



Interim report 1 January – 30 September 2008

The Swedish Housing Finance Corporation, SBAB

- **SBAB's loan portfolio totalled SEK 179,596 million (SEK 167,981 million).**
- **Continued high demand for SBAB's savings products has led to deposits from customers increasing to SEK 1,876 million (SEK 759 million).**
- **Net interest income increased to SEK 931 million (SEK 908 million).**
- **Expenses continued to decrease and totalled SEK 373 million (SEK 382 million).**
- **Net operating income totalled SEK 345 million (SEK 285 million), of which net income from financial instruments designated at fair value accounted for SEK –222 million (SEK –283 million). Net operating income adjusted for changes in market value in the liquidity portfolio totalled SEK 755 million (SEK 661 million).**

Net operating income

SBAB's net operating income for the first nine months of 2008 totalled SEK 345 million (SEK 285 million). Net interest income has improved compared with the corresponding period last year and the reduction in the level of expenses has continued. Net operating income has been affected negatively by net income from financial instruments designated at fair value. Impairment charges amounted to positive SEK 1 million (positive SEK 35 million).

Operating income

Net interest income is higher than in the corresponding period last year, SEK 931 million (SEK 908 million). This increase is mainly explained by a higher return in the liquidity portfolio and a larger loan portfolio. The higher interest rates have also contributed to increased return on invested equity and payment flows. Net income from financial instruments designated at fair value has affected operating income negatively by SEK –222 million (SEK –283 million). Operating

Summary SBAB Group

	Sep 2008	Sep 2007	Dec 2007
Net interest income, SEK million	931	908	1,177
Net operating income, SEK million	345	285	258
Net profit for the period, SEK million	248	208	190
Lending, SEK million	179,596	169,319	167,981
Impaired loans after specific provisions for individually assessed loans, SEK million	40	39	62
Volume international borrowing, SEK million	135,189	120,916	119,878
Expenditure/income ratio excl. impairment charges, % ¹⁾	52	60	68
Expenditure/income ratio incl. impairment charges, % ¹⁾	52	55	65
Return on equity, % ²⁾	3.7	5.9	3.1
Capital adequacy, % ³⁾	9.5	9.4	9.5
Primary capital ratio, % ³⁾	7.5	7.6	7.8
Equity ratio, %	2.8	2.8	2.8
Rating, long-term borrowing, SBAB			
Standard & Poor's	AA-	AA-	AA-
Moody's ⁴⁾	A1	Aa3	Aa3
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 of which temporary employees	365	367	374
	9	7	8

All comparative figures in brackets concerning profit/loss items and new lending refer to the corresponding period last year. The comparison date for comparative figures for balance sheet items, capital adequacy and market shares refer to the previous year-end.

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

¹⁾ Expenses/operating income.

²⁾ Adjusted return on equity, excluding the change in the market value of the liquidity portfolio, amounts to 11.6 % for 2008 adjusted upwards for the year and after standard tax.

³⁾ The comparative figures have been adjusted due to changed calculation methods, see the section "Capital adequacy".

⁴⁾ On 5 February 2008, Moody's downgraded SBAB's rating for long-term borrowing to A1 with negative outlook.

income amounted to SEK 717 million (SEK 632 million).

Expenses

Expenses decreased to SEK 373 million (SEK 382 million). Staff costs increased to SEK 196 million (SEK 180 million). This increase is due to higher pension costs and provisions for profit-based remuneration. SBAB's other expenses have decreased; in comparison with the corresponding period last year, the decrease is SEK 26 million. Depreciation amounts to SEK 24 million which is at the level of the corresponding period last year.

Impairment charges

Impairment charges continue to be low and amounted to a net result of positive SEK 1 million (positive SEK 35 million).

The internal credit risk analysis does not show any significant negative change of the credit risks during the third quarter. This applies both to the estimated financial capital both for lending to the consumer market and for corporate lending and to the average risk weighting according to the internal model for risk classification (IRB method).

Despite the continued low impairment charges it is reasonable to assume, in the light of the state of the economy and the current uncertainty in the financial market that there will be an increased risk of impairment charges.

