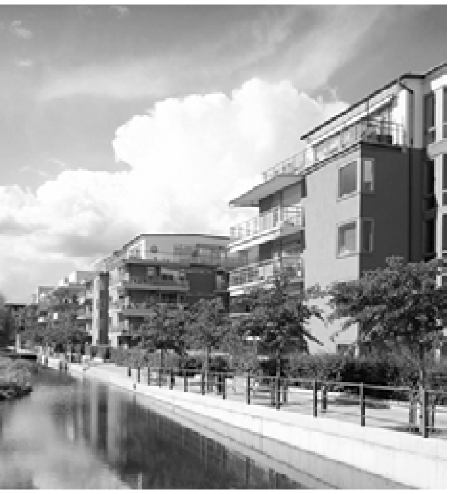
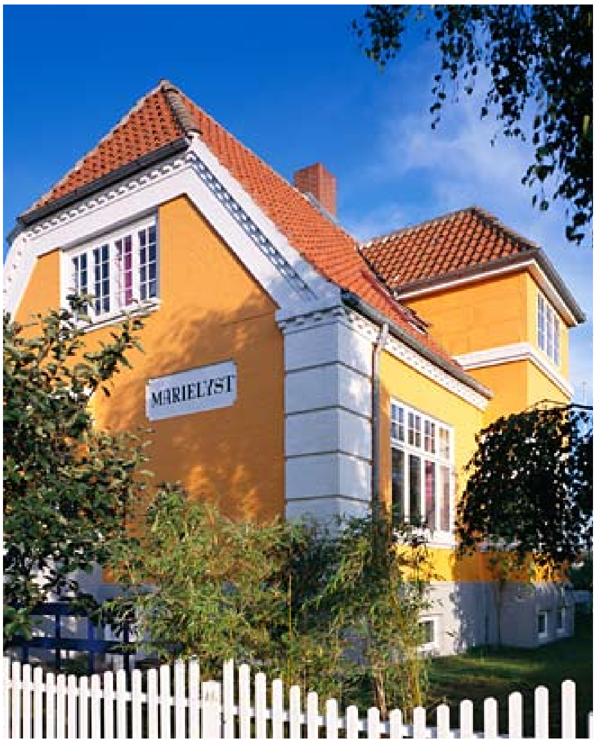
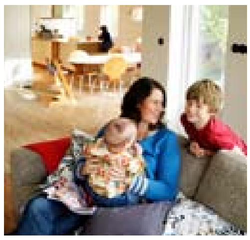
2009

Interim report January–March







Stadshypotek
– a Handelsbanken company

Stadshypotek's interim report

January–March 2009

SUMMARY

- Operating profits for the first quarter of 2009 were SEK 1,421m (767).
- Recoveries exceeded loan losses for the period.
- Lending increased by SEK 13bn (9) during the first quarter to SEK 629bn.

Stadshypotek's interim report January–March 2009

FINANCIAL PERFORMANCE

Q1 2009 compared with Q1 2008

Stadshypotek's operating profits went up by SEK 654m to SEK 1,421m (767). As of August 2008, Stadshypotek's branch in Norway is included and this made a contribution of SEK 103m in the first quarter. Excluding the branch in Norway, operating profits increased by SEK 551m, mainly because net interest income increased by SEK 510m. Both higher volumes and margins and also the company's healthy position in the funding market contributed to the higher net interest income. Net gains/losses on financial operations grew by SEK 44m to SEK -18m (-62).

Expenses were SEK 53m (45). Net loan losses were SEK 5m (11), which corresponds to a loan loss ratio of 0.00% (-0.01) of lending. After deduction of the provision for probable loan losses, the volume of bad debts was SEK 194m (266). SEK 64m (58) of the bad debts were non-performing loans, while SEK 130m (208) were loans on which the borrowers pay interest and amortisation, but which are considered doubtful. In addition, there were non-performing loans of SEK 773m (416) that are not assessed as being bad debts. After deductions for specific provisions totalling SEK -69m (-75) and provisions by group of SEK -14m (-) for probable loan losses, bad debts totalled SEK 111m (191).

