

# Interim Report January–September



# Stadshypotek's Interim Report

January – September 2012

## **SUMMARY OF JANUARY - SEPTEMBER 2012 COMPARED WITH JANUARY - SEPTEMBER 2011**

- Income for the period January – September was SEK 6,014 million (4,516).
- Operating profit for the period January – September was SEK 5,815 million (4,353).
- Net loan losses for the period January – September were SEK 6 million.  
During the period January – September, recoveries exceeded new loan losses and the net amount recovered was SEK 21 million.
- Lending increased by SEK 31 billion to SEK 869 billion (838).

## **SUMMARY OF Q3 2012, COMPARED WITH Q2 2012**

- Income during the third quarter amounted to SEK 2,006 million (1,995).
- Operating profit for the third quarter totalled SEK 1,939 million (1,932).
- Net loan losses totalled SEK 6 million. During the second quarter, recoveries exceeded new loan losses and the net amount recovered was SEK 3 million.

# Stadshypoteks Interim Report January–September 2012

## FINANCIAL PERFORMANCE

### January - September 2012 compared with January – September 2011

Operating profit increased by SEK 1,462 million to SEK 5,815 million (4,353). Net interest income amounted to SEK 5,891 million (4,530), with the branch in Norway accounting for SEK 441 million (305), the branch in Denmark for SEK 82 million (64) and the branch in Finland, which was established on 1 May 2011, for SEK 176 million (33). Excluding these branches, net interest income thus increased by SEK 1,064 million. The increase in net interest income is due to an increase in lending volume and to improved margins due to the company's good position in the funding market. Net gains/losses on financial items at fair value amounted to SEK 128 million (-4).

Expenses rose by SEK 9 million to SEK 193 million (184), primarily due to increased IT expenses related to the branch in Finland. Net loan losses totalled SEK 6 million. During the period January - September 2011, recoveries exceeded new loan losses and the net amount recovered was SEK 21 million. Before deduction of the provision for probable loan losses, the volume of impaired loans was SEK 118 million (93). SEK 82 million (55) of the impaired loans were non-performing loans, while SEK 36 million (38) were loans on which the borrowers pay interest and amortisation, but which are nevertheless regarded as impaired. There were also non-performing loans of SEK 1,142 million (850) that are not classed as being impaired loans. After deduction for specific provisions totalling SEK -44 million (-38) and collective provisions of SEK -5 million (-6) for probable loan losses, impaired loans totalled SEK 69 million (49).

### Q3 2012 compared with Q2 2012

Stadshypotek's operating profit increased by SEK 7 million to SEK 1,939 million (1,932). However, net interest income decreased by SEK 25 million to SEK 1,954 million (1,979). SEK 161 million (164) of the net interest income was attributable to the branch in Norway, SEK 31 million (28) to the branch in Denmark and SEK 69 million (59) to the branch in Finland. Excluding these branches, net interest income went down by SEK 35 million. Net gains/losses on financial items at fair value amounted to SEK 53 million (19). Expenses fell by SEK 5 million to SEK 61 million (66).

## GROWTH IN LENDING

Loans to the public increased by around 4 per cent, or SEK 31 billion, compared to the end of the third quarter of the previous year, and stood at SEK 869 billion (838). On 1 September, Stadshypotek's branch in Finland acquired a loan portfolio of around EUR 0.5 billion from the parent company's branch in Finland, which corresponds to approximately SEK 4 billion of the increase in lending during the period.

## CAPITAL ADEQUACY

The capital ratio according to Basel II was 62.3 per cent (55.2), while the Tier 1 ratio calculated according to Basel II was 46.0 per cent (37.7). Further information on capital adequacy is provided in the 'Capital base and capital requirement' section on page 15.

## RATING

Stadshypotek's rating remained unchanged during the period, with a stable outlook.

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

# Stadshypotek Group

Income statement – Group SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan–Sep 2012	Jan–Sep 2011	Change %	Full year 2011
Interest income	7,949	7,858	1	8,113	-2	24,470	21,653	13	29,869
Interest expense	-5,995	-6,249	-4	-6,134	-2	-18,579	-17,123	9	-23,625
<b>Net interest income</b>	<b>1,954</b>	<b>1,609</b>	<b>21</b>	<b>1,979</b>	<b>-1</b>	<b>5,891</b>	<b>4,530</b>	<b>30</b>	<b>6,244</b>
<b>Net gains/losses on financial items at fair value</b>	<b>53</b>	<b>-5</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>128</b>	<b>-4</b>	<b>-</b>	<b>19</b>
Fee and commission income	3	3	0	3	0	10	9	11	12
Fee and commission expense	-4	-7	-43	-6	-33	-15	-19	-21	-24
<b>Net fee and commission income</b>	<b>-1</b>	<b>-4</b>	<b>-75</b>	<b>-3</b>	<b>-67</b>	<b>-5</b>	<b>-10</b>	<b>-50</b>	<b>-12</b>
<b>Total income</b>	<b>2,006</b>	<b>1,600</b>	<b>25</b>	<b>1,995</b>	<b>1</b>	<b>6,014</b>	<b>4,516</b>	<b>33</b>	<b>6,251</b>
Staff costs	-9	-11	-18	-12	-25	-33	-35	-6	-49
Other administrative expenses	-49	-46	7	-51	-4	-151	-140	8	-208
Depreciation and amortisation	-3	-3	0	-3	0	-9	-9	0	-12
<b>Total expense</b>	<b>-61</b>	<b>-60</b>	<b>2</b>	<b>-66</b>	<b>-8</b>	<b>-193</b>	<b>-184</b>	<b>5</b>	<b>-269</b>
<b>Profit before loan losses</b>	<b>1,945</b>	<b>1,540</b>	<b>26</b>	<b>1,929</b>	<b>1</b>	<b>5,821</b>	<b>4,332</b>	<b>34</b>	<b>5,982</b>
Net loan losses	-6	0	-	3	-	-6	21	-	12
<b>Operating profit</b>	<b>1,939</b>	<b>1,540</b>	<b>26</b>	<b>1,932</b>	<b>0</b>	<b>5,815</b>	<b>4,353</b>	<b>34</b>	<b>5,994</b>
Tax	-510	-405	26	-508	0	-1,534	-1,153	33	-1,587
<b>Profit for the period</b>	<b>1,429</b>	<b>1,135</b>	<b>26</b>	<b>1,424</b>	<b>0</b>	<b>4,281</b>	<b>3,200</b>	<b>34</b>	<b>4,407</b>
Net earnings per share, before and after dilution, SEK	8,819	7,004		8,791		26,427	19,751		27,204

