive income for the period		11		120	131
<b>Closing balance 31 March 2009</b>	<b>1,958</b>	<b>(193)</b>	<b>4,678</b>	<b>120</b>	<b>6,563</b>

<b>Opening balance 1 January 2008</b>	<b>1,958</b>	<b>14</b>	<b>4,254</b>		<b>6,226</b>
Total comprehensive income for the period		(556)		70	(486)
<b>Closing balance 31 March 2008</b>	<b>1,958</b>	<b>(542)</b>	<b>4,254</b>	<b>70</b>	<b>5,740</b>

<b>Opening balance 1 January 2008</b>	<b>1,958</b>	<b>14</b>	<b>4,254</b>		<b>6,226</b>
Total comprehensive income for the period		(218)		424	206
<b>Closing balance 31 December 2008</b>	<b>1,958</b>	<b>(204)</b>	<b>4,254</b>	<b>424</b>	<b>6,432</b>

## Parent Company

SEK million

	Share capital	Legal reserve	Fair value reserve	Profit brought forward	Net profit for the year	Total equity
<b>Opening balance 1 January 2009</b>	<b>1,958</b>	<b>392</b>	<b>(204)</b>	<b>5,173</b>		<b>7,319</b>
Total comprehensive income for the period			11		(128)	(117)
<b>Closing balance 31 March 2009</b>	<b>1,958</b>	<b>392</b>	<b>(193)</b>	<b>5,173</b>	<b>(128)</b>	<b>7,202</b>

<b>Opening balance 1 January 2008</b>	<b>1,958</b>	<b>392</b>	<b>14</b>	<b>3,966</b>		<b>6,330</b>
Total comprehensive income for the period			(556)		(247)	(803)
<b>Closing balance 31 March 2008</b>	<b>1,958</b>	<b>392</b>	<b>(542)</b>	<b>3,966</b>	<b>(247)</b>	<b>5,527</b>

<b>Opening balance 1 January 2008</b>	<b>1,958</b>	<b>392</b>	<b>14</b>	<b>3,966</b>		<b>6,330</b>
Total comprehensive income for the period			(218)		55	(163)
Group contribution received				1,152		1,152
<b>Closing balance 31 December 2008</b>	<b>1,958</b>	<b>392</b>	<b>(204)</b>	<b>5,118</b>	<b>55</b>	<b>7,319</b>

# Cash flow statement

SEK million	Group		Parent Company	
	Jan-Mar 2009	Jan-Mar 2008	Jan-Mar 2009	Jan-Mar 2008
<b>Cash and cash equivalents at the beginning of the period</b>	<b>11,377</b>	<b>10,140</b>	<b>5,986</b>	<b>3,124</b>
Cash flow from operating activities	(5,445)	(5,694)	(1,728)	(1,405)
Cash flow from investing activities	(4)	(8)	(1,201)	(801)
Cash flow from financing activities	-	(597)	-	(597)
<b>Increase/decrease in cash and cash equivalents</b>	<b>(5,449)</b>	<b>(6,299)</b>	<b>(2,929)</b>	<b>(2,803)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,928</b>	<b>3,841</b>	<b>3,057</b>	<b>321</b>

Cash and cash equivalents are defined as cash in hand and loans and advances to credit institutions with a maturity of less than three months from the acquisition date.



# Notes

## Note 1 Net income from financial items measured at fair value

SEK million	Group		Parent Company	
	Jan-Mar 2009	Jan-Mar 2008	Jan-Mar 2009	Jan-Mar 2008
Gains/losses on interest-bearing financial instruments:				
- Securities measured at fair value through profit or loss	27	(7)	27	(7)
- Hedged items	(432)	(198)	65	18
- Derivative financial instruments	538	123	(477)	(357)
- Loan receivables	43	9	9	1
- Liabilities measured at fair value	-	(2)	-	(2)
- Other financial liabilities	(173)	1	(82)	0
Gains/losses on shares and participations:	-	0	-	0
Currency translation effects	4	0	4	0
<b>Total</b>	<b>7</b>	<b>(74)</b>	<b>(454)</b>	<b>(347)</b>