Q1 2009 compared with Q4 2008

Stadshypotek's operating profits for the first quarter of 2009 went up by SEK 424m to SEK 1,421m (997). SEK 43m of the increase was attributable to the Norwegian branch and excluding this, operating profits went up by SEK 381m.

Net interest income was SEK 1,493m (1,164), of which SEK 112m (69) was attributable to the branch in Norway. The underlying increase of SEK 286m is partly due to higher volumes and margins but also to the fact that the company's healthy position in the funding market resulted in low funding costs. The average margin in the private market was 0.66% during the quarter.

Net gains/losses on financial operations grew by SEK 75m to SEK -18m (-93). Net gains/losses on financial operations are mainly unrealised changes in market value on assets and liabilities subject to hedge accounting and derivatives, which were negatively affected during the fourth quarter of 2008 due to substantially lower market interest rates.

GROWTH IN LENDING

Stadshypotek's lending volume continued to increase during the period. Loans to the public increased during the first quarter by SEK 13bn to SEK 629bn (615). Compared with the same period in the previous year, lending volumes increased by SEK 95bn, of which SEK 47bn was attributable to the branch in Norway. Stadshypotek's share of the private market in Sweden was maintained at around 25%. Stadshypotek retained its strong position as a leading player on the Swedish corporate market, with a market share of some 30%.

CAPITAL RATIO

The capital ratio calculated according to Basel II was 37.7% (40.6) and the Tier 1 capital ratio calculated according to Basel II was 26.2% (28.8). Further information concerning capital adequacy is provided in the 'Capital base and Capital requirement' section.

RATING

Stadshypotek's rating remained unchanged, with a "stable outlook".

Stadshypotek		
	Long-term	Short-term
Moody's	Aa1	P-1
Standard & Poor's	AA-	A-1+
Fitch	AA-	F1+
Covered bonds		
Moody's		Aaa

ACCOUNTING POLICIES

The accounts comply with the IASB accounting standards adopted by the EU. The regulations of the Annual Accounts Act for Credit Institutions and Securities Companies and the directives issued by the Swedish Financial Supervisory Authority are also applied.

The accounting policies are unchanged compared to the latest annual report.

Stockholm, 28 April 2009
Lars Kahnlund
Chief executive

This interim report has not been examined by the company's auditors.

Stadshypotek Group

Income statement SEK m		Q1 2009	Q4 2008	Change %	Jan–Mar 2009	Jan–Mar 2008	Change %	Full year 2008
Interest income		6 582	8 392	-22	6 582	6 318	4	29 006
Interest expense		-5 089	-7 228	-30	-5 089	-5 447	-7	-25 106
Net interest income		**1 493**	**1 164**	**28**	**1 493**	**871**	**71**	**3 900**
Net gains/losses on financial operations		**-18**	**-93**	**-81**	**-18**	**-62**	**-71**	**-71**
Fee and commission income		3	3	0	3	3	0	12
Fee and commission expense		-9	-11	-18	-9	-11	-18	-43
Net fee and commission income		**-6**	**-8**	**-25**	**-6**	**-8**	**-25**	**-31**
Total income		**1 469**	**1 063**	**38**	**1 469**	**801**	**83**	**3 798**
General administrative expenses								
Staff costs		-10	-8	25	-10	-11	-9	-40
Other		-42	-44	-5	-42	-34	24	-149
Depreciation and amortisation		-1	-1	0	-1	0	-	-2
Total expenses		**-53**	**-53**	**0**	**-53**	**-45**	**18**	**-191**
Profit before loan losses		**1 416**	**1 010**	**40**	**1 416**	**756**	**87**	**3 607**
Net loan losses	Note 1	5	-13	-	5	11	-55	75
Operating profit		**1 421**	**997**	**43**	**1 421**	**767**	**85**	**3 682**
Tax		-377	-276	37	-377	-215	75	-1 027
Profit for the period		**1 044**	**721**	**45**	**1 044**	**552**	**89**	**2 655**
Net earnings per share, SEK		6 447	4 451		6 447	3 410		16 388