Statement of comprehensive income – Group SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan–Sep 2012	Jan–Sep 2011	Change %	Full year 2011
Profit for the period	1,429	1,135	26	1,424	0	4,281	3,200	34	4,407
Translation differences for the period	-57	-1	-	-13	-	-56	19	-	-7
<b>Total comprehensive income for the period</b>	<b>1,372</b>	<b>1,134</b>	<b>21</b>	<b>1,411</b>	<b>-3</b>	<b>4,225</b>	<b>3,219</b>	<b>31</b>	<b>4,400</b>

Quarterly performance – Group SEK m	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011
Interest income	7,949	8,113	8,408	8,216	7,858
Interest expense	-5,995	-6,134	-6,450	-6,502	-6,249
<b>Net interest income</b>	<b>1,954</b>	<b>1,979</b>	<b>1,958</b>	<b>1,714</b>	<b>1,609</b>
<b>Net gains/losses on financial items at fair value</b>	<b>53</b>	<b>19</b>	<b>56</b>	<b>23</b>	<b>-5</b>
Net fee and commission income	-1	-3	-1	-2	-4
<b>Total income</b>	<b>2,006</b>	<b>1,995</b>	<b>2,013</b>	<b>1,735</b>	<b>1,600</b>
Staff costs	-9	-12	-12	-14	-11
Other administrative expenses	-49	-51	-51	-68	-46
Depreciation and amortisation	-3	-3	-3	-3	-3
<b>Total expense</b>	<b>-61</b>	<b>-66</b>	<b>-66</b>	<b>-85</b>	<b>-60</b>
<b>Profit before loan losses</b>	<b>1,945</b>	<b>1,929</b>	<b>1,947</b>	<b>1,650</b>	<b>1,540</b>
Net loan losses	-6	3	-3	-9	0
<b>Operating profit</b>	<b>1,939</b>	<b>1,932</b>	<b>1,944</b>	<b>1,641</b>	<b>1,540</b>

Summary balance sheet – Group SEK m		30 Sep 2012	31 Dec 2011	30 Sep 2011
<b>Assets</b>				
Loans to credit institutions		6,998	9,435	6,213
Loans to the public	Note 7	868,726	843,929	837,548
Value change of interest hedged item in portfolio hedge		5,792	4,490	4,622
Derivative instruments	Note 8	21,083	18,211	20,843
Other assets		19,782	3,962	10,563
<b>Total assets</b>		<b>922,381</b>	<b>880,027</b>	<b>879,789</b>
<b>Liabilities and equity</b>				
Due to credit institutions		264,434	267,353	295,644
Issued securities		585,663	546,149	523,970
Derivative instruments	Note 8	13,207	7,765	6,077
Other liabilities and provisions		12,785	16,693	12,748
Subordinated liabilities		16,700	16,700	13,700
<b>Total liabilities</b>		<b>892,789</b>	<b>854,660</b>	<b>852,139</b>
Equity		29,592	25,367	27,650
<b>Total liabilities and equity</b>		<b>922,381</b>	<b>880,027</b>	<b>879,789</b>

Statement of changes in equity – Group Jan–Sep 2012 SEK m	Share capital*	Translation reserve	Retained earnings	Total
Equity at 31 December 2011	4,050	-44	21,361	25,367
Profit for the period			4,281	4,281
Other comprehensive income		-56		-56
<b>Total comprehensive income for the period</b>		<b>-56</b>	<b>4,281</b>	<b>4,225</b>
Equity 30 September 2012	4,050	-100	25,642	29,592

Statement of changes in equity – Group Jan–Dec 2011 SEK m	Share capital*	Translation reserve	Retained earnings	Total
Equity 31 December 2010	4,050	-37	20,418	24,431
Profit for the year			4,407	4,407
Other comprehensive income		-7		-7
<b>Total comprehensive income for the year</b>		<b>-7</b>	<b>4,407</b>	<b>4,400</b>
Group contributions provided			-4,700	-4,700
Tax effect on group contributions			1,236	1,236
Equity 31 December 2011	4,050	-44	21,361	25,367

Statement of changes in equity – Group Jan–Sep 2011 SEK m	Share capital*	Translation reserve	Retained earnings	Total
Equity 31 December 2010	4,050	-37	20,418	24,431
Profit for the period			3,200	3,200
Other comprehensive income		19		19
<b>Total comprehensive income for the period</b>		<b>19</b>	<b>3,200</b>	<b>3,219</b>
Equity 30 September 2011	4,050	-18	23,618	27,650

\* Average number of shares, before and after dilution, 162,000.

