



Interim report 1 January - 30 September 2009
The Swedish Housing Finance Corporation, SBAB



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- **Operating profit rose to SEK 1,091 million (345).**
- **Net interest income increased during the period to SEK 1,062 million (931). Total operating income rose to SEK 1,577 million (717).**
- **Lending increased 17% to SEK 215,116 million (183,959).**
- **SBAB's total market share in lending rose to 9.3% (8.6).**
- **Deposits increased to SEK 4,428 million (3,542).**
- **Expenses amounted to SEK 421 million (373).**
- **Loan losses totalled SEK 65 million, net (recoveries: 1). The loan loss rate was 0.047% (neg: 0.001).**
- **Capital adequacy amounted to 9.6% (9.4) and the primary capital ratio to 7.7% (7.6).**

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.

“SBAB had a highly favourable profit trend and low loan losses. It is also extremely gratifying that we maintained a large inflow of customers and continued to capture market shares.”
EVA CEDERBALK, CEO SBAB

Operating profit

SBAB's operating profit increased compared with the year-earlier period and amounted to SEK 1,091 million (345).

Operating income was significantly higher than in the year-earlier period, totalling SEK 1,577 million (717). Net interest income continued to increase and amounted to SEK 1,062 million (931). The significant rise in lending volumes contributed positively to an improvement in net interest income. A total of SEK 32 million (-) was charged against commission expense for fees to the Swedish stabilisation fund. "Net income/expense from financial items measured at fair value" amounted to income of SEK 541 million (expense: 222). This increase was largely attributable to a continued positive earnings effect from the portion of the liquidity portfolio recognised at fair value.

Expenses totalled SEK 421 million (373), with the increase partly attributable to staff costs amounting to SEK 228 million (196). The number of permanent and

Summary SBAB Group	Sep 2009	Sep 2008	Dec 2008
Net interest income, SEK million	1,062	931	1,141
Operating profit, SEK million	1,091	345	585
Net profit for the period, SEK million	805	248	424
Lending, SEK million	215,116	179,596	183,959
Doubtful loan receivables after specific provisions, SEK million	31	40	43
Loan losses, net, SEK million	65	(1)	22
Loan loss rate, % ¹⁾	0.047	(0.001)	0.013
Volume international borrowing, SEK million	115,640	135,189	128,326
Expenditure/Income ratio excl. loan losses, % ²⁾	27	52	46
Expenditure/Income ratio incl. loan losses, % ²⁾	31	52	48
Return on equity, %	14.5	3.7	6.7
Capital adequacy, %	9.6	9.5	9.4
Primary capital ratio, %	7.7	7.5	7.6
Equity ratio, %	2.6	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	391	365	365
of whom temporary employees	24	9	8

¹⁾ Annualised loan losses in relation to opening balance for lending to the public.

²⁾ Expenses/operating income.

temporary employees increased by 40 during the period, primarily in SBAB's lending operations. SBAB's other expenses rose to SEK 173 million (153). The increase in other expenses, excluding depreciation/amortisation, 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 20 million (24).

Loan losses

Loan losses remained extremely low and amounted to SEK 65 million, net (recoveries: 1). The increase compared with the year-earlier period was primarily due to higher net provisions of SEK 61 million (recoveries: 5) for possible loan losses. Annualised loan losses amounted to 0.047% (neg: 0.001). The recession has not had a significant impact on SBAB's lending operations. SBAB is closely monitoring developments. The expected loss calculated using credit

risk models increased somewhat, primarily due to the relatively large portfolio increase. This portfolio increase naturally results in a larger total credit risk exposure.

Lending

SBAB increased its lending substantially, with new lending amounting to SEK 46,954 million (22,874) during the period. Lending to the public totalled SEK 215,116 million (183,959), up 17%.

Lending to the retail market amounted to SEK 129,794 million (116,823). New lending was high and totalled SEK 25,523 million (14,322), causing SBAB's market share in this segment to continue to rise to 7.9% (7.5).

Demand for lending to the corporate market and tenant-owner associations was also high. Lending to the corporate market and tenant-owner associations amounted to SEK 85,322 million (67,136). New lending totalled SEK 21,431 million (8,552) and SBAB's market share in this segment increased to 13.0% (11.4).