Lending

Lending to the public totalled SEK 179,596 million compared with SEK 167,981 million at the beginning of the year. This increase is mainly attributable to the acquisition of loans from the jointly-owned company FriSpar Bolån AB by SBAB with the intention of enabling borrowing by covered bonds. As at 30 June, the effect on the group was SEK 9,206 million.

SBAB's business partners are an important distribution channel.

New lending to the consumer market totalled SEK 14,322 million (SEK 14,025 million). The consumer market portfolio amounted to SEK 114,679 million (SEK 104,125 mil-

Loan portfolio

SEK million	Sep 2008		Sep 2007		Dec 2007	
	SBAB Group*	Group incl.all of FriSpar	SBAB Group*	Group incl.all of FriSpar	SBAB Group*	Group incl. all of FriSpar
Consumer market	114,679	116,529	103,773	113,114	104,125	113,803
- new lending	14,322	15,910	14,025	15,591	19,676	21,828
Corporate market	64,917	65,024	65,546	65,658	63,856	63,990
- new lending	8,552	8,552	7,117	7,121	10,808	10,809
Total	179,596	181,553	169,319	178,772	167,981	177,793
- new lending	22,874	24,462	21,142	22,712	30,484	32,637

* FriSpar is consolidated in the SBAB Group at 51% in accordance with the proportionate method.

Programme utilisation

	30 Sep 2008	31 Dec 2007
Swedish Commercial Paper Programme	SEK 8.1 bn	SEK 19.0 bn
Swedish covered bonds	SEK 61.6 bn	SEK 55.3 bn
European Commercial Paper Programme	USD 846 mn	USD 1,794 mn
US Commercial Paper Programme	USD 379 mn	USD 1,190 mn
Euro Medium Term Note Programme	USD 7,970 mn	USD 7,290 mn
Euro Medium Term Covered Note Programme	EUR 6,952 mn	EUR 5,418 mn

lion). SBAB's market share of consumer market lending amounted to 7.6% (8.1%).

New lending to the corporate market totalled SEK 8,552 million (SEK 7,117 million). The corporate market portfolio totalled SEK 64,917 million (SEK 63,856 million). SBAB's market share of corporate market lending amounted to 12.5% (13.4%).

Saving

SBAB introduced two savings products in spring 2007: A savings account (Sparkonto) for both new and existing customers and the SBAB account (SBAB-konto) for customers with residential mortgages of at least SEK 1 million. SBAB's savings products have a very competitive deposit rate. Interest is calculated from the first krona regardless of the amount deposited and withdrawals are free of charge.

There has been a very high level of demand for SBAB's savings products and the amount deposited totalled SEK 1,876 million (SEK 759 million) at the end of the period.

Funding

SBAB considers it very important to have a well-diversified funding portfolio. This requires an active presence in the market and a flexible range of products. SBAB decided early on in the initial phase of the

credit crisis in 2007 to maintain a very high level of liquidity preparedness and has continued to follow this path. The third quarter of 2008 was characterised by sharply increased turbulence in the global monetary and capital markets. The increasing anxiety in the financial market in September also affected conditions in the Swedish monetary market that had been less exposed until then. Despite the increased anxiety and reduced market liquidity, SBAB has at every stage of the crisis, including the most recent turbulence, had very good access to funding. SBAB has been able to meet its goal of an increased share of long-term funding, which has entailed a slight increase in funding costs.

The total value of the outstanding securities issued was SEK 202,158 million (SEK 191,807 million).

Funding through issuance of covered bonds is carried out in SBAB's wholly-owned subsidiary The Swedish Covered Bond Corporation. The credit rating institutes Moody's and Standard & Poor's have established a credit rating of Aaa/AAA for the covered bonds issued.

During the period January-September 2008, SBAB repurchased its own bonds for SEK 6.0 billion. These repurchases have been made with a view to reducing the refinancing risk for coming maturities.

The liquidity portfolio

SBAB's liquidity portfolio is a liquidity reserve, which is intended to manage liquidity and funding risks. The portfolio totalled SEK 30.1 billion (SEK 31.0 billion) and consists of assets classified as "Loan receivables and accounts receivable (RMBS), SEK 22.6 billion (SEK 0 billion), and "Securities valued at fair value through profit or loss", SEK 7.5 billion (SEK 31.0 billion).