## Note 2 Loan losses, net

Group		Jan-Mar 2009	Jan-Mar 2008
<b>CORPORATE MARKET</b>			
SEK million			
INDIVIDUAL PROVISIONS FOR CORPORATE MARKET LOANS			
Current period's write-off for confirmed loan losses		4	0
Reversal of prior period's provisions for probable loan losses recognised as confirmed loan losses in current period's financial statements		(6)	(0)
Current period's provision for probable loan losses		1	0
Recoveries in respect of confirmed loan losses in prior periods		(1)	(0)
Reversal of prior period provisions for probable loan losses no longer required		(6)	(22)
Guarantees		6	6
<b>Net cost for the period for individual provisions for corporate market loans</b>		<b>(2)</b>	<b>(16)</b>
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS			
Allocation to/reversal of collective provisions		(2)	(18)
Guarantees		(1)	3
<b>Net cost for the period for collective provisions for corporate market loans</b>		<b>(3)</b>	<b>(15)</b>
<b>RETAIL MARKET</b>			
SEK million			
INDIVIDUAL PROVISIONS FOR RETAIL MARKET LOANS			
Current period's write-off for confirmed loan losses		-	-
Reversal of prior period's provisions for probable loan losses recognised as confirmed loan losses in current period's financial statements		-	-
Current period's provision for probable loan losses		1	-
Reversal of prior period provisions for probable loan losses no longer required		-	-
Guarantees		-	-
<b>Net cost for the period for individual provisions for retail market loans</b>		<b>1</b>	<b>-</b>
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS			
Current period's write-off for confirmed loan losses		1	1
Recoveries in respect of confirmed loan losses in prior periods		(0)	(0)
Allocation to/reversal of collective provisions		8	28
Guarantees		1	4
<b>Net cost for the period of collective provisions for retail market loans</b>		<b>10</b>	<b>33</b>
<b>NET COST FOR THE PERIOD FOR LOAN LOSSES</b>		<b>6</b>	<b>2</b>

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

### Note 3 Loans and advances to credit institutions

Of the Parent Company's Loans and advances to credit institutions, a receivable from the wholly owned subsidiary The Swedish Covered Bond Corporation (SCBC) accounts for SEK 4,706 million (19,426). In the event of bankruptcy, liquidation or corporate reconstruction, this receivable is subordinated, which means that payment is received only after the other creditors of the subsidiary have been paid.

### Note 4 Loans and advances to the public

Group SEK million	31 Mar 2009		31 Dec 2008	
	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	81,316	(112)	80,320	(108)
Tenant-owned apartments	38,559	(48)	36,653	(42)
Tenant-owner associations	37,422	(67)	34,901	(80)
Private multi-family dwellings	21,660	(23)	21,035	(25)
Municipal multi-family dwellings	5,216	-	5,046	-
Commercial properties	6,417	-	6,259	-
Provision for probable loan losses	(250)		(255)	
<b>Total</b>	<b>190,340</b>	<b>(250)</b>	<b>183,959</b>	<b>(255)</b>

#### Doubtful and nonperforming loan receivables

	31 Mar 2009	31 Dec 2008
a) Doubtful loan receivables	117	138
b) Nonperforming loan receivables included in doubtful loan receivables	17	17
c) Nonperforming loan receivables not included in doubtful loan receivables	237	297
d) Individual provisions for loan receivables	85	95
e) Collective provisions for corporate market loans	22	25
f) Collective provisions for retail market loans	143	135
g) Total provisions (d+e+f)	250	255
h) Doubtful loan receivables after individual provisions (a-d)	32	43
i) Provision ratio for individual provisions (d/a)	73%	69%

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

### Note 5 Classification of financial instruments

Group 31 Mar 2009, SEK million	Assets measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Loan receivables	Total
<b>Financial assets</b>				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	24,007			24,007
Loans and advances to credit institutions			7,979	7,979
Loans and advances to the public			190,340	190,340
Fair value adjustment of hedge accounted loan receivables			3,764	3,764
Bonds and other interest-bearing securities	8,750		22,865	31,615
Derivative financial instruments	3,550	19,351		22,901
Other assets			417	417
Prepaid expenses and accrued income	167		420	587
<b>Total</b>	<b>36,474</b>	<b>19,351</b>	<b>225,785</b>	<b>281,610</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions			25,475	25,475
Customer accounts			3,988	3,988
Debt securities in issue			217,258	217,258
Derivative financial instruments	3,578	5,376		8,954
Other liabilities			11,537	11,537
Accrued expenses and prepaid income			4,185	4,185
Subordinated liabilities			3,687	3,687
<b>Total</b>	<b>3,578</b>	<b>5,376</b>	<b>266,130</b>	<b>275,084</b>

