



Interim report 1 January - 30 June 2009

The Swedish Housing Finance Corporation, SBAB



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During the first six months of the year, SBAB experienced very high demand for lending, which grew a full 9.9% and amounted to SEK 202,141 million (183,959). As a result of this trend, SBAB continued to increase its market share, which amounted to 9.0% (8.6). Deposits increased and totalled SEK 4,185 million (3,542).

Operating profit rose to SEK 549 million (263). Net interest income rose during the period to SEK 655 million (625). Total operating income increased to SEK 893 million (534), with the increase attributable to a positive earnings effect from the liquidity portfolio recognised at fair value and from derivatives held for hedging purposes. The company's strong business flow resulted in an increase in expenses, which amounted to SEK 293 million (268). SBAB's loan losses remained very low and amounted to SEK 51 million (3).

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

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

Operating profit

SBAB's operating profit increased compared with the year-earlier period and amounted to SEK 549 million (263). Net interest income was higher than in the year-earlier period at SEK 655 million (625). The trend in the "Net income/expense from financial items measured at fair value" had a positive impact on operating profit during the period and amounted to SEK 231 million (negative: 99). Accordingly, operating income rose to SEK 893 million (534). Expenses were higher than in the year-earlier period at SEK 293 million (268), with the increase attributable to larger volumes of business and expenses related to the company's development toward broader operations. Loan losses increased to SEK 51 million (3).

Operating income

Operating income, which was higher than in the year-earlier period, amounted to SEK 893 million (534). Net interest income rose to SEK 655 million (625). As a result of the situation in financial markets, funding costs and costs for

Summary

SBAB-Group

	Jun 2009	Jun 2008	Dec 2008
Net interest income, SEK million	655	625	1,141
Operating profit, SEK million	549	263	585
Net profit for the period, SEK million	406	190	424
Lending, SEK million	202,141	178,265	183,959
Doubtful loan receivables after specific provisions, SEK million	102	48	43
Loan loss rate, % ¹⁾	0.06	0.00	0.01
Volume international borrowing, SEK million	120,470	124,475	128,326
Expenditure/Income ratio excl. loan losses, % ²⁾	33	50	46
Expenditure/Income ratio incl. loan losses, % ²⁾	39	51	48
Return on equity, %	9.8	1.2	6.7
Capital ratio, %	9.7	9.8	9.4
Primary capital ratio, %	7.7	7.8	7.6
Equity ratio, %	2.4	2.8	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	383	366	365
of whom temporary employees	18	9	8

¹⁾ Annualised loan losses in relation to opening balance for lending to the public.
²⁾ Expenses/operating income.

managing liquidity risks increased. This restricted the growth in net interest income from the high loan volume trend that characterised the first six months of the year. The net result of financial income and expense measured at fair value was income of SEK 231 million (expense: 99), with the increase attributable to a positive earnings effect in the liquidity portfolio recognised at fair value as a result of a lower premium on liquidity and credit risk. SBAB also experienced a favourable market trend for derivatives held for hedging purposes.

Expenses

Expenses amounted to SEK 293 million (268). Part of the increase was attributable to staff costs, which amounted to SEK 159 million (141). SBAB's other expenses, excluding depreciation/amortisation, rose to SEK 120 million (111). The increase in other expenses was primarily due to larger volumes of business and higher consultant expenses related to the company's development toward broader operations. Depreciation/amortisation amounted to SEK 14 million (16).

Loan losses

Loan losses increased during the second quarter, but remained very low at SEK 51 million (3). The increase compared with the year-earlier period was primarily due to higher provisions for possible loan losses in the corporate market.

The recession has yet to have a significant impact on SBAB's lending operations. SBAB is closely monitoring developments and is prepared to handle problems if they arise.

The expected loss calculated using credit risk models increased somewhat, primarily due to a relatively large portfolio increase and, to a lesser extent, the decline in the market value of properties and tenant-owned apartments used as collateral for loans.