SBAB has in accordance with the decision of the European Commission and the assessment of the Swedish Financial Supervisory Authority, Finansinspektionen, decided to reclassify assets in the RMBS portfolio from the category "Available-for-sale financial assets" to the category "Loan receivables and accounts receivable". This reclassification has been made as at 1 July 2008 at a fair value of SEK 21.7 billion and the carrying value of the assets at the end of the period totalled SEK 22.6 billion.

The portfolio holding is long term. SBAB has liquidity reserves that correspond to the need of liquidity for 30 days or more. 98% of the securities in the portfolio have the highest rating Aaa from Moody's, or AAA from Standard & Poor's or AAA from Fitch. SBAB's liquidity portfolio neither has nor has had any exposure to the United States, to U.S. assets or to residential mortgages not classified as "prime". Derivative contracts have been entered into to manage interest rate and currency risks. The bonds in the portfolio can be pledged at the Riksbank or the European Central Bank.

Capital adequacy

SBAB mainly discloses credit risk in accordance with the IRB method and operational risks according to the standard method. As of 2008, capital adequacy is disclosed as Total capital base/(Capital requirement/8%) instead of, as previously, as Total capital base/Risk-weighted assets*limit value. The comparative figures have been adjusted in this connection.

The capital ratio for the SBAB Group was 1.19 (1.19) as at 30 September 2008. The capital adequacy totalled 9.5% (9.5%), the primary capital ratio was 7.5% (7.8%) and the

capital base amounted to SEK 8,989 million (SEK 8,788 million). The capital requirement, without taking into consideration the transitional regulations according to the rules in Basel II amounted to SEK 3,899 million (SEK 3,706 million) as at 30 September.

The parent company's capital ratio was 4.69 (4.48), the capital adequacy 37.5% (35.8%), the primary capital ratio 28.4% (28.2%) and the capital base SEK 8,999 million (SEK 9,187 million).

The details as per September 2008 include the Group's profit for the period January-June and the parent company's profit for the period January-September.

In connection with the interest payment date 30 March, SBAB has exercised its right to premature redemption of subordinated loan JPY 1. This loan has previously been included with SEK 722 million in the supplementary capital. During April, the redeemed subordinated loan has been replaced by a new subordinated loan of SEK 1 billion. The new subordinated loan has had a positive effect on the capital adequacy for the group of 1.1%.

Unlike in SBAB's consolidated accounts, the proportionate method is not used for FriSpar Bolån AB in the capital adequacy report. This is due to differences in rules relating to group definition between the regulatory framework for capital adequacy and large exposures and IFRS.

During the period, SBAB has received the Swedish Financial Supervisory Authority's, Finansinspektionen, assessment of SBAB's internal capital evaluation. Finansinspektionen considers that SBAB is sufficiently capitalised in relation to the risk to which the company is exposed.

Interest-rate risk

A parallel shift of the yield curve by plus one percentage point would as at 30 September 2008 have resulted in a reduction of the net value of SBAB's interest-bearing assets and liabilities, including derivative transactions, by around SEK +27.5 million.

An account of other risks in SBAB has been presented in the annual report for 2007.

Current events

- On 23 October, the Government presented a Bill with measures to reinforce the stability of the Swedish financial system. This Bill provides for the establishment of a stability fund and a guarantee programme for medium-term new borrowing by banks and housing mortgage institutions. At the time of publication of this interim report, SBAB is evaluating its participation in the guarantee programme.
- After the end of the period, SBAB has had a very large inflow of new savings customers and sharp increase in deposits.

Development in the third quarter of 2008 compared with the second quarter of 2008

Lending to customers totalled SEK 179,596 million compared with SEK 178,265 million in the second quarter of 2008. The consumer market portfolio totalled SEK 114,679 million (SEK 114,607 million). SBAB's share of the consumer market totalled 7.6% (7.7%). The corporate market portfolio totalled SEK 64,917 million (SEK 63,658 million). SBAB's share of the corporate market was 12.5% (12.3%).

During the third quarter, demand for SBAB's savings products has continued to be high. Growth during the period amounted to 21% and deposits from customers increased to SEK 1,876 million (SEK 1,546 million).