Deposits

SBAB's deposits rose 25% to SEK 4,428 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 targeted at private individuals.

SBAB has broadened its operations in 2009 and now also offers deposits for the corporate market and tenant-owner associations. SBAB offers the corporate market and tenant-owner associations the following alternatives: SBAB accounts at floating interest rates, investment accounts at fixed interest rates and special deposits with individual terms.

Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products. The third quarter of 2009 was characterised by increased stability in global money and capital markets in relation to earlier periods. On 6 August, SBAB conducted an issue totalling EUR 1 billion under its EMTN programme.

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 have set a credit rating of Aaa/AAA for the covered bonds issued.

During the year, SBAB and SCBC joined the Swedish Government's guarantee programme for medium-term funding. Issues under the guarantee programme were conducted exclusively in SBAB and the outstanding issue volume totalled SEK 25,883 million (-). In September, SBAB repurchased government-guaranteed securities valued at SEK 1,329 million.

The total value of outstanding securities issued was SEK 232,009 million (198,643).

Capital adequacy and risk

SBAB recognises 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 1.20 (1.17), capital adequacy to 9.6% (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 20.4% (16.8) and the primary capital ratio to 16.4% (13.5). 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

Programme utilisation	30 Sep 2009	31 Dec 2008
Swedish Commercial Paper Programme	SEK 15.0 bn	SEK 11.8 bn
Swedish covered bonds	SEK 74.6 bn	SEK 56.6 bn
European Commercial Paper Programme	USD 1,557 mn	USD 510 mn
US Commercial Paper Programme	USD 115 mn	USD 75 mn
Euro Medium Term Note Programme	USD 7,484 mn	USD 7,097 mn
Euro Medium Term Covered Note Programme	EUR 4,729 mn	EUR 5,994 mn
Swedish Government Guarantee Programme	SEK 25.9 bn	-

Loan portfolio	Sep 2009		Sep 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	129,794	133,248	114,679	116,529	116,823	117,931
- new lending	25,523	27,535	14,322	15,910	19,164	21,222
Corporate lending (incl. tenant-owner associations)	85,322	85,405	64,917	65,024	67,136	67,236
- new lending	21,431	21,432	8,552	8,552	13,261	13,261
Total	215,116	218,653	179,596	181,553	183,959	185,167
- new lending	46,954	48,967	22,874	24,462	32,425	34,483

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

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 unforeseen events. The scope of the buffer capital in the model was adjusted in 2009.

At 30 September 2009, internally calculated capital requirements amounted to SEK 6,610 million (5,986), a rise primarily attributable to the increased loan portfolio. In accordance with the adjustment to the model's buffer capital, the comparable figure at December 2008 was reduced by SEK 34 million.

Interest rate risk

At 30 September 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 40.2 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 31.1 billion (31.5) and comprised assets classified as "Loan receivables and accounts receivable" in an amount of SEK 19.8 billion (23.1) and "Securities measured at fair value through profit or loss" of SEK 11.3 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.

Events after the balance-sheet date

➔ The Extraordinary General Meeting on 28 October resolved to amend the company's Articles of Association. The material changes made involved an amendment in the definition of the types of properties that SBAB may mortgage and an amendment enabling SBAB to grant loans without collateral to the extent determined by the Board of Directors in its credit directives. The Meeting also elected Karin Moberg as a Board Member.

➔ The Swedish Government extended its guarantee programme up to 30 April 2010. In view of the improvement in the financial markets, SBAB and SCBC opted not to extend their participation in the guarantee programme. In October, SBAB repurchased government-guaranteed securities valued at SEK 4,929 million.

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

SBAB's lending to the public was highly favourable during the first nine months of the year. The increase in lending to the public during the third quarter amounted to SEK 12,975 million (11,801). The increase in lending to the retail market totalled SEK 4,703 million (5,376). SBAB's share of the retail market was 7.9% (7.7). Lending to the corporate market and tenant-owner associations rose SEK 8,272 million (6,425). SBAB's share of the corporate market was 13.0% (12.2). Deposits to SBAB's savings products continued to increase, up SEK 243 million (197) for the third quarter.

