

SBAB! Interim Report

1 January – 30 June 2014 | SBAB Bank AB (publ)

Volume growth and stronger profits

Second quarter of 2014 (first quarter 2014)

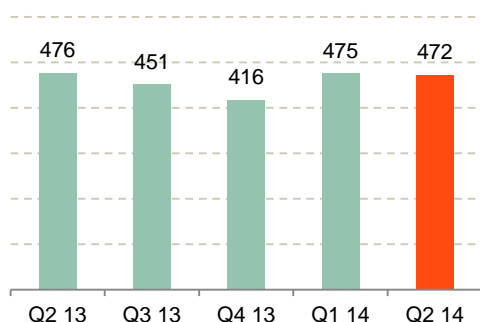
- Operating profit totalled SEK 502 million (340)
- Profit, excluding net result from financial instruments, amounted to SEK 273 million (258)
- Net interest income amounted to SEK 514 million (496)
- Expenses totalled SEK 219 million (219)
- The net effect of loan losses amounted to a gain of SEK 20 million (gain 1)
- Return on equity was 14.3% (10.8), and 8.4% (8.2) excl. net result from financial instruments
- The Common Equity Tier 1 capital ratio, without transitional rules, amounted to 23.5% (22.6)

January–June 2014 (January–June 2013)

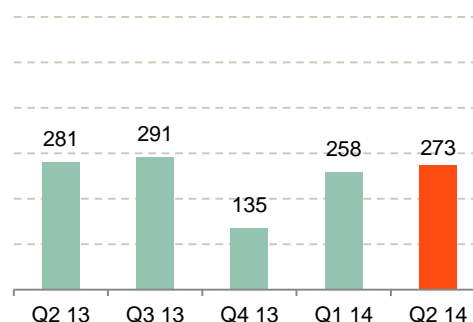
- Operating profit totalled SEK 842 million (584)
- Profit, excluding net result from financial instruments, amounted to SEK 531 million (620)
- Net interest income amounted to SEK 1,010 million (1,040)
- Expenses totalled SEK 438 million (396)
- The net effect of loan losses amounted to a gain of SEK 21 million (gain 29)
- Return on equity was 12.6% (10.7), and 8.4% (10.7) excl. net result from financial instruments
- The Common Equity Tier 1 capital ratio, without transitional rules, amounted to 23.5% (23.8)

- New lending for the quarter amounted to SEK 11.7 billion (9.5) and the total lending volume was SEK 259.0 billion (258.0).
- New deposits for the quarter amounted to SEK 3.5 billion (6.1) and the total volume of deposits was SEK 55.5 billion (52.0).

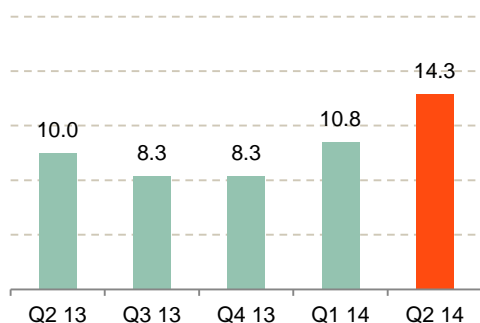
Operating income excluding net result from financial instruments (SEK million)



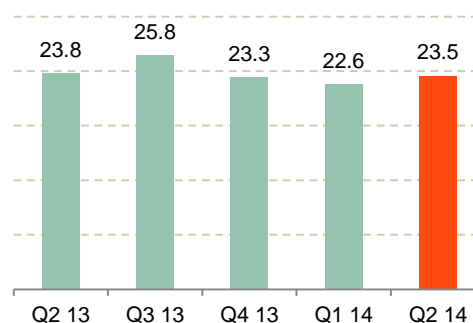
Operating profit excluding net result from financial instruments (SEK million)



Return on equity (%)



Common Equity Tier 1 capital ratio without transitional rules (%)



Statement by the CEO

SBAB's operating profit, which continued to grow stronger in the second quarter of the year, amounted to SEK 502 million. Return on equity amounted to 14.3%, exceeding the 10% target.

Positive volume growth

The lending business remained affected by strong competition in the market, but SBAB still experienced positive volume growth in the quarter. New lending to households rose, while new lending to companies and tenant-owner associations were in line with the previous quarter. SBAB's total lending amounted to SEK 259 billion at midyear.

During the period, SBAB adapted its residential mortgage product according to the Swedish Bankers' Association's recommendation regarding individual repayment plans, which entered into effect on 1 July.



The second quarter was also characterised by continued stable growth in deposits, which now amount to SEK 55 billion.

Positive information from Moody's

Early in the year, the rating agency Moody's initiated a review of SBAB's rating, which could have resulted in a potential downgrade. The review was finalised in June, whereupon the current long- and short-term ratings were confirmed by Moody's.