Net interest income is lower relative to the second quarter and amounted to SEK 306 million (SEK 320 million). Total operating income amounted to SEK 183 million (SEK 300 million). The decrease in operating income in the third quarter is explained by a slight reduction in net interest income together with a larger negative impact on income from the "Net income from financial instruments designated at fair value".

The anxiety that has characterised the capital market during the third quarter has had a negative impact on the market value of the liquidity portfolio. SEK 234 million (SEK 18 million) has been charged to the operating income for the quarter.

Expenses continued to decrease and totalled SEK 105 million (SEK 133 million).

Impairment charges remained low and amounted to positive SEK 4 million (negative SEK 1 million).

Net operating income for the period is markedly lower relative to the second quarter and amounted to SEK 82 million (SEK 166 million).

Capital adequacy remains good and reached 9.5% (9.8%) and the primary capital ratio was 7.5% (7.8%).

Development of the parent company (January – September 2008)

Lending to customers totalled SEK 19,898 million (SEK 29,570 million) in the parent company.

Operating income amounted to SEK 112 million (SEK 262 million). The difference compared to the corresponding period last year is explained by the item net result of financial transactions which adds up to SEK –392 million (SEK –224 million). The parent company's net interest income for the period totalled SEK 188 million (SEK 212 million).

Other operating income totalled SEK 277 million (SEK 246 million). This amount is attributable to administrative services performed for the subsidiary SCBC.

During the first nine months of the year, expenses decreased by 3% compared with the same period last year, which adds up to SEK 371 million (SEK 383 million). Impairment charges amounted to net positive SEK

18 million (positive SEK 31 million).

Net operating income totalled SEK –241 million (SEK –90 million).

Capital adequacy in the parent company amounted to 37.5% (35.8%).

Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. Together with these accounting standards, the accounting regulatory code of the Swedish Financial Supervisory Authority, the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) as well as the requirements defined in the Swedish Financial Reporting Board's recommendation RFR1.1 Supplementary Accounting Rules for Groups are taken into consideration.

This interim report complies with the requirements prescribed in IAS 34 Interim Financial Reporting.

The accounting policies and the methods of calculation are unchanged compared to the Annual Report for 2007. During the period until 30 June 2008, assets classified as "Available-for-sale financial assets" have been added. These are measured at fair value. The effects arising from a change in the fair value are recognised in equity, except for impairment losses in relation to amortised cost and foreign exchange gains, which are recognised in profit or loss.

The European Commission has decided on amendments to IAS 39 and IFRS 7 in accordance with the amendments published by the IASB "Amendments October 2008, Reclassification of financial assets". Furthermore, the Swedish Financial Supervisory Authority has notified its preliminary assessments of how these changes should be applied to financial companies that apply IFRS limited by statute.

SBAB has decided to reclassify assets previously categorised as "Available-for-sale financial assets" to be recognised in the category "Loan receivables and accounts receivables".

This reclassification has been carried out as at 1 July 2008 and the assets have been valued at their fair value on this date. In future, assets will be recognised at their accrued acquisition value. The change in value accumulated in equity up to the reclassification date will be dissolved during the remaining time to maturity of the bond. The additional information to be provided in accordance with IFRS 7 in connection with the performance of this reclassification is shown in Note 5.

Financial information

SBAB's report on operations for 2008 will be published on 30 January 2009. SBAB's annual general meeting will be held on 15 April 2009 in Stockholm.

Stockholm, 29 October 2008

Eva Cederbalk
CEO

Income Statement

SEK million	GROUP				PARENT COMPANY	
	Jan-Sep 2008	Jan-Sep 2007	Jul-Sep 2008	Jul-Sep 2007	Jan-Sep 2008	Jan-Sep 2007
Interest income	8,235	6,012	2,753	2,141	3,238	3,088
Interest expense	(7,304)	(5,104)	(2,447)	(1,845)	(3,050)	(2,876)
Net interest income	931	908	306	296	188	212
Dividends received	-	0	-	0	-	0
Commission income	34	39	8	14	54	60
Commission expense	(26)	(32)	(8)	(10)	(15)	(32)
Net income from financial instruments designated at fair value (Note 1)	(222)	(283)	(123)	(353)	(392)	(224)
Other operating income	0	0	0	0	277	246
Total operating income	717	632	183	(53)	112	262
Staff costs	(196)	(180)	(55)	(53)	(196)	(180)
Other expenses	(153)	(179)	(42)	(32)	(163)	(190)
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	(24)	(23)	(8)	(8)	(12)	(13)
Total expenses before impairment charges	(373)	(382)	(105)	(93)	(371)	(383)
Profit before impairment charges	344	250	78	(146)	(259)	(121)
Impairment charges, net (Note 2)	1	35	4	13	18	31
Net operating income	345	285	82	(133)	(241)	(90)
Income tax expenses	(97)	(77)	(24)	37	67	23
Profit for the period	248	208	58	(96)	(174)	(67)