Lending

SBAB's volume trend remained strong and new lending during the first six months of the year amounted to SEK 28,649 million (15,661). Lending to the public totalled SEK 202,141 million (183,959). Lending to the retail market amounted to SEK 125,091 million (116,823). New lending was high and totalled SEK 16,471 million (9,965), which caused SBAB's market share in this segment to continue to rise to 7.7% (7.5). SBAB launched three new product concepts in the retail market: First Home Loan, Home Removal Loan and Renovation, Remodelling and Extension Loan.

Demand for lending to the corporate market and tenant-owner associations remained high, amounting to SEK 77,050 million (67,136). New lending totalled SEK 12,178 million (5,696). SBAB's market share also increased in this segment, amounting to 12.2% (11.4).

Deposits

SBAB's deposits increased a full 18% to SEK 4,185 million (3,542) at the end of the period. However, the rate of increase in demand for SBAB's savings accounts declined somewhat as a result of falling interest rates. SBAB offers two types of savings accounts with straightforward terms targeted at private individuals. Interest is credited from the

very first krona regardless of the amount deposited and withdrawals are free of charge. During the period, SBAB also developed savings products targeted at tenant-owner associations.

Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products. At an early stage of the financial crisis, SBAB decided to maintain very high access to funds and has continuously acted in accordance with this aim. In relation to earlier periods, the second quarter of 2009 was characterised by increased stability in global money and capital markets. SBAB has maintained healthy access to funds during every phase of the financial crisis and has been able to achieve its goal of increasing its share of long-term funding.

SBAB and its subsidiary The Swedish Covered Bond Corporation (SCBC) have joined the Swedish Government's guarantee programme for medium-term funding. Issues have been conducted within SBAB and the total outstanding issue volume under the programme amounted to SEK 28,713 million (-).

The total value of outstanding securities issued was SEK 230,867 million (198,643).

Funding through issuance of covered bonds is effected through SBAB's wholly owned subsidiary SCBC. The credit rating agencies Moody's and Standard & Poor's have set a credit rating of Aaa/AAA for the covered bonds issued.

Programme utilisation	30 Jun 2009	31 Dec 2008
Swedish Commercial Paper Programme	SEK 10.4 bn	SEK 11.8 bn
Swedish covered bonds	SEK 69.8 bn	SEK 56.6 bn
European Commercial Paper Programme	USD 641 mn	USD 510 mn
US Commercial Paper Programme	USD 150 mn	USD 75 mn
Euro Medium Term Note Programme	USD 5,802 mn	USD 7,097 mn
Euro Medium Term Covered Note Programme	EUR 6,118 mn	EUR 5,994 mn
Swedish Government Guarantee Programme	SEK 28.7 bn	-

Loan portfolio	Jun 2009		Jun 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	125,091	127,865	114,607	115,738	116,823	117,931
- new lending	16,471	17,822	9,965	11,114	19,164	21,222
Corporate lending (incl. tenant-owner associations)	77,050	77,135	63,658	63,773	67,136	67,236
- new lending	12,178	12,178	5,696	5,696	13,261	13,261
Total	202,141	205,000	178,265	179,511	183,959	185,167
- new lending	28,649	30,000	15,661	16,810	32,425	34,483

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

Capital adequacy and risk

SBAB reports credit risk mainly in accordance with the Internal Ratings-Based (IRB) approach and operational risks and market risks according to the standard method. Taking into account the transitional regulations, the capital ratio for the SBAB Group amounted to 1.21 (1.17), capital adequacy to 9.7% (9.4) and the primary capital ratio to 7.7% (7.6). When Basel II is fully implemented, capital adequacy in accordance with Pillar 1 will amount to 19.6% (16.8) and the primary capital ratio to 15.6% (13.5), excluding the effects of transitional regulations. Net profit for the period was included in the calculation of primary and total capital.

When calculating capital adequacy and the capital ratio, FriSpar Bolån AB is consolidated as a subsidiary, unlike in the consolidated financial statements, in which FriSpar Bolån AB is consolidated in accordance with the proportional consolidation method. This is due to differences between the regulations for capital adequacy and large exposures, as well as IFRS.