Summary cash flow statement – Group SEK m	Jan–Sep 2012	Jan–Sep 2011	Full year 2011
Cash flow from operating activities	2,423	-3,081	24,894
Cash flow from investing activities	-12	-38	-27,881
Cash flow from financing activities	-4,700	3,272	6,272
<b>Cash flow for the year</b>	<b>-2,289</b>	<b>153</b>	<b>3,285</b>
Liquid funds at beginning of year	4,319	1,049	1,049
Cash flow for the period	-2,289	153	3,285
Exchange rate difference on liquid funds	-32	11	-15
<b>Liquid funds at end of period</b>	<b>1,998</b>	<b>1,213</b>	<b>4,319</b>
Liquid funds consist of funds available with banks and equivalent institutions, excluding funds in blocked account.			
Liquid funds with banks and equivalent institutions	1,998	1,213	4,319
Funds in blocked account with banks relating to issuance of covered bonds	5,000	5,000	5,116
<b>Loans to credit institutions</b>	<b>6,998</b>	<b>6,213</b>	<b>9,435</b>

Key figures	Q3 2012	Q3 2011	Q2 2012	Jan–Sep 2012	Jan–Sep 2011	Full year 2011
Net interest margin, %	0.86	0.76	0.89	0.88	0.73	0.75
C/l ratio before loan losses, %	3.0	3.8	3.3	3.2	4.1	4.3
C/l ratio after loan losses, %	3.4	3.8	3.2	3.3	3.6	4.1
Return on equity, %*	19.8	16.8	19.6	19.6	16.1	16.3 <sup>1)</sup>
Capital ratio according to Basel II, %	62.3	55.2	60.4	62.3	55.2	58.1
Tier 1 ratio according to Basel II, %	46.0	37.7	44.0	46.0	37.7	40.5

\* The comparative figure for the full year 2011 has been adjusted with effect from Q1 2012 following the rectification of a calculation error.

#### 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 208 billion (162)
Repurchased	SEK 42 billion (21)
Matured	SEK 95 billion (62)

Segment information SEK m	Jan–Sep 2012			Jan–Sep 2011			Full year 2011		
	Private	Corporate	Group	Private	Corporate	Group	Private	Corporate	Group
Net interest income	4,311	1,580	5,891	3,310	1,220	4,530	4,607	1,637	6,244
Net gains/losses on financial items at fair value	92	36	128	-3	-1	-4	14	5	19
Net fee and commission income	-4	-1	-5	-7	-3	-10	-9	-3	-12
<b>Total income</b>	<b>4,399</b>	<b>1,615</b>	<b>6,014</b>	<b>3,300</b>	<b>1,216</b>	<b>4,516</b>	<b>4,612</b>	<b>1,639</b>	<b>6,251</b>
Expenses	-141	-52	-193	-137	-47	-184	-202	-67	-269
<b>Profit before loan losses</b>	<b>4,258</b>	<b>1,563</b>	<b>5,821</b>	<b>3,163</b>	<b>1,169</b>	<b>4,332</b>	<b>4,410</b>	<b>1,572</b>	<b>5,982</b>
Loan losses	-13	7	-6	21	0	21	9	3	12
<b>Operating profit</b>	<b>4,245</b>	<b>1,570</b>	<b>5,815</b>	<b>3,184</b>	<b>1,169</b>	<b>4,353</b>	<b>4,419</b>	<b>1,575</b>	<b>5,994</b>
Loans to the public	595,941	272,790	868,731	578,138	259,416	837,554	581,665	262,270	843,935

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

Geographical breakdown of business segments SEK m	Jan–Sep 2012		Jan–Sep 2011		Full year 2011	
	Income	Total assets	Income	Total assets	Income	Total assets
Sweden	5,311	818,802	4,114	788,432	5,685	786,604
Norway	441	58,698	305	53,196	397	54,466
Denmark	83	12,131	64	8,874	89	10,005
Finland	179	32,750	33	29,287	80	28,952
<b>Group</b>	<b>6,014</b>	<b>922,381</b>	<b>4,516</b>	<b>879,789</b>	<b>6,251</b>	<b>880,027</b>

# Parent company

Income statement – parent company SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan–Sep 2012	Jan–Sep 2011	Change %	Full year 2011
Interest income	7,949	7,858	1	8,113	-2	24,470	21,653	13	29,869
Interest expense	-5,995	-6,249	-4	-6,134	-2	-18,579	-17,123	9	-23,625
<b>Net interest income</b>	<b>1,954</b>	<b>1,609</b>	<b>21</b>	<b>1,979</b>	<b>-1</b>	<b>5,891</b>	<b>4,530</b>	<b>30</b>	<b>6,244</b>
Fee and commission income	3	3	0	3	0	10	9	11	12
Fee and commission expense	-4	-7	-43	-6	-33	-15	-19	-21	-24
<b>Net fee and commission income</b>	<b>-1</b>	<b>-4</b>	<b>-75</b>	<b>-3</b>	<b>-67</b>	<b>-5</b>	<b>-10</b>	<b>-50</b>	<b>-12</b>
<b>Net gains/losses on financial operations</b>	<b>53</b>	<b>-5</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>128</b>	<b>-4</b>	<b>-</b>	<b>19</b>
<b>Total income</b>	<b>2,006</b>	<b>1,600</b>	<b>25</b>	<b>1,995</b>	<b>1</b>	<b>6,014</b>	<b>4,516</b>	<b>33</b>	<b>6,251</b>
Staff costs	-9	-11	-18	-12	-25	-33	-35	-6	-49
Other administrative expenses	-49	-46	7	-51	-4	-151	-140	8	-208
Depreciation and amortisation	-3	-3	0	-3	0	-9	-9	0	-12
<b>Total expense</b>	<b>-61</b>	<b>-60</b>	<b>2</b>	<b>-66</b>	<b>-8</b>	<b>-193</b>	<b>-184</b>	<b>5</b>	<b>-269</b>
<b>Profit before loan losses</b>	<b>1,945</b>	<b>1,540</b>	<b>26</b>	<b>1,929</b>	<b>1</b>	<b>5,821</b>	<b>4,332</b>	<b>34</b>	<b>5,982</b>
Net loan losses	-6	0	-	3	-	-6	21	-	12
<b>Operating profit</b>	<b>1,939</b>	<b>1,540</b>	<b>26</b>	<b>1,932</b>	<b>0</b>	<b>5,815</b>	<b>4,353</b>	<b>34</b>	<b>5,994</b>
Tax	-510	-405	26	-508	0	-1,534	-1,153	33	-1,587
<b>Profit for the period</b>	<b>1,429</b>	<b>1,135</b>	<b>26</b>	<b>1,424</b>	<b>0</b>	<b>4,281</b>	<b>3,200</b>	<b>34</b>	<b>4,407</b>