**Note 5** Cont.

**Parent Company**

31 Mar 2009, SEK million

	Assets measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Loan receivables	Total
<b>Financial assets</b>				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	24,007			24,007
Loans and advances to credit institutions			17,223	17,223
Loans and advances to the public			38,400	38,400
Fair value adjustment of hedge accounted loan receivables			(36)	(36)
Bonds and other interest-bearing securities	8,750		22,865	31,615
Derivative financial instruments	10,133	2,023		12,156
Other assets			1,648	1,648
Prepaid expenses and accrued income	167		286	453
<b>Total</b>	<b>43,057</b>	<b>2,023</b>	<b>80,386</b>	<b>125,466</b>

	Liabilities measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Other financial liabilities	Total
<b>Financial liabilities</b>				
Liabilities to credit institutions			5,000	5,000
Customer accounts			3,988	3,988
Debt securities in issue			91,512	91,512
Derivative financial instruments	11,303	768		12,071
Other liabilities			10,975	10,975
Accrued expenses and prepaid income			852	852
Subordinated liabilities			3,687	3,687
<b>Total</b>	<b>11,303</b>	<b>768</b>	<b>116,014</b>	<b>128,085</b>

As at 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. 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 March 2009, the fair value of the assets would have amounted to SEK 19.7 billion and the carrying amount to SEK 22.9 billion, if they had continued to be recognised as "Financial assets available for sale". At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 2.4 billion, net after tax. The fair value reserve amounted to a negative SEK 189 million after tax at 31 March 2009. After the reclassification date, SEK 67.3 million of the reserve before tax has been reversed and exchange rate fluctuations had a negative impact of SEK 47.2 million before tax on the value of the reserve.

**Note 6** Derivative financial instruments

<b>Group</b> 31 Mar 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	9,279	6,709	270,056
Share related	-	1	29
Currency related	13,461	2,244	132,598
Credit related	161	-	18,042
<b>Total</b>	<b>22,901</b>	<b>8,954</b>	<b>420,725</b>

<b>Parent Company</b> 31 Mar 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	9,601	9,614	408,141
Share related	-	1	29
Currency related	2,555	2,456	72,428
<b>Total</b>	<b>12,156</b>	<b>12,071</b>	<b>480,598</b>

## Note 7 Operating segments

Group Risk-adjusted income statement SEK million	Jan-Mar 2009 Corporate				Jan-Mar 2008 Corporate			
	Consumer	Clients	Finance	SBAB	Consumer	Clients	Finance	SBAB
Risk-adjusted income	164	35	109	308	154	36	(8)	182
Risk-adjusted expenses	(114)	(34)	(24)	(172)	(121)	(20)	(16)	(157)
Tax	(13)	(0)	(23)	(36)	(9)	(4)	7	(6)
<b>Risk-adjusted profit after tax</b>	<b>37</b>	<b>1</b>	<b>62</b>	<b>100</b>	<b>24</b>	<b>12</b>	<b>(17)</b>	<b>19</b>
RAROC*, after tax	5.5%	0.6%	13.9%	7.4%	3.6%	5.8%	-11.5%	1.8%

\* Risk Adjusted Return On (economic) Capital.

Information on operating segments is risk-adjusted. In the risk-adjusted earnings follow-up, return on recognised equity is replaced by return on economic capital. Economic capital represents the capital that SBAB estimates will be required to offset unexpected losses during the coming year. On 31 March 2009, economic capital was lower than recognised equity, which means that return on equity in the risk-adjusted income statement will be lower. The recognised loan losses are replaced by anticipated losses within risk-adjusted expenses. Expected losses are attained by calculating, using models for credit risks, the risk for each individual loan based on the outcome over a protracted period, compared with recognised loan losses. For more information about economic capital and expected losses, refer to [www.sbab.se](http://www.sbab.se); Information on capital adequacy and risk management 2008.

Below is a comparison between SBAB's risk-adjusted income statement (according to the above) and SBAB's external earnings.