To a large extent, the model for the calculation of internally calculated capital requirements in accordance with Basel II, Pillar 2, is based on the result of the Group's IRB models for the quantification of credit risk. In the calculation, consideration is also given to market risk, operational risk and commercial risk, and the assessment is supplemented with the results of stress tests and an extra buffer for extraordinary events. The model was adjusted in 2009. In accordance with this adjustment, the comparable figure at December 2008 was reduced by SEK 34 million. At 30 June 2009, internally calculated capital requirements amounted to SEK 6,765 million (5,986), with the rise primarily attributable to the increased loan portfolio.

Interest rate risk

At 30 June 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.

Liquidity portfolio

SBAB's liquidity portfolio is a liquidity reserve whose purpose is to manage liquidity and funding risks. The portfolio amounted to SEK 32.7 billion (31.5) and comprised assets classified as "Loan receivables and accounts receivable" in an amount of SEK 21.7 billion (23.1) and "Securities measured at fair value through profit or loss" of SEK 11.0 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.

Current events

- ➔ On 22 April 2009, the Riksdag enacted Government bill (2008/09:104) authorising 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).
- ➔ During the period, the Swedish National Debt Office approved the applications submitted by SBAB and its subsidiary SCBC to participate in the Swedish Government's guarantee programme.
- ➔ No events of material importance to the assessment of SBAB's financial position occurred after the end of the reporting period.

Performance in the second quarter of 2009 compared with the first quarter of 2009

The trend in lending to the public was highly favourable during the first six months of 2009. Lending to the public amounted to SEK 202,141 million, compared with SEK 190,340 million in the first quarter of 2009. Lending to the retail market totalled SEK 125,091 million (119,715). SBAB's share of the retail market was 7.7% (7.6). Lending to the corporate market and tenant-owner associations amounted to SEK 77,050 million (70,625). SBAB's share of the corporate market was 12.2% (11.6).

Deposits to SBAB's savings products continued to increase and, at the end of the period, deposits from the public totalled SEK 4,185 million (3,988).

Net interest income improved compared with the first quarter and amounted to SEK 348 million (307). Total operating income amounted to SEK 575 million (318). The higher operating income during the second quarter compared with the preceding quarter resulted primarily from a more favourable impact from "Net income from financial items recognised at fair value." This improvement was attributable to a positive earnings effect from the liquidity portfolio recognised at fair value and from derivatives held for hedging purposes. In relation to the preceding quarter, expenses declined 7% to SEK 142 million (151). Loan losses increased during the second quarter compared with the first quarter and amounted to SEK 45 million (6). Possible loan losses increased during the quarter, mainly due to the change in the level of loan losses.

Operating profit during the period was higher than in the first quarter of 2009, amounting to SEK 388 million (161).

Capital adequacy was satisfactory and amounted to 9.7% (10.3), and the primary capital ratio was 7.7% (8.3).

Performance of the Parent Company (January-June 2009)

In the Parent Company, lending to the public amounted to SEK 41,781 million (24,910). The Parent Company's profit trend improved compared with the year-earlier period. Operating income totalled SEK 670 million (negative: 41), due partly to improved net interest income but primarily to changes in the item "Net income from financial items recognised at fair value," which amounted to an expense of SEK 18 million (expense: 378). The improvement was attributable to a positive earnings effect from the liquidity portfolio recognised at fair value and from derivatives held for hedging purposes. Net interest income amounted to SEK 441 million (125). Expenses increased to SEK 291 million (270). Loan losses rose during the period to SEK 55 million (recovered: 12). Operating profit totalled SEK 324 million (loss: 299). The Parent Company's capital adequacy was highly favourable, with a primary capital ratio and capital adequacy ratio of 26.1% (27.2) and 32.8% (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 Annual Accounts (Credit Institutions and Securities Companies) Act, 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 comprehensive statement of income. This statement includes other comprehensive income items that comprise income and expenses from transactions that, until the 2008 year-end report, 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. Discrete financial information must be available, and operating profit shall be regularly reviewed and monitored by the company's highest executive. 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

SBAB will publish its interim report for the period 1 January – 30 September 2009 on 30 October 2009.

The Board of Directors and the CEO certify that the interim report provides a fair view of the Parent Company's and the Group's operations, position and earnings, and describes the significant risks and uncertainties to which the Parent Company and the Group are exposed.