Statement of comprehensive income – parent company SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan–Sep 2012	Jan–Sep 2011	Change %	Full year 2011
Profit for the period	1,429	1,135	26	1,424	0	4,281	3,200	34	4,407
Translation differences for the period	-57	-1	-	-13	-	-56	19	-	-7
<b>Total comprehensive income for the period</b>	<b>1,372</b>	<b>1,134</b>	<b>21</b>	<b>1,411</b>	<b>-3</b>	<b>4,225</b>	<b>3,219</b>	<b>31</b>	<b>4,400</b>

Summary balance sheet – parent company SEK m	30 Sep 2012	31 Dec 2011	30 Sep 2011
<b>Assets</b>			
Loans to credit institutions	6,998	9,435	6,213
Loans to the public	868,726	843,929	837,548
Value change of interest hedged item in portfolio hedge	5,792	4,490	4,622
Derivative instruments	21,083	18,211	20,843
Other assets	19,782	3,962	10,563
<b>Total assets</b>	<b>922,381</b>	<b>880,027</b>	<b>879,789</b>
<b>Liabilities and equity</b>			
Due to credit institutions	264,434	267,353	295,644
Issued securities	585,663	546,149	523,970
Derivative instruments	13,207	7,765	6,077
Other liabilities and provisions	12,785	16,693	12,748
Subordinated liabilities	16,700	16,700	13,700
<b>Total liabilities</b>	<b>892,789</b>	<b>854,660</b>	<b>852,139</b>
Equity	29,592	25,367	27,650
<b>Total liabilities and equity</b>	<b>922,381</b>	<b>880,027</b>	<b>879,789</b>
<b>Memorandum items</b>			
Pledged assets for own debt*	604,245	594,238	553,585
Other pledged assets	None	None	None
Contingent liabilities	None	None	None
Undertakings	2,456	4,077	5,106

\* Pledged assets for own debt relates to collateral for covered bonds, which comprises loans against mortgages in single-family dwellings, second homes, multi-family dwellings and housing co-operative apartments with a loan-to-value ratio within 75 per cent of the market value, as well as office and commercial properties with a loan-to-value ratio within 60 per cent of the market value, plus additional collateral in the form of cash funds on a blocked account.

# Notes

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

## NOTE 1 Accounting policies

Information relating to the Group has been stated in accordance with IAS 34. The contents of the interim report also comply with the applicable provisions of the Swedish Act on Annual Reports in Credit Institutions and Securities Companies, the Swedish Financial Supervisory Authority's regulations and general guidelines FFFS 2008:25 on annual reports in credit institutions and securities companies and recommendations from the Swedish Financial Reporting Board.

The interim report for the parent company has been prepared in accordance with the Swedish Act on Annual Reports in Credit Institutions and Securities Companies and the Swedish Financial Supervisory Authority's regulations and general guidelines FFFS 2008:25 on annual reports in credit institutions and securities companies.

None of the changes in the accounting standards which have come into force during the period has had a material impact on the parent company's or the Group's financial reports.

The Group's and parent company's interim reports have been prepared in accordance with the same accounting policies and calculation methods that were applied in the annual report for 2011.

## NOTE 2 Other information

### 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 2011 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 impaired loans can be found in notes 6 and 7 of this interim report.

At 30 September 2012, Stadshypotek's interest rate risk in the case of a parallel increase in the yield curve of one percentage point was SEK -168 million (-151), which was well within the limit set by the board.

### CAPITAL-RELATED MATTERS

At the start of the transition to Basel II, to speed up the transition, Stadshypotek entered into a guarantee facility relating to mortgages for housing co-operative properties. As at 30 June 2012, the transaction had a 0.11 percentage point impact on the Tier 1 ratio according to the transitional rules. The guarantee facility was terminated in the third quarter.



## NOTE 3 Net interest income

SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Full year 2011
<b>Interest income</b>									
Loans to the public	7,869	7,772	1	8,029	-2	24,220	21,392	13	29,516
Loans to credit institutions	80	86	-7	84	-5	250	261	-4	353
<b>Total</b>	<b>7,949</b>	<b>7,858</b>	<b>1</b>	<b>8,113</b>	<b>-2</b>	<b>24,470</b>	<b>21,653</b>	<b>13</b>	<b>29,869</b>
<b>Interest expense</b>									
Due to credit institutions	-1,603	-2,016	-20	-1,721	-7	-5,212	-5,400	-3	-7,381
Issued securities	-4,302	-4,127	4	-4,270	1	-12,896	-11,901	8	-16,260
Subordinated liabilities	-179	-117	-	-185	-3	-563	-214	-	-333
Derivative instruments*	145	63	-	99	46	259	546	-53	572
Fee to the Swedish Stabilisation Fund	-54	-48	13	-53	2	-157	-139	13	-202
Other	-2	-4	-50	-4	-50	-10	-15	-33	-21
<b>Total</b>	<b>-5,995</b>	<b>-6,249</b>	<b>-4</b>	<b>-6,134</b>	<b>-2</b>	<b>-18,579</b>	<b>-17,123</b>	<b>9</b>	<b>-23,625</b>
<b>Net interest income</b>	<b>1,954</b>	<b>1,609</b>	<b>21</b>	<b>1,979</b>	<b>-1</b>	<b>5,891</b>	<b>4,530</b>	<b>30</b>	<b>6,244</b>

\* Net interest income from derivative instruments which are related to Stadshypotek's funding and can have both a positive and a negative impact on interest expenses.

## NOTE 4 Net gains/losses on financial items at fair value

SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Full year 2011
Hedge accounting, fair value hedges	41	11	-	12	-	63	-73	-	-69
<i>of which hedged items</i>	-982	-4,129	-76	-821	20	-617	-3,129	-80	-3,604
<i>of which hedging instruments</i>	1,023	4,140	-75	833	23	680	3,056	-78	3,535
Loans, valued at cost	68	52	31	66	3	186	123	51	174
Financial liabilities, valued at cost	-64	0	-	-54	19	-148	-18	-	-41
Derivatives not recognised as hedges	-39	-68	-43	-5	-	-20	-36	-44	-45
Other realised gains	47	-	-	-	-	47	-	-	-
<b>Total</b>	<b>53</b>	<b>-5</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>128</b>	<b>-4</b>	<b>-</b>	<b>19</b>

The profit/loss item 'Fair value hedges' includes the net result of unrealised and realised changes in the fair value of financial assets and liabilities which are subject to hedge accounting. Interest income and interest expenses for these instruments are recognised under net interest income. Derivatives not recognised as hedges are included in the held-for-trading category.