Net interest income improved to SEK 407 million (348). Total operating income amounted to SEK 684 million (575). The higher operating income during the third quarter compared with the preceding quarter was the result of improved net interest income and the positive earnings effect of "Net income/expense from financial items recognised at fair value." Expenses declined nearly 10% in the third quarter to SEK 128 million (142). Loan losses decreased during the third quarter compared with the second quarter and amounted to SEK 14 million (45). The difference was attributable to possible and confirmed loan losses. Operating profit during the period was higher than in the second quarter, amounting to SEK 542 million (388).

Capital adequacy totalled 9.6% (9.7) and the primary capital ratio was 7.7% (7.7).

Performance of the Parent Company (January-September 2009)

In the Parent Company, lending to the public amounted to SEK 53,913 million (24,910). Operating profit totalled SEK 881 million (loss: 241). Operating income amounted to SEK 1,359 million (112), primarily due to changes in the item "Net income/expense from financial items at fair value." Net interest income totalled SEK 540 million (188). Expenses increased to SEK 417 million (371). Loan losses increased during the period to SEK 61 million (recoveries: 18). The Parent Company's capital adequacy remained highly favourable. The primary capital ratio was 23.9% (27.2) and capital adequacy amounted to 29.7% (35.3).

Accounting policies

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

Institutions and Securities Companies) Act, and the Swedish Financial Reporting Board's recommendation RFR 1.2, 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 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 policies 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's year-end report for 2009 will be published on 5 February 2010 and the Annual Report on 31 March 2010. SBAB's Annual General Meeting will be held on 21 April 2010 in Stockholm.

Stockholm, 29 October 2009

Eva Cederbalk
CEO

Statement of comprehensive income

SEK million	Group				Parent Company	
	Jan-Sep 2009	Jan-Sep 2008	Jul-Sep 2009	Jul-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
Interest income	4,969	8,235	1,139	2,753	1,720	3,238
Interest expense	(3,907)	(7,304)	(732)	(2,447)	(1,180)	(3,050)
Net interest income	1,062	931	407	306	540	188
Dividends received	-	-	-	-	9	-
Commission income	27	34	9	8	61	54
Commission expense	(59)	(26)	(42)	(8)	(28)	(15)
Net income/expense from financial items measured at fair value (Note 1)	541	(222)	310	(123)	468	(392)
Other operating income	6	0	0	0	309	277
Total operating income	1,577	717	684	183	1,359	112
Staff costs	(228)	(196)	(69)	(55)	(228)	(196)
Other expenses	(173)	(153)	(53)	(42)	(179)	(163)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(20)	(24)	(6)	(8)	(10)	(12)
Total expenses before loan losses	(421)	(373)	(128)	(105)	(417)	(371)
Profit/loss before loan losses	1,156	344	556	78	942	(259)
Loan losses, net (Note 2)	(65)	1	(14)	4	(61)	18
Operating profit/loss	1,091	345	542	82	881	(241)
Tax	(286)	(97)	(143)	(24)	(229)	67
Net profit/loss for the period	805	248	399	58	652	(174)
OTHER COMPREHENSIVE INCOME						
Income/expense recognised directly in equity						
Changes in reclassified financial assets, after tax	54	(188)	23	11	54	(188)
Changes in instrument for cash flow hedges, after tax	(3)	(3)	(1)	0	(3)	(3)
Other comprehensive income/expense for the period, after tax	51	(191)	22	11	51	(191)
Total comprehensive income/expense for the period	856	57	421	69	703	(365)