Stockholm, 13 August 2009

Claes Kjellander
Chairman of the Board

Lennart Francke
Board Member

Helena Levander
Board Member

Lars Linder-Aronson
Board Member

Lena Smeby-Udesen
Board Member

Michael Thorén
Board Member

Anders Bloom
Board Member

Anna Christenson
Board Member
(Employee Representative)

Eva Cederbalk
CEO

Statement of comprehensive income

SEK million	Group				Parent Company	
	Jan-Jun 2009	Jan-Jun 2008	Apr-Jun 2009	Apr-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Interest income	3,830	5,482	1,485	2,598	1,148	2,106
Interest expense	(3,175)	(4,857)	(1,137)	(2,278)	(707)	(1,981)
Net interest income	655	625	348	320	441	125
Dividends received	-	-	-	-	9	-
Commission income	18	26	10	13	41	37
Commission expense	(17)	(18)	(7)	(8)	(10)	(10)
Net income/expense from financial items measured at fair value (Note 1)	231	(99)	224	(25)	(18)	(378)
Other operating income	6	0	0	0	207	185
Total operating income/expense	893	534	575	300	670	(41)
Staff costs	(159)	(141)	(82)	(66)	(159)	(141)
Other expenses	(120)	(111)	(53)	(59)	(125)	(121)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(14)	(16)	(7)	(8)	(7)	(8)
Total expenses before loan losses	(293)	(268)	(142)	(133)	(291)	(270)
Profit/loss before loan losses	600	266	433	167	379	(311)
Loan losses, net (Note 2)	(51)	(3)	(45)	(1)	(55)	12
Operating profit/loss	549	263	388	166	324	(299)
Tax	(143)	(73)	(102)	(46)	(82)	84
Net profit/loss for the period	406	190	286	120	242	(215)
OTHER COMPREHENSIVE INCOME						
Income/expense recognised directly in equity						
Changes in reclassified financial assets, after tax	31	(200)	18	356	31	(200)
Changes in instrument for cash flow hedges, after tax	(2)	(3)	0	(3)	(2)	(3)
Other comprehensive income/expense for the period, after tax	29	(203)	18	353	29	(203)
Total comprehensive income/expense for the period	435	(13)	304	473	271	(418)

Balance sheet

SEK million	Group			Parent Company	
	30 Jun 2009	30 Jun 2008	31 Dec 2008	30 Jun 2009	31 Dec 2008
ASSETS					
Cash and balances at central banks	0	0	0	0	0
Chargeable treasury bills and other eligible bills	22,508	10	10	22,508	10
Loans and advances to credit institutions (Note 3)	9,974	6,522	12,570	17,764	33,094
Loans and advances to the public (Note 4)	202,141	178,265	183,959	41,781	24,910
Fair value adjustment of hedge accounted loan receivables	3,083	(1,834)	3,270	(32)	(41)
Bonds and other interest-bearing securities	32,791	29,049	31,787	32,791	31,787
Derivative financial instruments (Note 6)	19,765	5,008	20,649	10,147	11,694
Shares and participations in joint ventures	-	-	-	510	510
Shares and participations in Group companies	-	-	-	9,600	9,600
Deferred income tax assets	-	28	24	-	-
Intangible fixed assets	45	57	48	9	12
Property, plant and equipment	13	13	12	13	12
Other assets	339	1,063	228	66	1,686
Prepaid expenses and accrued income	604	715	737	372	506
TOTAL ASSETS	291,263	218,896	253,294	135,529	113,780
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	22,111	6,350	29,692	6,350	14,449
Customer accounts	4,185	1,546	3,542	4,185	3,542
Debt securities in issue	230,867	194,232	198,643	90,829	72,872
Derivative financial instruments (Note 6)	7,854	4,193	7,543	10,006	9,312
Other liabilities	12,260	549	172	11,784	1,342
Accrued expenses and prepaid income	3,351	2,712	3,604	698	924
Deferred income tax liabilities	127	-	-	446	354
Subordinated liabilities	3,641	3,101	3,666	3,641	3,666
Total liabilities	284,396	212,683	246,862	127,939	106,461
Equity					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve	-	-	-	392	392
Other reserves/Fair value reserve	(175)	(189)	(204)	(175)	(204)
Retained earnings	4,678	4,254	4,254	5,173	5,118
Net profit for the period	406	190	424	242	55
Total equity	6,867	6,213	6,432	7,590	7,319
TOTAL LIABILITIES AND EQUITY	291,263	218,896	253,294	135,529	113,780