Loans, valued at cost, refers to the early redemption charge for loans and other receivables which are repaid ahead of time. Financial liabilities, valued at cost, refers to realised price differences when repurchasing bonds.

## NOTE 5 Other administrative expenses

SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Full year 2011
IT costs	-24	-21	14	-27	-11	-75	-66	14	-94
Cost of premises	-1	-1	0	-1	0	-3	-3	0	-4
Purchased services	-21	-22	-5	-19	11	-63	-63	0	-86
Other administrative expenses	-3	-2	50	-4	-25	-10	-8	25	-24
<b>Total</b>	<b>-49</b>	<b>-46</b>	<b>7</b>	<b>-51</b>	<b>-4</b>	<b>-151</b>	<b>-140</b>	<b>8</b>	<b>-208</b>

## NOTE 6 Loan losses

SEK m	Q3 2012	Q3 2011	Change %	Q2 2012	Change %	Jan-Sep 2012	Jan-Sep 2011	Change %	Full year 2011
<b>Specific provision for individually assessed loans</b>									
Provision for the period	-5	-7	-29	-2	-	-16	-8	100	-16
Write-back of previous provisions	0	0	-	2	-100	3	5	-40	7
<b>Total</b>	<b>-5</b>	<b>-7</b>	<b>-29</b>	<b>0</b>	<b>-</b>	<b>-13</b>	<b>-3</b>	<b>-</b>	<b>-9</b>
<b>Collective provision</b>									
Collective provision for individually assessed loans	1	0	-	1	0	1	1	0	0
<b>Write-offs</b>									
Actual loan losses for the period	-8	-6	33	-16	-50	-34	-21	62	-31
Utilised share of previous provisions	0	1	-100	9	-100	12	6	100	7
Write-back of actual loan losses in previous years	6	12	-50	9	-33	28	38	-26	45
<b>Total</b>	<b>-2</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>6</b>	<b>23</b>	<b>-74</b>	<b>21</b>
<b>Net loan losses</b>	<b>-6</b>	<b>0</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-6</b>	<b>21</b>	<b>-</b>	<b>12</b>

Impaired loans SEK m	30 Sep 2012	31 Dec 2011	30 Sep 2011
Impaired loans	118	110	93
Specific provision for individually assessed loans	-44	-44	-38
Collective provision for individually assessed loans	-5	-6	-6
<b>Net impaired loans</b>	<b>69</b>	<b>60</b>	<b>49</b>
Proportion of impaired loans, %	0.01	0.01	0.01
Reserve ratio for impaired loans, %	37.3	39.8	40.5
Loan loss ratio, %	0.00	-0.00	0.00
Non-performing loans which are not impaired loans	1,142	906	850

## NOTE 7 Loans to the public

Loans to the public, by borrower category	30 Sep 2012			31 Dec 2011			30 Sep 2011		
	Loans before provisions	Provisions for probable loan losses	Loans after provisions	Loans before provisions	Provisions for probable loan losses	Loans after provisions	Loans before provisions	Provisions for probable loan losses	Loans after provisions
SEK m									
Households	620,188	-27	620,161	604,994	-22	604,972	601,141	-15	601,126
Public sector, municipal companies	24,667	-	24,667	25,706	-	25,706	26,762	-	26,762
Housing co-operative associations	113,789	-12	113,777	110,529	-14	110,515	108,732	-14	108,718
Other legal entities	110,131	-5	110,126	102,750	-8	102,742	100,957	-9	100,948
<b>Total loans to the public, before collective provision</b>	<b>868,775</b>	<b>-44</b>	<b>868,731</b>	<b>843,979</b>	<b>-44</b>	<b>843,935</b>	<b>837,592</b>	<b>-38</b>	<b>837,554</b>
Collective provision		-5	-5		-6	-6		-6	-6
<b>Total loans to the public</b>	<b>868,775</b>	<b>-49</b>	<b>868,726</b>	<b>843,979</b>	<b>-50</b>	<b>843,929</b>	<b>837,592</b>	<b>-44</b>	<b>837,548</b>
<b>of which in operations outside Sweden</b>									
Households	81,233	-	81,233	76,266	-	76,266	75,930	-	75,930
Public sector, municipal companies	4,497	-	4,497	1,482	-	1,482	924	-	924
Housing co-operative associations	11,369	-	11,369	10,065	-	10,065	9,854	-	9,854
Other legal entities	4,332	-	4,332	3,858	-	3,858	3,917	-	3,917
<b>Total loans to the public in operations outside Sweden</b>	<b>101,431</b>	<b>-</b>	<b>101,431</b>	<b>91,671</b>	<b>-</b>	<b>91,671</b>	<b>90,625</b>	<b>-</b>	<b>90,625</b>