Consolidated statement of comprehensive income SEK m	Q1 2009	Q4 2008	Change %	Jan–Mar 2009	Jan–Mar 2008	Change %	Full year 2008
Profit for the period	1 044	721	45	1 044	552	89	2 655
Translation differences for the period	8	-4	-	8	-	-	-4
Total comprehensive income for the period	**1 052**	**717**	**47**	**1 052**	**552**	**91**	**2 651**

Quarterly earnings performance SEK m	Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
Interest income	6 582	8 392	7 678	6 618	6 318
Interest expense	-5 089	-7 228	-6 678	-5 753	-5 447
Net interest income	**1 493**	**1 164**	**1 000**	**865**	**871**
Net gains/losses on financial operations	**-18**	**-93**	**-184**	**268**	**-62**
Net fee and commission income	-6	-8	-8	-7	-8
Total income	**1 469**	**1 063**	**808**	**1 126**	**801**
General administrative expenses					
Staff costs	-10	-8	-10	-11	-11
Other	-42	-44	-38	-33	-34
Depreciation	-1	-1	0	-1	0
Total expenses	**-53**	**-53**	**-48**	**-45**	**-45**
Profit before loan losses	**1 416**	**1 010**	**760**	**1 081**	**756**
Loan losses	5	-13	60	17	11
Operating profit	**1 421**	**997**	**820**	**1 098**	**767**

Balance sheet - Group SEK m		31 Mar 2009	31 Mar 2008	31 Dec 2008
Assets				
Loans to credit institutions		11 275	5 593	26 887
Loans to the public	Note 2	628 698	533 405	615 263
Value change of interest hedged item in portfolio hedge		442	-	144
Derivative instruments	Note 3	14 211	2 231	13 374
Other assets		3 671	6 190	3 830
Total assets		**658 297**	**547 419**	**659 498**
Liabilities and equity				
Due to credit institutions		194 290	99 965	182 602
Issued securities		419 688	406 746	430 404
Derivative instruments	Note 3	4 978	3 867	3 231
Other liabilities and provisions		9 471	8 116	14 443
Subordinated loans		8 800	8 300	8 800
Total liabilities		**637 227**	**526 994**	**639 480**
Shareholder's equity		21 070	20 425	20 018
Total liabilities and equity		**658 297**	**547 419**	**659 498**

Statement of changes in equity SEK m	Share capital	Translation reserve	Retained profits	Total
Shareholders' equity 31 December 2007	**4 050**	**-**	**15 823**	**19 873**
Total comprehensive income for the period		-4	2 655	2 651
Total changes before transactions with the owner	**-**	**-4**	**2 655**	**2 651**
Group contributions provided			-3 480	-3 480
Tax on paid Group contributions			974	974
Shareholders' equity 31 December 2008	**4 050**	**-4**	**15 972**	**20 018**
Total comprehensive income for the period		8	1 044	1 052
Total changes before transactions with the owner	**-**	**8**	**1 044**	**1 052**
Equity 31 March 2009	**4 050**	**4**	**17 016**	**21 070**

Cash flow statement SEK m	Jan–Mar 2009	Jan–Mar 2008	Full year 2008
Cash flow from operating activities	-12 173	3 921	52 404
Cash flow from investing activities	0	-3	-47 981
Cash flow from financing activities	11 968	-3 760	-3 425
Cash flow for the period	**-205**	**158**	**998**
Liquid funds at beginning of period	1 439	434	434
Cash flow for the period	-205	158	998
Exchange rate difference on liquid funds	41	-	7
Liquid funds at end of period	**1 275**	**592**	**1 439**

Key figures	Jan–Mar 2009	Jan–Mar 2008	Full year 2008
Net interest margin, %	0.91	0.64	0.66
C/I ratio before loan losses, %	3.6	5.7	5.1
C/I ratio after loan losses, %	3.3	4.3	3.1
Return on shareholders' equity, %	18.1	9.6	12.2
Capital ratio according to Basel II, %	37.7	40.6	37.1
Tier 1 ratio according to Basel II, %	26.2	28.8	25.9

TURNOVER OF OWN DEBT INSTRUMENTS

Stadshypotek issues and repurchases debt instruments which it has issued on its account. This is for the purposes of financing its operations.