Statement of changes in equity

Group

SEK million

	Share capital	Other reserves	Retained earnings	Net profit for the period	Total equity
Opening balance 1 January 2009	1,958	(204)	4,678		6,432
Total comprehensive income for the period		29		406	435
Closing balance 30 June 2009	1,958	(175)	4,678	406	6,867

Opening balance 1 January 2008	1,958	14	4,254		6,226
Total comprehensive income/expense for the period		(203)		190	(13)
Closing balance 30 June 2008	1,958	(189)	4,254	190	6,213

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

Parent Company

SEK million

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Net profit/loss for the period	Total equity
Opening balance 1 January 2009	1,958	392	(204)	5,173		7,319
Total comprehensive income for the period			29		242	271
Closing balance 30 June 2009	1,958	392	(175)	5,173	242	7,590

Opening balance 1 January 2008	1,958	392	14	3,966		6,330
Total comprehensive income/expense for the period			(203)		(215)	(418)
Closing balance 30 June 2008	1,958	392	(189)	3,966	(215)	5,912

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

Cash flow statement

SEK million	Group		Parent Company	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Cash and cash equivalents at the beginning of the period	11,377	10,140	5,986	3,124
Cash flow from operating activities	(4,244)	(5,202)	(2,161)	3,686
Cash flow from investing activities	(12)	(13)	(1,205)	(1,885)
Cash flow from financing activities	-	403	1,600	403
Increase/decrease in cash and cash equivalents	(4,256)	(4,812)	(1,766)	2,204
Cash and cash equivalents at the end of the period	7,121	5,328	4,220	5,328

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/expense from financial items measured at fair value

SEK million	Group		Parent Company	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
Gains/losses on interest-bearing financial instruments				
- Securities measured at fair value through profit or loss	45	(336)	45	(336)
- Hedged items	215	619	302	230
- Derivative financial instruments	184	(400)	(307)	(270)
- Loan receivables	98	11	24	1
- Liabilities measured at fair value	-	(2)	-	(2)
- Other financial liabilities	(313)	11	(84)	0
Gains/losses on shares and participations	-	0	-	0
Currency translation effects	2	(2)	2	(1)
Total	231	(99)	(18)	(378)

Note 2 Loan losses, net

Group

CORPORATE MARKET

SEK million	Jan-Jun 2009	Jan-Jun 2008
INDIVIDUAL PROVISIONS FOR CORPORATE MARKET LOANS		
Current period's write-off for confirmed loan losses	9	0
Reversal of prior period's provisions for probable loan losses recognised as confirmed loan losses in current period's financial statements	(11)	-
Current period's provision for probable loan losses	19	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)	(26)
Guarantees	6	9
Net cost for the period for individual provisions for corporate market loans	16	(17)
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS		
Allocation to/reversal of collective provisions	2	(17)
Guarantees	(1)	2
Net cost for the period for collective provisions for corporate market loans	1	(15)

RETAIL MARKET

SEK million	Jan-Jun 2009	Jan-Jun 2008
INDIVIDUAL PROVISIONS FOR RETAIL MARKET LOANS		
Current period's write-off for confirmed loan losses	4	1
Reversal of prior period's provisions for probable loan losses recognised as confirmed loan losses in current period's financial statements	(4)	(0)
Current period's provision for probable loan losses	1	0
Reversal of prior-period provisions for probable loan losses no longer required	-	(2)
Guarantees	-	-
Net cost for the period for individual provisions for retail market loans	1	(1)
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS		
Current period's write-off for confirmed loan losses	6	3
Recoveries in respect of confirmed loan losses in prior periods	(0)	(0)
Allocation to/reversal of collective provisions	28	28
Guarantees	(1)	5
Net cost for the period of collective provisions for retail market loans	33	36
NET COST FOR THE PERIOD FOR LOAN LOSSES	51	3

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 7,841 million (19,426). In the event of bankruptcy, liquidation or corporate reconstruction, this receivable is subordinated, which means that payment is received only after other creditors of the subsidiary have been paid.