**NOTE 7** Loans to the public, cont.

Loans to the public, by type of collateral	30 Sep 2012			31 Dec 2011			30 Sep 2011		
	Loans before provisions	Provisions for probable loan losses	Loans after provisions	Loans before provisions	Provisions for probable loan losses	Loans after provisions	Loans before provisions	Provisions for probable loan losses	Loans after provisions
SEK m									
Single-family housing	451,768	-22	451,746	439,372	-14	439,358	435,657	-8	435,649
Housing co-operative apartments	132,777	-1	132,776	130,983	-1	130,982	130,521	0	130,521
Owner-occupied apartments*	11,419	-	11,419	11,325	-	11,325	11,968	-	11,968
<b>Private market</b>	<b>595,964</b>	<b>-23</b>	<b>595,941</b>	<b>581,680</b>	<b>-15</b>	<b>581,665</b>	<b>578,146</b>	<b>-8</b>	<b>578,138</b>
Multi-family housing	210,659	-20	210,639	203,814	-26	203,788	202,329	-28	202,301
Offices and commercial buildings	62,152	-1	62,151	58,485	-3	58,482	57,117	-2	57,115
<b>Corporate market</b>	<b>272,811</b>	<b>-21</b>	<b>272,790</b>	<b>262,299</b>	<b>-29</b>	<b>262,270</b>	<b>259,446</b>	<b>-30</b>	<b>259,416</b>
<b>Total loans to the public, before collective provision</b>	<b>868,775</b>	<b>-44</b>	<b>868,731</b>	<b>843,979</b>	<b>-44</b>	<b>843,935</b>	<b>837,592</b>	<b>-38</b>	<b>837,554</b>
Collective provision		-5	-5		-6	-6		-6	-6
<b>Total loans to the public</b>	<b>868,775</b>	<b>-49</b>	<b>868,726</b>	<b>843,979</b>	<b>-50</b>	<b>843,929</b>	<b>837,592</b>	<b>-44</b>	<b>837,548</b>
<b>of which in operations outside Sweden</b>									
Single-family housing	67,000	-	67,000	61,915	-	61,915	61,084	-	61,084
Housing co-operative apartments	4,483	-	4,483	4,335	-	4,335	4,311	-	4,311
Owner-occupied apartments*	11,419	-	11,419	11,325	-	11,325	11,968	-	11,968
<b>Private market</b>	<b>82,902</b>	<b>-</b>	<b>82,902</b>	<b>77,575</b>	<b>-</b>	<b>77,575</b>	<b>77,363</b>	<b>-</b>	<b>77,363</b>
Multi-family housing	18,142	-	18,142	13,665	-	13,665	12,773	-	12,773
Offices and commercial buildings	387	-	387	431	-	431	489	-	489
<b>Corporate market</b>	<b>18,529</b>	<b>-</b>	<b>18,529</b>	<b>14,096</b>	<b>-</b>	<b>14,096</b>	<b>13,262</b>	<b>-</b>	<b>13,262</b>
<b>Total loans to the public in operations outside Sweden</b>	<b>101,431</b>	<b>-</b>	<b>101,431</b>	<b>91,671</b>	<b>-</b>	<b>91,671</b>	<b>90,625</b>	<b>-</b>	<b>90,625</b>

\* Owner-occupied apartments entail individual ownership of a specific apartment in a multi-family dwelling and either an undivided interest in the property where the apartment is situated (direct ownership), or an interest in a legal entity which owns the property where the apartment is situated (indirect ownership).

**NOTE 7** Loans to the public, cont.

Non-performing loans by borrower category	30 Sep 2012		31 Dec 2011		30 Sep 2011	
	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans
SEK m						
Households	1,046	73	770	48	757	32
Public sector, municipal companies	-	-	-	-	-	-
Housing co-operative associations	3	-	5	-	5	12
Other legal entities	93	9	131	9	88	11
<b>Total</b>	<b>1,142</b>	<b>82</b>	<b>906</b>	<b>57</b>	<b>850</b>	<b>55</b>
<b>of which in operations outside Sweden</b>						
Households	94	-	99	-	109	-
Public sector, municipal companies	-	-	-	-	-	-
Housing co-operative associations	-	-	-	-	-	-
Other legal entities	7	-	-	-	1	-
<b>Total non-performing loans in operations outside Sweden</b>	<b>101</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>110</b>	<b>-</b>

Non-performing loans by type of collateral	30 Sep 2012		31 Dec 2011		30 Sep 2011	
	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans	Non-performing loans which are not impaired loans	Non-performing loans which are included in impaired loans
SEK m						
Single-family housing	803	67	629	34	618	21
Housing co-operative apartments	172	3	118	2	120	0
Owner-occupied apartments*	32	-	20	-	2	-
<b>Private market</b>	<b>1,007</b>	<b>70</b>	<b>767</b>	<b>36</b>	<b>740</b>	<b>21</b>
Multi-family housing	71	11	120	14	52	30
Offices and commercial buildings	64	1	19	7	58	4
<b>Corporate market</b>	<b>135</b>	<b>12</b>	<b>139</b>	<b>21</b>	<b>110</b>	<b>34</b>
<b>Total</b>	<b>1,142</b>	<b>82</b>	<b>906</b>	<b>57</b>	<b>850</b>	<b>55</b>
<b>of which in operations outside Sweden</b>						
Single-family housing	66	-	72	-	101	-
Housing co-operative apartments	3	-	7	-	7	-
Owner-occupied apartments*	32	-	20	-	2	-
<b>Private market</b>	<b>101</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>110</b>	<b>-</b>
Multi-family housing	-	-	-	-	-	-
Offices and commercial buildings	-	-	-	-	-	-
<b>Corporate market</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total non-performing loans in operations outside Sweden</b>	<b>101</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>110</b>	<b>-</b>

\* For a definition, see page 10.