Turnover during the period was as follows:

Issued (sold)	SEK 94bn
Repurchased	SEK 37bn
Matured	SEK 71bn

Segment information	2009			2008		
Jan–Mar SEK m	Private	Corporate	Total	Private	Corporate	Total
Net interest income	1 049	444	1 493	654	217	871
Net gains/losses on financial operations	-13	-5	-18	-47	-15	-62
Net fee and commission income	-4	-2	-6	-6	-2	-8
Total income	**1 032**	**437**	**1 469**	**601**	**200**	**801**
Administrative expenses	-38	-15	-53	-34	-11	-45
Profit before loan losses	**994**	**422**	**1 416**	**567**	**189**	**756**
Loan losses	1	4	5	8	3	11
Operating profit	**995**	**426**	**1 421**	**575**	**192**	**767**
Loans to the public	441 171	187 541	628 712	371 440	161 965	533 405

Private market is defined as lending secured by mortgages in single-family or two-family houses, second homes, housing co-operative apartments or residential farms. Corporate market is lending secured by mortgages in multi-family dwellings, family farms, commercial and office buildings or state and municipal loans.

Parent company

Income statement SEK m		Q1 2009	Q4 2008	Change %	Jan–Mar 2009	Jan–Mar 2008	Change %	Full year 2008
Interest income		6 582	8 392	-22	6 582	6 318	4	29 006
Interest expense		-5 089	-7 228	-30	-5 089	-5 447	-7	-25 106
Net interest income		**1 493**	**1 164**	**28**	**1 493**	**871**	**71**	**3 900**
Net gains/losses on financial operations		**-18**	**-93**	**-81**	**-18**	**-62**	**-71**	**-71**
Fee and commission income		3	3	0	3	3	0	12
Fee and commission expense		-9	-11	-18	-9	-11	-18	-43
Net fee and commission income		**-6**	**-8**	**-25**	**-6**	**-8**	**-25**	**-31**
Total income		**1 469**	**1 063**	**38**	**1 469**	**801**	**83**	**3 798**
General administrative expenses								
Staff costs		-10	-8	25	-10	-11	-9	-40
Other		-42	-44	-5	-42	-34	24	-149
Depreciation and amortisation		-1	-1	0	-1	0	-	-2
Total expenses		**-53**	**-53**	**0**	**-53**	**-45**	**18**	**-191**
Profit before loan losses		**1 416**	**1 010**	**40**	**1 416**	**756**	**87**	**3 607**
Net loan losses	Note 1	5	-13	-	5	11	-55	75
Operating profit		**1 421**	**997**	**43**	**1 421**	**767**	**85**	**3 682**
Appropriations		-	-48	-	-	-	-	-48
Profit before tax		**1 421**	**949**	**50**	**1 421**	**767**	**85**	**3 634**
Tax		-377	-263	43	-377	-215	75	-1 014
Profit for the period		**1 044**	**686**	**52**	**1 044**	**552**	**89**	**2 620**

Balance sheet SEK m		31 Mar 2009	31 Mar 2008	31 Dec 2008
Assets				
Loans to credit institutions		11 275	5 593	26 887
Loans to the public	Note 2	628 698	533 405	615 263
Value change of interest hedged item in portfolio hedge		442	-	144
Derivative instruments	Note 3	14 211	2 231	13 374
Other assets		3 671	6 190	3 830
Total assets		**658 297**	**547 419**	**659 498**
Liabilities and equity				
Due to credit institutions		220 723	118 263	208 523
Issued securities		393 254	388 447	404 483
Derivative instruments	Note 3	4 978	3 867	3 231
Other liabilities and provisions		9 459	8 117	14 430
Subordinated loans		8 800	8 300	8 800
Total liabilities		**637 214**	**526 994**	**639 467**
Untaxed reserves		**48**	**-**	**48**
Shareholder's equity		21 035	20 425	19 983
Total liabilities and equity		**658 297**	**547 419**	**659 498**

Notes

The information in these notes relates to both the Group and the parent company.