Balance Sheet

SEK million	GROUP			PARENT COMPANY	
	30 Sep 2008	30 Sep 2007	31 Dec 2007	30 Sep 2008	31 Dec 2007
ASSETS					
Cash and balances at central banks	0	0	0	0	0
Treasury bills and other eligible bills	10	10	10	10	10
Loans and advances to credit institutions (Note 3)	2,793	9,832	19,909	27,471	38,502
Loans and advances to customers (Note 4)	179,596	169,319	167,981	19,898	29,570
Fair value adjustment of interest-rate hedged loan receivables	(481)	(1,034)	(922)	(53)	(88)
Bonds and other interest-bearing securities	30,297	31,453	31,056	30,297	31,056
Derivative financial instruments (Note 6)	8,168	3,433	3,799	3,894	2,225
Other shares and participations	-	4	4	-	4
Investments in joint ventures	-	-	-	510	602
Investments in subsidiaries	-	-	-	7,200	5,200
Deferred income tax assets	-	149	103	-	0
Intangible assets	53	58	58	14	19
Property, plant and equipment	12	16	14	12	14
Other assets	1,509	8,806	296	698	537
Prepaid expenses and accrued income	740	802	783	403	490
TOTAL ASSETS	222,697	222,848	223,091	90,354	108,141
LIABILITIES AND EQUITY					
Liabilities					
Liabilities to credit institutions	1,958	6,399	15,537	989	7,092
Customer accounts	1,876	433	759	1,876	759
Debt securities in issue	202,158	200,157	191,807	73,212	86,573
Derivative financial instruments (Note 6)	2,900	3,548	2,923	3,692	3,467
Other liabilities	647	277	694	592	671
Accrued expenses and prepaid income	3,438	3,070	2,420	747	524
Deferred tax liabilities	165	-	-	9	-
Subordinated liabilities	3,272	2,717	2,725	3,272	2,725
Total liabilities	216,414	216,601	216,865	84,389	101,811
Equity					
Share capital	1,958	1,958	1,958	1,958	1,958
Legal reserve	-	-	-	392	392
Other reserves/Fair value reserve	(177)	17	14	(177)	14
Retained earnings	4,254	4,064	4,064	3,966	3,815
Net profit for the period	248	208	190	(174)	151
Total equity	6,283	6,247	6,226	5,965	6,330
TOTAL LIABILITIES AND EQUITY	222,697	222,848	223,091	90,354	108,141

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 2008	1,958	14	4,254		6,226
Change in reclassified financial assets, after tax *		(188)			(188)
Change in instruments held for cash flow hedging, after tax		(3)			(3)
Net profit for the period				248	248
Closing balance, 30 September 2008	1,958	(177)	4,254	248	6,283
Opening balance, 1 January 2007	1,958	12	4,064		6,034
Change in instruments held for cash flow hedging, after tax		5			5
Net profit for the period				208	208
Closing balance, 30 September 2007	1,958	17	4,064	208	6,247
Opening balance, 1 January 2007	1,958	12	4,064		6,034
Change in instruments held for cash flow hedging, after tax		2			2
Net profit for the period				190	190
Closing balance, 31 December 2007	1,958	14	4,064	190	6,226