Balance sheet

SEK million	Group			Parent Company	
	30 Sep 2009	30 Sep 2008	31 Dec 2008	30 Sep 2009	31 Dec 2008
ASSETS					
Cash and balances at central banks	0	0	0	0	0
Chargeable treasury bills and other eligible bills	10	10	10	10	10
Loans and advances to credit institutions (Note 3)	11,212	2,793	12,570	29,444	33,094
Loans and advances to the public (Note 4)	215,116	179,596	183,959	53,913	24,910
Fair value adjustment of hedge accounted loan receivables	2,682	(481)	3,270	(28)	(41)
Bonds and other interest-bearing securities	31,101	30,297	31,787	31,101	31,787
Derivative financial instruments (Note 6)	14,728	8,168	20,649	10,173	11,694
Shares and participations in joint ventures	-	-	-	510	510
Shares and participations in Group companies	-	-	-	9,600	9,600
Deferred income tax assets	-	-	24	-	-
Intangible fixed assets	42	53	48	8	12
Property, plant and equipment	18	12	12	18	12
Other assets	2,702	1,509	228	1,728	1,686
Prepaid expenses and accrued income	599	740	737	376	506
TOTAL ASSETS	278,210	222,697	253,294	136,853	113,780
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	17,789	1,958	29,692	1,848	14,449
Customer accounts	4,428	1,876	3,542	4,428	3,542
Debt securities in issue	232,009	202,158	198,643	105,910	72,872
Derivative financial instruments (Note 6)	8,371	2,900	7,543	10,350	9,312
Other liabilities	1,461	647	172	1,440	1,342
Accrued expenses and prepaid income	3,119	3,438	3,604	785	924
Deferred income tax liabilities	155	165	-	480	354
Subordinated liabilities	3,590	3,272	3,666	3,590	3,666
Total liabilities	270,922	216,414	246,862	128,831	106,461
Equity					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve	-	-	-	392	392
Other reserves/Fair value reserve	(153)	(177)	(204)	(153)	(204)
Retained earnings	4,678	4,254	4,254	5,173	5,118
Net profit for the period	805	248	424	652	55
Total equity	7,288	6,283	6,432	8,022	7,319
TOTAL LIABILITIES AND EQUITY	278,210	222,697	253,294	136,853	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		51		805	856
Closing balance 30 September 2009	1,958	(153)	4,678	805	7,288
Opening balance 1 January 2008	1,958	14	4,254		6,226
Total comprehensive income/expense for the period		(191)		248	57
Closing balance 30 September 2008	1,958	(177)	4,254	248	6,283
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 fund	Balanserad vinst	Net profit for the period	Total equity
Opening balance 1 January 2009	1,958	392	(204)	5,173		7,319
Total comprehensive income for the period			51		652	703
Closing balance 30 September 2009	1,958	392	(153)	5,173	652	8,022
Opening balance 1 January 2008	1,958	392	14	3,966		6,330
Total comprehensive expense for the period			(191)		(174)	(365)
Closing balance 30 September 2008	1,958	392	(177)	3,966	(174)	5,965
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-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
Cash and cash equivalents at the beginning of the period	11,377	10,140	5,986	3,124
Cash flow from operating activities	(3,635)	(9,687)	(4,046)	(891)
Cash flow from investing activities	(21)	(16)	(1,212)	(1,912)
Cash flow from financing activities	-	403	1,600	403
Increase/decrease in cash and cash equivalents	(3,656)	(9,300)	(3,658)	(2,400)
Cash and cash equivalents at the end of the period	7,721	840	2,328	724

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-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008
Gains/losses on interest-bearing financial instruments				
- Securities measured at fair value through profit or loss	471	(373)	471	(373)
- Hedged items	533	200	339	44
- Derivative financial instruments	(124)	(87)	(279)	(65)
- Loan receivables	143	14	36	2
- Liabilities measured at fair value	-	(2)	-	(2)
- Other financial liabilities	(485)	23	(103)	0
Gains/losses on shares and participations	-	0	-	0
Currency translation effects	3	3	4	2
Total	541	(222)	468	(392)

Note 2 Loan losses, net

Group		Jan-Sep 2009	Jan-Sep 2008
CORPORATE MARKET			
SEK million			
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)	(0)
Current period's provision for probable loan losses		6	0
Recoveries in respect of confirmed loan losses in prior years		(1)	(0)
Reversal of prior-period provisions for probable loan losses no longer required		(6)	(39)
Guarantees		5	15
Net cost for the period for individual provisions for corporate market loans		2	(24)
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS			
Allocation to/reversal of collective provisions		6	(20)
Guarantees		(2)	1
Net cost for the period for collective provisions for corporate market loans		4	(19)
RETAIL MARKET			
SEK million			
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		2	0
Reversal of prior-period provisions for probable loan losses no longer required		(0)	(2)
Guarantees		-	-
Net cost for the period for individual provisions for retail market loans		2	(1)
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS			
Current period's write-off for confirmed loan losses		10	4
Recoveries in respect of confirmed loan losses in prior years		(2)	(1)
Allocation to/reversal of collective provisions		56	35
Guarantees		(7)	5
Net cost for the period for collective provisions for retail market loans		57	43
NET COST FOR THE PERIOD FOR LOAN LOSSES		65	(1)