Note 4 Loans and advances to the public

Group SEK million	30 Jun 2009		31 Dec 2008	
	Loans and advances	Provision	Loans and advances	Provision
Single-family dwellings and holiday homes	83,137	(108)	80,320	(108)
Tenant-owned apartments	42,129	(67)	36,653	(42)
Tenant-owner associations	41,795	(65)	34,901	(80)
Private multi-family dwellings	23,251	(43)	21,035	(25)
Municipal multi-family dwellings	5,469	-	5,046	-
Commercial properties	6,643	-	6,259	-
Provision for probable loan losses	(283)		(255)	
Total	202,141	(283)	183,959	(255)

Doubtful and nonperforming loan receivables	30 Jun 2009	31 Dec 2008
a) Doubtful loan receivables	196	138
b) Nonperforming loan receivables* included in doubtful loan receivables	31	17
c) Nonperforming loan receivables* not included in doubtful loan receivables	356	297
d) Individual provisions for loan receivables	94	95
e) Collective provisions for corporate market loans	27	25
f) Collective provisions for retail market loans	162	135
g) Total provisions (d+e+f)	283	255
h) Doubtful loan receivables after individual provisions (a-d)	102	43
i) Provision ratio for individual provisions (d/a)	48%	69%

* where cash flows are >60 past due.

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

Note 5 Classification of financial instruments

Group 30 Jun 2009, SEK million	Assets measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Loan receivables	Total
Financial assets				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	22,508			22,508
Loans and advances to credit institutions			9,974	9,974
Loans and advances to the public			202,141	202,141
Fair value adjustment of hedge accounted loan receivables			3,083	3,083
Bonds and other interest-bearing securities	11,124		21,667	32,791
Derivative financial instruments	2,766	16,999		19,765
Other assets			339	339
Prepaid expenses and accrued income	175		429	604
Total	36,573	16,999	237,633	291,205
Financial liabilities				
Liabilities to credit institutions			22,111	22,111
Customer accounts			4,185	4,185
Debt securities in issue			230,867	230,867
Derivative financial instruments	2,552	5,302		7,854
Other liabilities			12,260	12,260
Accrued expenses and prepaid income			3,351	3,351
Subordinated liabilities			3,641	3,641
Total	2,552	5,302	276,415	284,269

Note 5 Cont.**Parent Company**

30 Jun 2009, SEK million

	Assets measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Loan receivables	Total
Financial assets				
Cash and balances at central banks			0	0
Chargeable treasury bills and other eligible bills	22,508			22,508
Loans and advances to credit institutions			17,764	17,764
Loans and advances to the public			41,781	41,781
Fair value adjustment of hedge accounted loan receivables			(32)	(32)
Bonds and other interest-bearing securities	11,124		21,667	32,791
Derivative financial instruments	8,013	2,134		10,147
Other assets			66	66
Prepaid expenses and accrued income	175		197	372
Total	41,820	2,134	81,443	125,397

	Liabilities measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Other financial liabilities	Total
Financial liabilities				
Liabilities to credit institutions			6,350	6,350
Customer accounts			4,185	4,185
Debt securities in issue			90,829	90,829
Derivative financial instruments	8,160	1,846		10,006
Other liabilities			11,784	11,784
Accrued expenses and prepaid income			698	698
Subordinated liabilities			3,641	3,641
Total	8,160	1,846	117,487	127,493

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 30 June 2009, the fair value of the assets would have amounted to SEK 18.6 billion had the assets continued to be recognised as "Financial assets available for sale". The carrying amount amounted to SEK 21.7 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 2.2 billion, net after tax, had the assets continued to be recognised as "Financial assets available for sale". The fair value reserve amounted to a negative SEK 172 million net after tax at 30 June 2009. After the reclassification date, SEK 86.3 million of the reserve before tax has been reversed and exchange rate fluctuations had a negative impact of SEK 42.5 million before tax on the value of the reserve.