PARENT COMPANY

SEK million	Share capital	Legal reserve	Fair value reserve	Retained earnings	Net profit for the period	Total equity
Opening balance, 1 January 2008	1,958	392	14	3,966		6,330
Change in reclassified financial assets, after tax*			(188)			(188)
Change in instruments held for cash flow hedging, after tax			(3)			(3)
Net profit for the period					(174)	(174)
Closing balance, 30 September 2008	1,958	392	(177)	3,966	(174)	5,965
Opening balance, 1 January 2007	1,958	392	12	3,815		6,177
Change in instruments held for cash flow hedging, after tax			5			5
Net profit for the period					(67)	(67)
Closing balance, 30 September 2007	1,958	392	17	3,815	(67)	6,115
Opening balance, 1 January 2007	1,958	392	12	3,815		6,177
Change in instruments held for cash flow hedging, after tax			2			2
Net profit for the period					151	151
Closing balance, 31 December 2007	1,958	392	14	3,815	151	6,330

* See information in Note 5

Cash Flow Statement

SEK million	GROUP		PARENT COMPANY	
	Jan-Sep 2008	Jan-Sep 2007	Jan-Sep 2008	Jan-Sep 2007
Cash and cash equivalents at the beginning of the period	10,140	1,453	3,124	791
Cash flows from operating activities	(9,687)	(1,054)	(891)	936
Cash flows from investing activities	(16)	(24)	(1,912)	(1,354)
Cash flows from financing activities	403	-	403	-
Increase/decrease of cash and cash equivalents	(9,300)	(1,078)	(2,400)	(418)
Cash and cash equivalents at the end of the period	840	375	724	373

Cash and cash equivalents comprises cash in hand and loans and advances to credit institutions with original maturity of less than three months.

Notes

Note 1 Net income from financial instruments designated at fair value

SEK million	GROUP		PARENT COMPANY	
	Jan-Sep 2008	Jan-Sep 2007	Jan-Sep 2008	Jan-Sep 2007
Gains/losses on interest-bearing financial instruments:				
- Securities valued at fair value through profit or loss	(373)	(539)	(373)	(539)
- Items in hedge accounting	200	48	44	228
- Derivative financial instruments	(87)	160	(65)	57
- Loan receivables	14	42	2	31
- Liabilities valued at fair value	(2)	-	(2)	-
- Other financial liabilities	23	7	0	(0)
Gains/losses on shares and participations:	0	2	0	2
Currency translation effects	3	(3)	2	(3)
Total	(222)	(283)	(392)	(224)

The impact on the result of SEK -410 million from SBAB's liquidity portfolio consists of SEK -373 million in the item securities valued at fair value and SEK -37 million in the item derivative financial instruments.

Note 2 Impairment charges, net

GROUP SEK million	Jan-Sep 2008	Jan-Sep 2007
SPECIFIC PROVISION FOR INDIVIDUALLY ASSESSED LOAN RECEIVABLES		
The period's write-off for uncollectible loans	1	2
Reversal of previous provisions for probable impairment reported as uncollectible items in this interim report	(0)	(0)
The period's provision for probable impairment	0	7
Recoveries of previous years' uncollectible loans	(0)	(1)
Reversal of previous positions for probable impairment no longer required	(41)	(6)
Guarantees	15	(8)
Net cost for the period for individually assessed loan receivables	(25)	(6)
COLLECTIVE PROVISION FOR INDIVIDUALLY ASSESSED LOAN RECEIVABLES		
Allocation to/reversal of collective provision	(20)	(37)
Guarantees	1	9
Net cost for the period for collective provisions for individually assessed loan receivables	(19)	(28)
COLLECTIVE PROVISION FOR HOMOGENEOUS GROUPS OF LOAN RECEIVABLES		
The period's write-off for uncollectible loans	4	3
Recoveries of previous years' uncollectible loans	(1)	(5)
Allocation to/reversal of collective provisions	35	(1)
Guarantees	5	2
Net cost for the period for collective provisions for homogeneous groups of loan receivables	43	(1)
Impairment charges for the period	(1)	(35)

Both the period's write-off regarding uncollectible loans and the reversal of previous years' write-off specified above are attributable to loans and advances to customers.

Note 3 Loans and advances to credit institutions

Of the parent company's loans and advances to credit institutions, SEK 22,846 million (SEK 15,439 million) relate to a receivable from the wholly-owned subsidiary The Swedish Covered Bond Corporation, SCBC. These receivables are subordinated which means that payment is not received until the other creditors of the subsidiary have been paid.