Reconciliation, SEK million	Jan-Mar 2009 SBAB	Jan-Mar 2008 SBAB
Risk-adjusted income	308	182
Adjustment to return on recognised equity	10	52
<b>Total operating income</b>	<b>318</b>	<b>234</b>
Risk-adjusted expenses	(172)	(157)
Adjustment to recognised loan losses	15	20
<b>Expenses and loan losses</b>	<b>(157)</b>	<b>(137)</b>
Risk-adjusted profit before tax	136	25
Tax according to the risk-adjusted income statement	(36)	(6)
<b>Risk-adjusted profit after tax</b>	<b>100</b>	<b>19</b>
Operating profit	161	97
Recognised tax	(41)	(27)
<b>Profit after tax for the period</b>	<b>120</b>	<b>70</b>

Information previously submitted, in accordance with IAS 14, is based on SBAB's external income, compared with information submitted according to the above (in accordance with IFRS 8), which represents the risk-adjusted profit.

Assets SEK million	Mar 2009 Corporate				Dec 2008 Corporate			
	Consumer	Clients	Finance	SBAB	Consumer	Clients	Finance	SBAB
Chargeable treasury bills and other eligible bills	-	-	24,007	24,007	-	-	10	10
Loans and advances to credit institutions	2,010	65	5,904	7,979	1,260	85	11,225	12,570
Loans and advances to the public	156,904	33,436	-	190,340	152,177	31,782	-	183,959

The above table shows the recognised assets that have been affected by changes since 31 December 2008.

## Capital base

### Group

SEK million	31 Mar 2009	31 Dec 2008
<b>Primary capital</b>		
Equity	6,716	6,637
Primary capital contribution	994	994
Minority interest	500	500
<b>Total primary capital, gross</b>	<b>8,210</b>	<b>8,131</b>
Less other intangible assets	(45)	(48)
Less deferred income tax receivables	-	(24)
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(409)	(411)
<b>Total primary capital, net</b>	<b>7,756</b>	<b>7,648</b>
<b>Supplementary capital</b>		
Perpetual subordinated loans	-	-
Time-limited subordinated debentures	2,260	2,260
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(409)	(410)
<b>Total supplementary capital</b>	<b>1,851</b>	<b>1,850</b>
Expanded part of capital base	-	-
Deduction from entire capital base	-	-
<b>Amount for capital base net after deductible items and limit values</b>	<b>9,607</b>	<b>9,498</b>

## Capital requirements

### Group

SEK million	31 Mar 2009	31 Dec 2008
<b>Credit risk reported in accordance with IRB approach</b>		
- Corporate exposures	1,784	1,577
- Retail exposures	788	672
<b>Total credit risk according to IRB approach</b>	<b>2,572</b>	<b>2,249</b>
<b>Credit risk reported according to standard method</b>		
- Exposures to states and central banks	0	0
- Exposures to municipalities and comparable associations	0	0
- Institutional exposures	846	978
- Corporate exposures	976	980
- Retail exposures	19	14
- Unregulated items	1	1
- Other items	4	4
<b>Total credit risk according to standard method</b>	<b>1,846</b>	<b>1,977</b>
Risks in commercial stocks	159	149
Operational risk	138	143
Currency risk	-	-
Commodity risk	-	-
<b>Total minimum capital requirement</b>	<b>4,715</b>	<b>4,518</b>
Addition during transitional period	2,750	3,577
<b>Capital requirement including addition</b>	<b>7,465</b>	<b>8,095</b>

## Capital adequacy

SEK million	Group		Parent Company	
	31 Mar 2009	31 Dec 2008	31 Mar 2009	31 Dec 2008
Primary capital	7,756	7,648	7,102	7,287
Total capital	9,607	9,498	9,277	9,481
Risk-weighted assets	93,318	101,182	32,627	26,840
Primary capital ratio	8.3%	7.6%	22.0%	27.2%
Capital adequacy	10.3%	9.4%	28.7%	35.3%
Capital ratio	1.29	1.17	3.59	4.42

# Review Report

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

## Introduction

We have reviewed the interim report of the Swedish Housing Finance Corporation, SBAB, corp. reg. no. 556253-7513 for the period 1 January 2009 – 31 March 2009. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Securities Companies) Act. Our responsibility is to express an opinion on this interim report, based on our review.

## The direction and extent of the review

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

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

## Conclusion

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

Stockholm, 28 April 2009  
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg  
Authorised Public Accountant



The Swedish Housing Finance Corporation, SBAB