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 20,052 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 Sep 2009		31 Dec 2008	
	Loans and advances	Provision	Loans and advances	Provision
Single-family dwellings and holiday homes	84,696	(123)	80,320	(108)
Tenant-owned apartments	45,302	(81)	36,653	(42)
Tenant-owner associations	44,831	(66)	34,901	(80)
Private multi-family dwellings	24,715	(33)	21,035	(25)
Municipal multi-family dwellings	8,135	-	5,046	-
Commercial properties	7,740	-	6,259	-
Provision for probable loan losses	(303)		(255)	
Total	215,116	(303)	183,959	(255)

Doubtful and nonperforming loan receivables	30 Sep 2009	31 Dec 2008
a) Doubtful loan receivables	112	138
b) Nonperforming loan receivables* included in doubtful loan receivables	30	17
c) Nonperforming loan receivables* not included in doubtful loan receivables	386	297
d) Individual provisions for loan receivables	81	95
e) Collective provisions for corporate market loans	31	25
f) Gruppvisa reserveringar privatmarknadslån	191	135
g) Total provisions (d+e+f)	303	255
h) Doubtful loan receivables after individual provisions (a-d)	31	43
i) Provision ratio for individual provisions (d/a)	72%	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 Sep 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	10			10
Loans and advances to credit institutions			11,212	11,212
Loans and advances to the public			215,116	215,116
Fair value adjustment of hedge accounted loan receivables			2,682	2,682
Bonds and other interest-bearing securities	11,291		19,810	31,101
Derivative financial instruments	2,344	12,384		14,728
Other assets			2,702	2,702
Prepaid expenses and accrued income	311		288	599
Total	13,956	12,384	251,810	278,150

Group	Liabilities measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Other financial liabilities	Total
Financial liabilities				
Liabilities to credit institutions			17,789	17,789
Customer accounts			4,428	4,428
Debt securities in issue			232,009	232,009
Derivative financial instruments	2,171	6,200		8,371
Other liabilities			1,461	1,461
Accrued expenses and prepaid income			3,119	3,119
Subordinated liabilities			3,590	3,590
Total	2,171	6,200	262,396	270,767

Note 5 Cont.**Parent Company**

30 Sep 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	10			10
Loans and advances to credit institutions			29,444	29,444
Loans and advances to the public			53,913	53,913
Fair value adjustment of hedge accounted loan receivables			(28)	(28)
Bonds and other interest-bearing securities	11,291		19,810	31,101
Derivative financial instruments	7,664	2,509		10,173
Other assets			1,728	1,728
Prepaid expenses and accrued income	311		65	376
Total	19,276	2,509	104,932	126,717

	Liabilities measured at fair value through profit or loss	Hedge accounted derivative financial instruments	Other financial liabilities	Total
Financial liabilities				
Liabilities to credit institutions			1,848	1,848
Customer accounts			4,428	4,428
Debt securities in issue			105,910	105,910
Derivative financial instruments	7,777	2,573		10,350
Other liabilities			1,440	1,440
Accrued expenses and prepaid income			785	785
Subordinated liabilities			3,590	3,590
Total	7,777	2,573	118,001	128,351

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 September 2009, the fair value of the assets would have amounted to SEK 18.3 billion had the assets continued to be recognised as "Financial assets available for sale." The carrying amount at 30 September 2009 was SEK 19.8 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 1.1 billion, net after tax, had the assets continued to be recognised as "Financial assets available for sale." The reserve amounted to a negative SEK 149 million, net after tax, at 30 September 2009. After the reclassification date, SEK 98.7 million of the reserve before tax has been reversed and exchange rate fluctuations had a negative impact of SEK 24.2 million before tax on the value of the reserve.