**NOTE 7** Loans to the public, cont.

Impaired loans by borrower category	30 Sep 2012			31 Dec 2011			30 Sep 2011		
	Impaired loans	Provision for probable loan losses	Net impaired loans	Impaired loans	Provision for probable loan losses	Net impaired loans	Impaired loans	Provision for probable loan losses	Net impaired loans
SEK m									
Households	78	-27	51	63	-22	41	43	-15	28
Public sector, municipal companies	-	-	-	-	-	-	-	-	-
Housing co-operative associations	30	-12	18	35	-14	21	36	-14	22
Other legal entities	10	-5	5	12	-8	4	14	-9	5
<b>Total</b>	<b>118</b>	<b>-44</b>	<b>74</b>	<b>110</b>	<b>-44</b>	<b>66</b>	<b>93</b>	<b>-38</b>	<b>55</b>
<b>of which in operations outside Sweden</b>									
Households	-	-	-	-	-	-	-	-	-
Public sector, municipal companies	-	-	-	-	-	-	-	-	-
Housing co-operative associations	-	-	-	-	-	-	-	-	-
Other legal entities	-	-	-	-	-	-	-	-	-
<b>Total impaired loans in operations outside Sweden</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impaired loans by type of collateral</b>									
SEK m									
Single-family housing	71	-22	49	44	-14	30	30	-8	22
Housing co-operative apartments	4	-1	3	6	-1	5	2	0	2
Owner-occupied apartments*	-	-	-	-	-	-	-	-	-
<b>Private market</b>	<b>75</b>	<b>-23</b>	<b>52</b>	<b>50</b>	<b>-15</b>	<b>35</b>	<b>32</b>	<b>-8</b>	<b>24</b>
Multi-family housing	42	-20	22	53	-27	26	58	-28	30
Offices and commercial buildings	1	-1	0	7	-2	5	3	-2	1
<b>Corporate market</b>	<b>43</b>	<b>-21</b>	<b>22</b>	<b>60</b>	<b>-29</b>	<b>31</b>	<b>61</b>	<b>-30</b>	<b>31</b>
<b>Total</b>	<b>118</b>	<b>-44</b>	<b>74</b>	<b>110</b>	<b>-44</b>	<b>66</b>	<b>93</b>	<b>-38</b>	<b>55</b>
<b>of which in operations outside Sweden</b>									
Single-family housing	-	-	-	-	-	-	-	-	-
Housing co-operative apartments	-	-	-	-	-	-	-	-	-
Owner-occupied apartments*	-	-	-	-	-	-	-	-	-
<b>Private market</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Multi-family housing	-	-	-	-	-	-	-	-	-
Offices and commercial buildings	-	-	-	-	-	-	-	-	-
<b>Corporate market</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total impaired loans in operations outside Sweden</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* For a definition, see page 10.

The reserved amount for probable losses in the tables showing impaired loans consists of a specific provision for individually assessed receivables.

## NOTE 8 Derivative instruments

SEK m	Market value 30 Sep 2012	Market value 31 Dec 2011	Market value 30 Sep 2011
<b>Positive values</b>			
Interest rate instruments	20,554	17,399	17,739
Currency instruments	529	812	3,104
<b>Total</b>	<b>21,083</b>	<b>18,211</b>	<b>20,843</b>
<b>Negative values</b>			
Interest rate instruments	3,191	2,614	2,526
Currency instruments	10,016	5,151	3,551
<b>Total</b>	<b>13,207</b>	<b>7,765</b>	<b>6,077</b>
<b>Net</b>	<b>7,876</b>	<b>10,446</b>	<b>14,766</b>

Stadshypotek uses fair value hedges to protect the Group against undesirable impact on profit/loss due to changes in the market prices of reported assets or liabilities. Hedged risks in hedging packages at fair value comprise interest rate risk on lending and funding at fixed interest rates and currency risk on funding in foreign currency. The hedging instruments in these hedging packages consist of interest rate swaps and cross-currency interest rate swaps. Fair value hedges are also applied for portfolios of financial instruments. The hedged risk in these portfolio hedges is the interest rate risk for lending where the original interest rate was fixed for three months and interest rate caps for lending with a fixed-interest period of three months. The hedging instruments in these portfolio hedges consist of interest rate swaps and interest rate options (caps). Interest rate swaps and currency swaps are also used as hedges for changes in market value without hedge accounting being applied.

# Related-party transactions

Group claims/Group liabilities SEK m	30 Sep 2012	31 Dec 2011	30 Sep 2011
<b>BALANCE SHEET</b>			
<b>Group claims</b>			
Loans to credit institutions	6,998	9,435	6,230
Derivative instruments	21,016	18,030	19,076
Other assets	114	55	145
<b>Total</b>	<b>28,128</b>	<b>27,520</b>	<b>25,451</b>
<b>Group liabilities</b>			
Due to credit institutions	264,434	263,341	295,644
Derivative instruments	12,891	7,403	6,067
Other liabilities	769	5,536	832
Subordinated liabilities	16,700	16,700	13,700
<b>Total</b>	<b>294,794</b>	<b>292,980</b>	<b>316,243</b>
<b>INCOME STATEMENT</b>			
Interest income	202	294	222
Interest expense	-5,497	-6,990	-5,032
Fee and commission expense	-4	-9	-8
Other administrative expenses	-136	-180	-129
<b>Total</b>	<b>-5,435</b>	<b>-6,885</b>	<b>-4,947</b>

The business operations of Stadshypotek are highly decentralised. The basic principle is that organisation and working practices are determined by the branch offices of the Handelsbanken Group, which are responsible for all the business of individual customers. One consequence of this approach is that Stadshypotek's lending operations are run via Handelsbanken's Swedish branch operations and the lending operations in Stadshypotek's branches in Norway, Denmark and Finland are run via Handelsbanken's branch operations in the respective countries. Lending is to be carried out to the extent and on the terms stated in guidelines for granting credits, established annually by the board of Stadshypotek. These guidelines include the maximum permitted loan-to-value ratio for various property types, as well as the decision limits which apply to the branches' lending. In addition, for loans in excess of a certain amount, an advance examination of the case is to be conducted by Stadshypotek's credit department before the loan can be disbursed. Stadshypotek's treasury function is also integrated with Handelsbanken's treasury department. Functions necessary for management and control of the company remain within Stadshypotek. Those services which Handelsbanken performs on behalf of Stadshypotek are regulated in a collaboration agreement between the parties.

Most of the inter-company transactions are thus with the parent company, Handelsbanken. The services that Stadshypotek purchases from the parent company, which are included in other administrative expenses, consist primarily of IT services and the treasury function. As in previous years, no payments have been made to the parent company in respect of the services performed by the latter in relation to the sale and administration of mortgage loans in Sweden. However, at Stadshypotek's branches outside Sweden, payments in line with market levels have been made to Handelsbanken's branches in the country in question for services performed on behalf of Stadshypotek in relation to the sale and administration of mortgage loans. In addition, inter-company transactions consist of funding from the parent company, derivative transactions and lending to the parent company.