NOTE 1 Loan losses

SEK m	Q1 2009	Q4 2008	Change %	Jan–Mar 2009	Jan–Mar 2008	Change %	Full year 2008
Specific provision for individually assessed loan receivables							
Provision for the period	-3	-14	-79	-3	-3	0	-19
Writeback of previous provisions	5	4	25	5	5	0	14
Total	**2**	**-10**	**-**	**2**	**2**	**0**	**-5**
Collective provision							
Provision by group for individually assessed loan receivables	-1	-12	-92	-1	-	-	-12
Write-offs							
Actual loan losses for the period	-7	-5	40	-7	0	-	-15
Utilised share of previous provisions	3	3	0	3	0	-	9
Writeback of actual loan losses in previous years	8	11	-27	8	9	-11	98
Total	**4**	**9**	**-56**	**4**	**9**	**-56**	**92**
Net loan losses	**5**	**-13**	**-**	**5**	**11**	**-55**	**75**

As of the third quarter 2008, recoveries on previous actual interest losses are included in ‘Writeback of actual loan losses in previous years’, which for the whole of 2008 had a SEK 31m effect on writeback of actual loan losses in previous years. During the January to March 2008 period, the corresponding amount totalled SEK 8m and was included in net interest income.

Bad debts SEK m	31 Mar 2009	31 Mar 2008	31 Dec 2008
Bad debts	194	266	193
Specific provision for individually assessed loan receivables	-69	-75	-73
Provision by group for individually assessed loan receivables	-14	-	-12
Net bad debts	**111**	**191**	**108**
Proportion of bad debts, %	0.02	0.02	0.02
Bad debt reserve ratio, %	35.6	28.2	37.8
Loan loss ratio, %	0.00	-0.01	-0.01
Non-performing loans which are not bad debts	773	416	605

NOTE 2 Loans to the public

Loans to the public, by sector 31 Mar SEK m	2009 Lending before provisions	2009 Provisions for probable loan losses	2009 Lending after provisions	2008 Lending before provisions	2008 Provisions for probable loan losses	2008 Lending after provisions
Households	460 017	-17	460 000	390 365	-15	390 350
Public sector, municipal companies	9 534	-	9 534	5 537	-	5 537
Housing co-operative associations	92 114	-22	92 092	83 234	-33	83 201
Other legal entities	67 116	-30	67 086	54 344	-27	54 317
Total loans to the public, before collective provisions	**628 781**	**-69**	**628 712**	**533 480**	**-75**	**533 405**
Collective provision		-14	-14		-	-
Total loans to the public	**628 781**	**-83**	**628 698**	**533 480**	**-75**	**533 405**
of which in the Norwegian operations						
Households	37 660	-	37 660			
Public sector, municipal companies	-	-	-			
Housing co-operative associations	6 037	-	6 037			
Other legal entities	3 510	-	3 510			
Total loans to the public in the Norwegian operations	**47 207**	**-**	**47 207**			