Note 4 Loans and advances to customers

GROUP SEK million	30 Sep 2008		31 Dec 2007	
	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	79,303	(104)	71,651	(84)
Tenant-owned apartments	35,513	(33)	32,575	(17)
Tenant owner associations	33,808	(80)	33,465	(119)
Private multi-family dwellings	19,505	(22)	17,953	(40)
Municipal multi-family dwellings	5,607	-	7,000	-
Commercial properties	6,099	-	5,597	-
Provision for impairment	(239)		(260)	
Total	179,596	(239)	167,981	(260)

Impaired and unpaid loans	30 Sep 2008	31 Dec 2007
a) Impaired loans	118	180
b) Unpaid loan receivables included in impaired loans	10	9
c) Unpaid loan receivables not included in impaired loans	187	115
d) Specific provisions for individually assessed loans	78	118
e) Collective provisions for individually assessed loans	33	53
f) Provisions for collectively assessed homogeneous groups of loans	128	89
g) Total provisions (d+e+f)	239	260
h) Impaired loans after specific provisions for individually assessed loans (a-d)	40	62
i) Provision ratio for specific provisions for individually assessed loans (d/a)	66%	66%

The business partner may acquire loans provided in certain lending cooperation.

Note 5 Classification of financial instruments

GROUP 30 Sep 2008, SEK million	Securities valued at fair value through profit or loss	Loan receivables	Derivatives held for hedging	Total
Financial assets				
Cash and balances at central banks		0		0
Treasury bills and other eligible bills	10			10
Loans and advances to credit institutions		2,793		2,793
Loans and advances to customers		179,596		179,596
Fair value adjustment of interest-rate hedged loan receivables		(481)		(481)
Bonds and other interest-bearing securities	7,712	22,585		30,297
Derivative financial instruments			8,168	8,168
Other assets		1,509		1,509
Prepaid expenses and accrued income	141	599		740
Total	7,863	206,601	8,168	222,632
Financial liabilities				
Liabilities to credit institutions			1,958	1,958
Customer accounts			1,876	1,876
Debt securities in issue	186,124		16,034	202,158
Derivative financial instruments		2,900		2,900
Other liabilities			647	647
Accrued expenses and prepaid income	3,312		126	3,438
Subordinated liabilities	3,272			3,272
Total	192,708	2,900	20,641	216,249

Note 5 *continued*

PARENT COMPANY 30 Sep 2008, SEK million	Securities valued at fair value through profit or loss	Loan receivables	Derivatives held for hedging	Total
Financial assets				
Cash and balances at central banks		0		0
Treasury bills and other eligible bills	10			10
Loans and advances to credit institutions		27,471		27,471
Loans and advances to customers		19,898		19,898
Fair value adjustment of interest-rate hedged loan receivables		(53)		(53)
Bonds and other interest-bearing securities	7,712	22,585		30,297
Derivative financial instruments			3,894	3,894
Other assets		698		698
Prepaid expenses and accrued income	141	262		403
Total	7,863	70,861	3,894	82,618

PARENT COMPANY 30 Sep 2008, SEK million	Financial liabilities in hedge accounting	Derivatives held for hedging	Other financial liabilities	Total
Financial liabilities				
Liabilities to credit institutions			989	989
Customer accounts			1,876	1,876
Debt securities in issue	56,668		16,544	73,212
Derivative financial instruments		3,692		3,692
Other liabilities			592	592
Accrued expenses and prepaid income	622		125	747
Subordinated liabilities	3,272			3,272
Total	60,562	3,692	20,126	84,380

The fair value of the reclassified portfolio totalled SEK 21.7 billion at the time of reclassification, i.e. 1 July 2008. The fair value reserve attributable to the reclassified assets amounted to SEK -200 million net after tax. The fair value of the assets would, if they had continued to be recognised as "Available-for-sale financial assets" have amounted to SEK 21.5 billion as at 30 September 2008. The fair value reserve attributable to these assets would have amounted to SEK -1.0 billion net after tax. The accrued acquisition value of the reclassified assets was SEK 22.6 billion on 30 September 2008. SEK 16 million before tax of the fair value reserve attributable to these assets has been dissolved according to IASB's new directive.