Note 6 Derivative financial instruments

Group 30 Sep 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	7,147	5,315	274,602
Currency related	7,581	3,056	122,862
Total	14,728	8,371	397,464

Parent Company 30 Sep 2009, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	7,712	7,259	427,362
Currency related	2,461	3,091	75,614
Total	10,173	10,350	502,976

Note 7 Operating segments

Group Risk-adjusted income statement SEK million	Jan-Sep 2009 Corporate				Jan-Sep 2008 Corporate			
	Consumer	Clients	Finance	SBAB	Consumer	Clients	Finance	SBAB
Risk-adjusted income	513	109	920	1,542	510	112	20	642
Risk-adjusted expenses	(326)	(97)	(68)	(491)	(332)	(58)	(46)	(436)
Tax	(49)	(3)	(224)	(276)	(50)	(15)	7	(58)
Risk-adjusted profit/loss after tax	138	9	628	775	128	39	(19)	148
RAROC*, after tax	6.5%	1.0%	51.6%	18.5%	6.4%	6.3%	(4.1%)	4.8%

* 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 30 September 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 in 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 / In English / IR / Risk Management.

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

Reconciliation, SEK million	Jan-Sep 2009 SBAB	Jan-Sep 2008 SBAB
Risk-adjusted income	1,542	642
Adjustment to return on recognised equity	35	75
Total operating income	1,577	717
Risk-adjusted expenses	(491)	(436)
Adjustment to recognised loan losses	5	64
Expenses and loan losses	(486)	(372)
Risk-adjusted profit before tax	1,051	206
Tax according to risk-adjusted income statement	(276)	(58)
Risk-adjusted profit after tax	775	148
Operating profit	1,091	345
Recognised tax	(286)	(97)
Profit after tax for the period	805	248

Information previously submitted, in accordance with IAS 14, is based on SBAB's external profit, 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
Derivative financial instruments	-	-	14,728	14,728	-	-	20,649	20,649
Loans and advances to credit institutions	3,467	122	7,623	11,212	1,260	85	11,225	12,570
Loans and advances to the public	174,559	40,557	-	215,116	151,644	32,315	-	183,959

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

Capital base

Group

SEK million	30 Sep 2009	31 Dec 2008
Primary capital		
Equity	7,441	6,637
Primary capital contribution	994	994
Minority interest	492	500
Total primary capital, gross	8,927	8,131
Less other intangible assets	(42)	(48)
Less deferred income tax receivables	-	(24)
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(112)	(411)
Total primary capital, net	8,773	7,648
Supplementary capital		
Perpetual subordinated loans	-	-
Time-limited subordinated loans	2,260	2,260
Deduction under Chapter 3, Section 8, of the Capital Adequacy Act	(112)	(410)
Total supplementary capital	2,148	1,850
Expanded part of capital base	-	-
Deduction from entire capital base	-	-
Amount for capital base net after deductible items and limit values	10,921	9,498

Capital requirements

Group

SEK million	30 Sep 2009	31 Dec 2008
Credit risk reported according to IRB approach		
- Corporate exposures	1,815	1,577
- Retail exposures	854	672
Total credit risk according to IRB approach	2,669	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	222	978
- Corporate exposures	1,092	980
- Retail exposures	22	14
- Unregulated items	1	1
- Other items	4	4
Total credit risk according to standard method	1,341	1,977
Risks in commercial stocks	133	149
Operational risk	140	143
Currency risk	-	-
Commodity risk	-	-
Total minimum capital requirement	4,283	4,518
Addition during transitional period	4,831	3,577
Capital requirement including addition	9,114	8,095

Capital adequacy

SEK million	Group		Parent Company	
	30 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
Primary capital	8,773	7,648	9,110	7,287
Total capital	10,921	9,498	11,318	9,481
With transitional regulations:				
Risk-weighted assets	113,923	101,182	38,145	26,840
Primary capital ratio	7.7%	7.6%	23.9%	27.2%
Capital adequacy	9.6%	9.4%	29.7%	35.3%
Capital ratio	1.20	1.17	3.71	4.42
Without transitional regulations:				
Risk-weighted assets	53,539	56,474	29,692	23,666
Primary capital ratio	16.4%	13.5%	30.7%	30.8%
Capital adequacy	20.4%	16.8%	38.1%	40.1%
Capital ratio	2.55	2.10	4.76	5.01

Review Report

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

Introduction

We have reviewed the interim report of The Swedish Housing Finance Corporation, SBAB, corp. reg. no. 556253-7513 for the period 1 January 2009 – 30 September 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 issued by the Swedish Institute of Authorised Public Accountants. 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, 29 October 2009
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant



The Swedish Housing Finance Corporation, SBAB