Loans to the public, by type of property 31 Mar SEK m	2009 Lending before provisions	2009 Provisions for probable loan losses	2009 Lending after provisions	2008 Lending before provisions	2008 Provisions for probable loan losses	2008 Lending after provisions
Single-family housing	345 265	-12	345 253	290 517	-7	290 510
Housing co-operative apartments	91 658	-1	91 657	80 931	-1	80 930
Owner-occupied apartments*	4 261	-	4 261			
Private market	**441 184**	**-13**	**441 171**	**371 448**	**-8**	**371 440**
Multi-family housing	164 944	-46	164 898	144 243	-64	144 179
Offices and commercial buildings	22 653	-10	22 643	17 789	-3	17 786
Corporate market	**187 597**	**-56**	**187 541**	**162 032**	**-67**	**161 965**
Total loans to the public, before collective provisions	**628 781**	**-69**	**628 712**	**533 480**	**-75**	**533 405**
Collective provision		-14	-14		-	-
Total loans to the public	**628 781**	**-83**	**628 698**	**533 480**	**-75**	**533 405**
of which in the Norwegian operations						
Single-family housing	33 332	-	33 332			
Housing co-operative apartments	67	-	67			
Owner-occupied apartments*	4 261	-	4 261			
Private market	**37 660**	**-**	**37 660**			
Multi-family housing	8 799	-	8 799			
Offices and commercial buildings	748	-	748			
Corporate market	**9 547**	**-**	**9 547**			
Total loans to the public in the Norwegian operations	**47 207**	**-**	**47 208**			

* Owner-occupied apartments entail individual ownership of a specific apartment in a multi-family dwelling and a share in an association for joint management of the property.

Non-performing loans by borrower category 31 Mar SEK m	2009 Non-performing loans which are not bad debts	2009 Non-performing loans which are included in bad debts	2008 Non-performing loans which are not bad debts	2008 Non-performing loans which are included in bad debts
Households	596	30	353	17
Public sector, municipal companies	-	-	-	-
Housing co-operative associations	52	2	3	15
Other legal entities	125	32	60	26
Total	**773**	**64**	**416**	**58**
of which in the Norwegian operations				
Households	27	-		
Public sector, municipal companies	-	-		
Housing co-operative associations	26	-		
Other legal entities	50	-		
Total non-performing loans in the Norwegian operations	**103**	**-**		

Non-performing loans by type of property 31 Mar SEK m	2009 Non-performing loans which are not bad debts	2009 Non-performing loans which are included in bad debts	2008 Non-performing loans which are not bad debts	2008 Non-performing loans which are included in bad debts
Single-family housing	499	31	289	13
Housing co-operative apartments	112	2	75	0
Owner-occupied apartments*	-	-		
Private market	**611**	**33**	**364**	**13**
Multi-family housing	105	24	46	43
Offices and commercial buildings	57	7	6	2
Corporate market	**162**	**31**	**52**	**45**
Total	**773**	**64**	**416**	**58**
of which in the Norwegian operations				
Single-family housing	43	-		
Housing co-operative apartments	-	-		
Owner-occupied apartments*	-	-		
Private market	**43**	**-**		
Multi-family housing	26	-		
Offices and commercial buildings	34	-		
Corporate market	**60**	**-**		
Total non-performing loans in the Norwegian operations	**103**	**-**		

Bad debts by borrower category 31 Mar SEK m	**2009** **Bad debts**	 **Provision for probable losses**	 **Net bad debts**	**2008** **Bad debts**	 **Provision for probable losses**	 **Net bad debts**
Households	41	-17	24	40	-15	25
Public sector, municipal companies	-	-	-	-	-	-
Housing co-operative associations	72	-22	50	112	-33	79
Other legal entities	81	-30	51	114	-27	87
Total	**194**	**-69**	**125**	**266**	**-75**	**191**

Bad debts by type of property 31 Mar SEK m	**2009** **Bad debts**	 **Provision for probable losses**	 **Net bad debts**	**2008** **Bad debts**	 **Provision for probable losses**	 **Net bad debts**
Single-family housing	36	-12	24	20	-7	13
Housing co-operative apartments	2	-1	1	1	-1	0
Owner-occupied apartments*	-	-	-			
Private market	**38**	**-13**	**25**	**21**	**-8**	**13**
Multi-family housing	132	-46	86	181	-64	117
Offices and commercial buildings	24	-10	14	64	-3	61
Corporate market	**156**	**-56**	**100**	**245**	**-67**	**178**
Total	**194**	**-69**	**125**	**266**	**-75**	**191**

Bad debts relate in their entirety to the Swedish operations. The reserved amount for probable losses in the tables showing non-performing loans and bad debts consists of a specific provision for individually assessed receivables.