# Capital base and capital requirement

Capital base SEK m	30 Sep 2012	31 Dec 2011	30 Sep 2011
Tier 1 capital <sup>1)</sup>			26,469
Tier 1 capital <sup>2)</sup>	32,516	28,319	27,604
Tier 2 capital	11,563	12,289	12,294
<b>Capital base 1</b>			<b>38,763</b>
<b>Capital base 2</b>	<b>44,079</b>	<b>40,608</b>	<b>39,898</b>

Capital requirement SEK m	30 Sep 2012	31 Dec 2011	30 Sep 2011
Credit risk according to standardised approach	19	20	48
Credit risk according to IRB approach	4,877	4,918	4,913
Operational risk	760	655	655
<b>Total capital requirement according to Basel II</b>	<b>5,656</b>	<b>5,593</b>	<b>5,616</b>
Adjustment according to transitional rules	28,205	26,894	26,050
<b>Capital requirement according to Basel II, transitional rules</b>	<b>33,861</b>	<b>32,487</b>	<b>31,666</b>
Risk-weighted assets in accordance with transitional rules	423,264	406,091	395,826
Risk-weighted assets according to Basel II (capital requirement/8%)	70,700	69,913	70,200

Capital adequacy analysis	30 Sep 2012	31 Dec 2011	30 Sep 2011
Capital requirement in Basel II compared with transitional rules	17%	17%	18%
Capital ratio according to Basel II <sup>1)</sup>			55.2%
Capital ratio according to transitional rules <sup>1)</sup>			9.8%
Capital ratio according to Basel II <sup>2)</sup>	62.3%	58.1%	56.8%
Capital ratio according to transitional rules <sup>2)</sup>	10.4%	10.0%	10.1%
Tier 1 ratio according to Basel II <sup>1)</sup>			37.7%
Tier 1 ratio according to transitional rules <sup>1)</sup>			6.7%
Tier 1 ratio according to Basel II <sup>2)</sup>	46.0%	40.5%	39.3%
Tier 1 ratio according to transitional rules <sup>2)</sup>	7.7%	7.0%	7.0%
Capital base in relation to capital requirement Basel II <sup>2)</sup>	779%	726%	710%
Capital base in relation to capital requirement according to transitional rules <sup>2)</sup>	130%	125%	126%

<sup>1)</sup> Profits generated up to 30 June 2011 are included as at 30 September 2011, since the interim report for the first six months has been examined by auditors. Profits generated during the third quarter were not included, as the report for the period ending on 30 September 2011 was not examined by the auditors.

<sup>2)</sup> Including profits generated during the period.

The figures reported in this section refer to the minimum capital requirements under Pillar 1 of the capital adequacy rules, Basel II. In the table, "According to Basel II" means that the figures are based on the minimum capital requirements after the transitional rules have ceased to apply.

Stadshypotek has applied the advanced IRB approach for retail exposures (households and small companies) since 2007. Since 31 December 2010, the advanced IRB approach has been applied for medium-sized companies, housing co-operative associations and property companies. For the remaining credit risk exposures, the capital requirement is measured using the Basel II standardised regulations.

# Capital base and capital requirement, cont.

Credit risks 30 September 2012	Standardised approach	IRB approach		
	Capital requirement	Exposure after credit risk protection (EAD)	Average risk weight	Capital requirement
SEK m				
Institutions	5	-	-	-
Companies	1	237,569	11.8%	2,247
<i>of which advanced approach</i>		236,816	11.8%	2,228
<i>of which foundation approach</i>		753	31.2%	19
Households	10	600,671	5.5%	2,630
Other	3	-	-	-
<b>Total</b>	<b>19</b>	<b>838,240</b>	<b>7.3%</b>	<b>4,877</b>

Credit risks 31 December 2011	Standardised approach	IRB approach		
	Capital requirement	Exposure after credit risk protection (EAD)	Average risk weight	Capital requirement
SEK m				
Institutions	7	-	-	-
Companies	-	226,311	13.1%	2,373
<i>of which advanced approach</i>		225,251	13.0%	2,344
<i>of which foundation approach</i>		1,060	17.9%	29
Households	10	586,238	5.4%	2,545
Other	3	-	-	-
<b>Total</b>	<b>20</b>	<b>812,549</b>	<b>7.6%</b>	<b>4,918</b>

Credit risks 30 September 2011	Standardised approach	IRB approach		
	Capital requirement	Exposure after credit risk protection (EAD)	Average risk weight	Capital requirement
SEK m				
Institutions	34	-	-	-
Companies	-	219,839	13.8%	2,434
<i>of which advanced approach</i>		218,995	13.8%	2,410
<i>of which foundation approach</i>		844	35.5%	24
Households	12	580,239	5.3%	2,479
Other	2	-	-	-
<b>Total</b>	<b>48</b>	<b>800,078</b>	<b>7.7%</b>	<b>4,913</b>

## SUBMISSION OF REPORT

I hereby submit this interim report.

Stockholm, 22 October 2012

**Per Beckman**  
Chief Executive

**Next report:** The highlights of the annual report for 2012 will be published on 6 February 2013.

## 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 accounts in which Stadshypotek is included.

### Address

Stadshypotek AB

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**Website:** [www.stadshypotek.se](http://www.stadshypotek.se)

# Auditor's report concerning review of interim report

## **TO THE BOARD OF STADSHYPOTEK AB**

**CORPORATE IDENTITY NUMBER: 556459-6715**

### **Introduction**

We have reviewed the interim report for Stadshypotek AB as at 30 September 2012 and for the nine-month period ending as at this date. The Board and the Chief Executive are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### **Focus and scope of the review**

We have conducted our review in accordance with the Standard on review engagements SÖG 2410, Review of interim financial information performed by the auditors elected for the company. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review differs from and is substantially less in scope than an audit conducted in

accordance with the International Standards on Auditing and in Sweden 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 that is expressed on the basis of 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 interim report is not, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and, for the parent company, in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 22 October 2012

KPMG AB

Stefan Holmström, *Authorised Public Accountant*