New CEO in August

In June, the Board of Directors made a decision on the appointment of new CEO of SBAB. I therefore welcome Klas Danielsson, who begins his new role on 14 August.

Per Anders Fasth, CEO

Overview of earnings

Group SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun
Net interest income	514	496	502	1,010	1,040
Net commission income	-42	-21	-26	-63	-53
Net result from financial instruments measured at fair value (Note 2)	229	82	-22	311	-36
Total operating income	701	557	454	1,258	951
Expenses	-219	-219	-212	-438	-396
Profit/loss before loan losses	482	338	242	820	555
Loan losses, net (Note 3)	20	1	17	21	29
Participations in joint ventures	0	1	-	1	-
Operating profit/loss	502	340	259	842	584
Operating profit excl. net result from financial instruments	273	258	281	531	620
Tax	-139	-74	-30	-213	-102
Profit/loss for the period	363	266	229	629	482
New lending, SEK billion	11.7	9.5	9.8	21.2	18.2
Total deposits, SEK billion	55.5	52.0	31.6	55.5	31.6
Cost/Income ratio	31%	39%	47%	35%	42%
Return on equity ¹⁾	14.3%	10.8%	10.0%	12.6%	10.7%
Return on equity excl. net result from financial instruments ¹⁾	8.4%	8.2%	9.6%	8.4%	10.7%
Loan loss rate ²⁾	+0.03%	+0.00%	+0.03%	+0.02%	+0.02%
Common Equity Tier 1 capital ratio ³⁾	23.5%	22.6%	23.8%	23.5%	23.8%

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

³⁾ Without taking transitional rules into account.

Market development and volumes

Development in the second quarter of 2014 compared with the first quarter of 2014

Retail Market and Collaboration Market

SBAB offers savings and loan products to private individuals. Residential mortgage products are also offered through partnerships with banks and estate agents.

Prices in the metropolitan housing markets continued to rise in the quarter. A small slowdown compared to the previous quarter was noted in the tenant-owner market, while the market for small houses experienced the strongest quarter in five years. SBAB experienced increased demand for residential mortgages during the period. New retail lending amounted to SEK 10.2 billion (7.8) and the total lending volume increased to SEK 176.9 billion (173.7). In residential mortgages to private individuals, SBAB's market share amounted to 7.3% (7.3) and for private loans it was 0.7% (0.7).

SBAB's savings accounts, which are characterised by high interest rates and clear product terms, continued to attract new customers. SBAB's retail deposits rose by SEK 2.8 billion (4.7) to a total of SEK 45.0 billion (42.2) in the quarter. The market share within retail deposits amounted to 3.4% (3.2).

Corporate clients and tenant-owner associations

SBAB offers loans and savings products to companies and tenant-owner associations.

New lending to corporate clients and tenant-owner associations amounted to SEK 1.5 billion (1.7). The total lending volume decreased to SEK 82.1 billion (84.2) due to increased redemption. The market share with regard to loans to tenant-owner associations amounted to 14.4% (14.8).

SBAB's deposits from companies and tenant-owner associations rose by SEK 0.6 billion (1.5) to a total of SEK 10.4 billion (9.8) during the quarter.

Financial performance

Development in the second quarter of 2014 compared with the first quarter of 2014

Operating profit

SBAB's operating profit amounted to SEK 502 million (340). Excluding net result from financial instruments, profit amounted to SEK 273 million (258). The profit trend was primarily impacted by higher net interest income and a positive net effect of loan losses.

Net interest and net commission

SBAB's net interest income for the period was SEK 514 million (496). The higher net interest income is mainly explained by lower funding expenses. Net commission income for the period amounted to an expense of SEK -42 million (-21), including a fee of SEK -33 million (-29) for the government stability fund.

Expenses

SBAB's expenses amounted to SEK 219 million (219), which was in line with the previous quarter and the same period the year before. Personnel expenses was the largest item at SEK 106 million (113).

Loan losses

The net effect of loan losses was a gain of SEK 20 million (gain 1). This outcome was due to the reduction of collective provisions, primarily in relation to retail lending. Confirmed loan losses remained low.

Net result from financial instruments measured at fair value

The net expense from financial instruments measured at fair value amounted to SEK 229 million (82) for the period. The greatest factor impacting earnings was unrealised market value changes on basis swaps. Basis swaps are used to minimise interest-rate and currency risks that arise in conjunction with

funding in foreign currency. For further information regarding how changes in market values affected profit for the period, please see Note 2.

Lending and deposits

New lending for the period amounted to SEK 11.7 billion (9.5) and the total lending volume amounted to SEK 259.0 billion (258.0), compared with SEK 258.7 billion at the start of the year. New deposits for the period amounted to SEK 3.5 billion (6.1) and the total deposit volume amounted to SEK 55.5 billion (52.0), compared with SEK 45.9 billion at the start of the year.