Note 6 Derivative financial instruments

GROUP 30 Sep 2008, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,274	1,752	239,031
Share-related	16	1	129
Currency-related	5,732	1,147	100,034
Credit-related	146	0	18,042
Total	8,168	2,900	357,236

PARENT COMPANY 30 Sep 2008, SEK million	Assets at fair value	Liabilities at fair value	Total nominal amount
Interest-rate related	2,471	2,540	356,574
Share-related	16	1	129
Currency-related	1,407	1,151	36,450
Total	3,894	3,692	393,153

Note 7 Segment reporting

GROUP	Jan-Sep 2008				Jan-Sep 2007			
	Consumer	Corporate clients	Finance	Total	Consumer	Corporate clients	Finance	Total
SEK million								
Net interest income	574	111	246	931	577	137	194	908
Net commission income	23	4	(19)	8	10	0	(3)	7
Net income from financial instruments designated at fair value	0	2	(224)	(222)	8	5	(296)	(283)
Total operating income	597	117	3	717	595	142	(105)	632
Total expenses before impairment charges	(286)	(42)	(45)	(373)	(288)	(49)	(45)	(382)
Profit before impairment charges	311	75	(42)	344	307	93	(150)	250
Impairment charges, net	(2)	3	-	1	29	6	-	35
Net operating income	309	78	(42)	345	336	99	(150)	285

The Consumer segment includes lending to single-family dwellings, holiday homes, tenant-owned apartments and tenant-owner associations. Corporate clients includes lending to private multi-family dwellings, commercial properties and municipal companies. The Finance segment covers profit and loss from the financing activities. Overhead costs from the non-operational activities have been allocated to the segments by relevant allocation principles. Intra-group eliminations are already adjusted in each segment.

Capital Base

GROUP SEK million	30 Sep 2008	31 Dec 2007
Primary capital		
Equity	6,339	6,198
Primary capital contribution	994	994
Minority interest	492	467
Total primary capital gross	7,825	7,659
Less other intangible assets	(53)	(58)
Less deferred income tax assets	(245)	(103)
Deduction under Chapter 3, section 8, of the Capital Adequacy Act	(399)	(346)
Total primary capital net	7,128	7,152
Supplementary capital		
Undated subordinated loans	-	722
Dated subordinated loans	2,260	1,260
Deduction under Chapter 3, section 8, of the Capital Adequacy Act	(399)	(346)
Total supplementary capital	1,861	1,636
Expanded part of capital base	-	-
Deduction from whole capital base	-	-
Amount for capital base net after deductible items and limit values	8,989	8,788
Capital requirements		
<i>Minimum capital for:</i>		
Credit risk reported according to standard method	1,433	1,067
Credit risk reported according to IRB method	2,198	1,982
Risks in commercial stock	124	487
Operational risk	144	170
Currency risk	-	-
Raw material risk	-	-
Total minimum capital requirement	3,899	3,706
Addition during a transitional period	3,671	3,675
Capital requirement including addition	7,570	7,381

Capital Adequacy

SEK million	GROUP		PARENT COMPANY	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
Primary capital	7,128	7,152	6,804	7,240
Total capital	8,989	8,788	8,999	9,187
Risk-weighted assets, Basel I	108,592	98,918	28,448	27,901
Capital requirement/8%	94,621	92,258	23,992	25,636
Primary capital ratio	7.5%	7.8%	28.4%	28.2%
Capital adequacy	9.5%	9.5%	37.5%	35.8%
Capital ratio	1.19	1.19	4.69	4.48

Comparative figures have been adjusted due to changed calculation.

Review Report

To the Board of the Swedish Housing Finance Corporation, SBAB
reg. no. 556253-7513

Introduction

We have reviewed the enclosed interim report covering the Swedish Housing Finance Corporation, SBAB, reg. no. 556253-7513, for the period 1 January 2008 – 30 September 2008. The Board and the Chief Executive Officer are responsible for the preparation and presentation of this financial interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. It is our responsibility to express an opinion on this financial interim report based on our review.

Scope of review

We have conducted our review in accordance with the Standard of

Review Engagements SÖG 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by FAR. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit.

Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the enclosed interim report is not prepared, in all material respects, for the group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and for the parent company in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 29 October 2008
Öhrlings PricewaterhouseCoopers AB

Ulf Westerberg
Authorised Public Accountant



The Swedish Housing Finance Corporation, SBAB