Note 6 Derivative financial instruments

Group 30 Jun 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	7,531	5,475	287,166
Share related	-	1	29
Currency related	12,234	2,378	125,571
Total	19,765	7,854	412,766

Parent Company 30 Jun 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	7,837	7,463	435,610
Share related	-	1	29
Currency related	2,310	2,542	69,559
Total	10,147	10,006	505,198

Note 7 Operating segments

Group Risk-adjusted income statement SEK million	Jan-Jun 2009 Corporate				Jan-Jun 2008 Corporate			
	Consumer	Clients	Finance	SBAB	Consumer	Clients	Finance	SBAB
Risk-adjusted income	337	78	467	882	338	81	67	486
Risk-adjusted expenses	(222)	(70)	(48)	(340)	(239)	(43)	(32)	(314)
Tax	(31)	(2)	(110)	(143)	(28)	(11)	(10)	(48)
Risk-adjusted profit after tax	84	6	309	399	71	27	25	124
RAROC*, after tax	6.1%	1.0%	36.3%	14.1%	5.3%	6.7%	8.6%	6.1%

* 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 30 June 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 credit risk models, the risk for each individual loan based on the outcome over a protracted period, compared with recognised loan losses. For more information concerning economic capital and expected losses, refer to 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-Jun 2009 SBAB	Jan-Jun 2008 SBAB
Risk-adjusted income	882	486
Adjustment to return on recognised equity	11	48
Total operating income	893	534
Risk-adjusted expenses	(340)	(314)
Adjustment to recognised loan losses	(4)	43
Expenses and loan losses	(344)	(271)
Risk-adjusted profit before tax	542	172
Tax according to the risk-adjusted income statement	(143)	(48)
Risk-adjusted profit after tax	399	124
Operating profit	549	263
Recognised tax	(143)	(73)
Profit after tax for the period	406	190

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	Jun 2009 Corporate				Dec 2008 Corporate			
	Consumer	Clients	Finance	SBAB	Consumer	Clients	Finance	SBAB
Chargeable treasury bills and other eligible bills	-	-	22,508	22,508	-	-	10	10
Loans and advances to credit institutions	2,844	71	7,059	9,974	1,260	85	11,225	12,570
Loans and advances to the public	166,811	35,330	-	202,141	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	30 Jun 2009	31 Dec 2008
Primary capital		
Equity	6,903	6,637
Primary capital contribution	994	994
Minority interest	491	500
Total primary capital, gross	8,388	8,131
Less other intangible assets	(45)	(48)
Less deferred income tax receivables	-	(24)
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(176)	(411)
Total primary capital, net	8,167	7,648
Supplementary capital		
Perpetual subordinated loans	-	-
Time-limited subordinated debentures	2,260	2,260
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(176)	(410)
Total supplementary capital	2,084	1,850
Expanded part of capital base	-	-
Deduction from entire capital base	-	-
Amount for capital base net after deductible items and limit values	10,251	9,498

Capital requirements

Group

SEK million	30 Jun 2009	31 Dec 2008
Credit risk reported in accordance with IRB approach		
- Corporate exposures	1,857	1,577
- Retail exposures	842	672
Total credit risk according to IRB approach	2,699	2,249
Credit risk reported according to standard method		
- Exposures to states and central banks	0	0
- Exposures to municipalities and comparable associations	0	0
- Institutional exposures	176	978
- Corporate exposures	979	980
- Retail exposures	29	14
- Unregulated items	1	1
- Other items	4	4
Total credit risk according to standard method	1,189	1,977
Risks in commercial stocks	155	149
Operational risk	140	143
Currency risk	-	-
Commodity risk	-	-
Total minimum capital requirement	4,183	4,518
Addition during transitional period	4,257	3,577
Capital requirement including addition	8,440	8,095

Capital adequacy

SEK million	Group		Parent Company	
	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008
Primary capital	8,167	7,648	8,512	7,287
Total capital	10,251	9,498	10,672	9,481
Risk-weighted assets	105,501	101,182	32,583	26,840
Primary capital ratio	7.7%	7.6%	26.1%	27.2%
Capital adequacy	9.7%	9.4%	32.8%	35.3%
Capital ratio	1.21	1.17	4.09	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 – 30 June 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 our 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 of a conclusion expressed as a result of an audit.

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, 13 August 2009
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant



The Swedish Housing Finance Corporation, SBAB