NOTE 3 Derivative instruments

SEK m	**Fair value 31 Mar 2009**	**Fair value 31 Mar 2008**	**Fair value 31 Dec 2008**
Positive values			
Interest-rate related instruments	8 787	1 529	6 140
Currency-related instruments	5 424	702	7 234
Total	**14 211**	**2 231**	**13 374**
Negative values			
Interest-rate related instruments	2 749	2 276	2 460
Currency-related instruments	2 229	1 591	771
Total	**4 978**	**3 867**	**3 231**
Net	**9 233**	**-1 636**	**10 143**

Stadshypotek mainly uses interest rate swaps and caps as hedge instruments for protection against changes in value due to changes in market interest rates. Hedge accounting is applied for these hedges in accordance with the company's accounting policies. Interest rate swaps and currency futures are also used as hedges for fair value changes without hedge accounting being applied.

Related-party transactions

Group claims/Group liabilities	Group			Parent company		
SEK m	31 Mar 2009	31 Mar 2008	31 Dec 2008	31 Mar 2009	31 Mar 2008	31 Dec 2008
BALANCE SHEET						
Group claims						
Loans to credit institutions	11 257	5 579	26 851	11 257	5 579	26 851
Derivative instruments	14 128	2 211	12 814	14 128	2 211	12 814
Other assets	122	94	47	122	94	47
Total	**25 507**	**7 884**	**39 712**	**25 507**	**7 884**	**39 712**
Group liabilities						
Due to credit institutions	179 737	87 934	171 853	206 170	106 233	197 774
Derivative instruments	4 348	2 687	3 036	4 348	2 687	3 036
Other liabilities	928	169	6 319	928	169	6 319
Subordinated loans	8 800	8 300	8 800	8 800	8 300	8 800
Total	**193 813**	**99 090**	**190 008**	**220 246**	**117 389**	**215 929**
INCOME STATEMENT						
Interest income	117	100	700	117	100	700
Interest expense	-1 356	-789	-6 401	-1 482	-958	-6 869
Fee and commission expense	-5 555	-7	-21	-5 555	-7	-21
Other administrative expenses	-35	-28	-122	-35	-28	-122
Total	**-6 829**	**-724**	**-5 844**	**-6 955**	**-893**	**-6 312**

Inter-company transactions are reported under the above headings in the balance sheet and income statement, either between the companies in the Stadshypotek Group or between these and other companies in the Handelsbanken Group.

Disclosures

RISK

Stadshypotek's operations are conducted with a controlled low level of risk. Stadshypotek's risks are credit risk, market risk, liquidity risk, operational risk and business risk. A description of material risks and uncertainty factors and how they are handled by the Group is presented in the company's 2008 annual report. No material changes have occurred since the annual report was published that are not presented in this report. Information about credit risks regarding loan losses and non-performing loans and bad debts can be found in notes 1 and 2 of this report. As at 31 March 2009, Stadshypotek's interest rate risk in the case of a parallel increase in the yield curve of one percentage point was SEK -212m (-109).

CAPITAL-RELATED MATTERS

At the start of the transition to Basel II, Stadshypotek entered into a guarantee facility relating to mortgages for housing co-operative properties, to speed up the transition. In June 2008, Stadshypotek utilised the guarantee, which had a 0.39 percentage point effect on the Tier 1 ratio as at 31 March 2009. This transaction affects only capital adequacy, in accordance with the transitional rules.

Capital base and capital requirement

Capital base SEK m	31 Mar 2009	31 Mar 2008	31 Dec 2008
Tier 1 capital[1]	19 923	19 645	
Tier 1 capital[2]	20 967	20 197	19 913
Ter 2 capital	8 698	8 073	8 695
Capital base[1]	**28 621**	**27 718**	
Capital base[2]	**29 665**	**28 270**	**28 608**

[1] Excluding profits generated during the period since the interim report has not been examined by the auditors.
[2] Including profits generated during the period.

Capital requirement SEK m	31 Mar 2009	31 Mar 2008	31 Dec 2008
Credit risk according to standardised approach	17	58	53
Credit risk according to IRB approach	5 529	4 792	5 493
Operational risk	533	615	615
Total capital requirement according to Basel II	**6 079**	**5 465**	**6 161**
Adjustment according to transitional rules	16 398	17 603	18 100
Capital requirement according to Basel II, transitional rules	**22 477**	**23 068**	**24 261**
Risk-weighted assets according to Basel I	354 399	320 388	339 871
Capital requirement according to Basel I (8% of risk-weighted assets)	28 352	25 631	27 190
Risk-weighted assets in accordance with transitional rules	280 957	288 349	303 259
Transitional rules result in lowest permitted capital requirement	22 477	23 068	24 261
Risk-weighted assets according to Basel II (capital requirement/8%)	75 988	68 312	77 013

Capital adequacy analysis	31 Mar 2009	31 Mar 2008	31 Dec 2008
Capital requirement in Basel II compared with Basel I	21%	21%	23%
Capital requirement in Basel II compared with transitional rules	27%	24%	25%
Capital ratio according to Basel II[1]	37.7%	40.6%	
Capital ratio according to Basel I[1]	8.1%	8.7%	
Capital ratio according to transitional rules[1]	10.2%	9.6%	
Capital ratio according to Basel II[2]	39.0%	41.4%	37.1%
Capital ratio according to Basel I[2]	8.4%	8.8%	8.5%
Capital ratio according to transitional rules[1]	10.6%	9.8%	9.4%
Tier 1 ratio according to Basel II[1]	26.2%	28.8%	
Tier 1 ratio according to Basel I[1]	5.7%	6.1%	
Tier 1 ratio according to transitional rules[1]	7.1%	6.8%	
Tier 2 ratio according to Basel II[2]	27.6%	29.6%	25.9%
Tier 2 ratio according to Basel I[2]	5.9%	6.3%	5.9%
Tier 2 ratio according to transitional rules[2]	7.5%	7.0%	6.6%
Capital base in relation to capital requirement Basel II[2]	488%	517%	464%
Capital base in relation to capital requirement Basel I[2]	105%	110%	106%
Capital base in relation to capital requirement according to transitional rules[2]	132%	123%	118%

Figures reported in this section refer to the minimum capital requirements under Pillar 1 of the new capital adequacy rules in Basel II. In the table, "According to Basel II" means that the figures are based on the minimum capital requirements in 2010, after the transitional rules have ceased to apply. Stadshypotek is preparing to use the advanced IRB approach for corporate exposures in 2010 and this is expected to further reduce the minimum capital requirement.

Credit risks 31 March 2009	Standardised approach	IRB approach		
SEK m	Capital requirement	Exposure after credit risk protection (EAD)	Average risk weight	Capital requirement
Institutions	5	-	-	-
Companies	-	171 632	24.7%	3 394
Households	11	441 000	6.1%	2 135
Others	1	-	-	-
Total	**17**	**612 632**	**11.3%**	**5 529**

Credit risks 31 March 2008	Standardised approach	IRB approach		
SEK m	Capital requirement	Exposure after credit risk protection (EAD)	Average risk weight	Capital requirement
Institutions	46	-	-	-
Companies	-	148 224	29.2%	3 457
Households	12	373 549	4.5%	1 335
Others	-	-	-	-
Total	**58**	**521 773**	**11.5%**	**4 792**

The capital requirement according to Basel II is 79% (79) lower than the requirements in accordance with Basel I. Households represent some 83% (87) of the reduction and companies approximately 17% (13). A large proportion of credits to households with property as collateral are the main reason for the lower capital requirement.

Facts about the company

Registered name: Stadshypotek AB (publ).

Corporate identity number: 556459-6715.

Ownership: A subsidiary of Svenska Handelsbanken AB (publ), corporate identity number 502007-7862. The Bank publishes consolidated annual accounts in which Stadshypotek AB is included.

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