Funding

The total value of debt securities in issue declined by SEK 1.6 billion during the quarter to SEK 236.3 billion (237.9). During the quarter securities valued at SEK 23.0 billion (19.9) were issued. At the same time, securities valued at SEK 2.0 billion (7.2) were repurchased, while securities for SEK 24.4 billion (20.4) matured.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation), "SCBC". Total outstanding covered debt totalled SEK 150.8 billion (151.4), compared with SEK 152.7 billion at the beginning of the year.

Capital adequacy

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational and market risk in accordance with the standardised approach. SBAB's total capital ratio under Pillar 1, without transitional rules, amounted to 36.5% (34.9) at 30 June 2014, compared to 35.6% at the beginning of the year. Without consideration for transitional rules, the Common Equity Tier 1 capital ratio amounted to 23.5% (22.6) compared with 23.3% at the beginning of the year. For other capital ratios, refer to the tables on page 10.

The internally calculated capital requirement was SEK 7.9 billion (8.4), compared to SEK 8.7 billion at the beginning of the year.

Liquidity reserve

SBAB's liquidity reserve mainly comprises securities¹⁾. The market value of these assets amounted to SEK 47.1 billion (45.0). Taking the Riksbank's haircuts into account, the value of the assets was SEK 44.2 billion (42.2).

SBAB measures and stress-tests liquidity risk by totalling the maximum need of liquidity for each of the upcoming 365 days, MCO (Maximum Cumulative Outflow). For SBAB, the number of MCO days amounts to 157 (195), which SBAB considers satisfactory.

The liquidity coverage ratio is calculated in accordance with the Swedish Financial Supervisory Authority's regulation, FFFS 2012:6. The liquidity coverage ratio was 317% for all currencies combined, 1,031,218% for the EUR and 997% for the USD, which exceeds the minimum requirement of 100%. In SEK, the liquidity ratio amounted to 138%.

For further information on the liquidity reserve, the calculation of MCO days and the liquidity coverage ratio see Note 9.

¹⁾During the period, a portion of the securities assets comprised RMBSs (Residential MortgageBacked Securities). The reason for the inclusion of the RMBSs in the accounting of the liquidity reserve in Note 9 is that SBAB adheres to the Swedish Bankers' Association's template for the disclosure of a bank's liquidity reserve. These securities are backed by underlying property assets in Spain and the Netherlands. Unlike other securities assets in the liquidity reserve, which are recognised at market value, RMBSs are recognised at amortised cost. On 30 June 2014, the difference between the RMBSs' book value and fair value was a negative SEK 0.1 billion. On the corresponding date in the previous year, the difference was a negative SEK 0.3 billion. For further information, refer to "Reclassified assets" in Note 7.

Group	2014	2014	2013	2013	2013
SEK million	Q2	Q1	Q4	Q3	Q2
Net interest income	514	496	443	480	502
Net commission income	-42	-21	-27	-29	-26
Net result from financial instruments measured at fair value (Note 2)	229	82	120	-45	-22
Total operating income	701	557	536	406	454
Expenses	-219	-219	-252	-167	-212
Profit/loss before loan losses	482	338	284	239	242
Loan losses, net (Note 3)	20	1	-29	7	17
Participations in joint ventures	0	1	-	-	-
Operating profit/loss	502	340	255	246	259
Operating profit excl. net result from financial instruments	273	258	135	291	281
Tax	-139	-74	-57	-53	-30
Profit/loss for the period	363	266	198	193	229
New lending, SEK billion	11.7	9.5	11.1	8.6	9.8
Total deposits, SEK billion	55.5	52.0	45.9	35.9	31.6
Cost/Income ratio	31%	39%	47%	41%	47%
Return on equity ¹⁾	14.3%	10.8%	8.3%	8.3%	10.0%
Return on equity excl. net result from financial instruments ¹⁾	8.4%	8.2%	4.4%	9.7%	9.6%
Loan loss rate ²⁾	+0.03%	+0.00%	-0.05%	+0.01%	+0.03%
Common Equity Tier 1 capital ratio ³⁾	23.5%	22.6%	23.3%	25.8%	23.8%

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

³⁾ Without taking the transitional rules into account.

Performance January–June 2014 compared with January–June 2013

Operating profit for the period totalled SEK 842 million (584). Excluding net result from financial instruments, profit amounted to SEK 531 million (620). Income amounted to SEK 1,258 million (951), with the increase being explained by improved net result from financial instruments. Net interest income decreased to SEK 1,010 million (1,040), attributable primarily to a lower margin in lending. Net result from financial instruments measured at fair value amounted to SEK 311 million (expense: 36) and was mainly affected by changed market values of basis swaps.

Costs for the period amounted to SEK 438 million (396). The increase is attributable to higher expenses related to the development of the bank's offering, as well as non-recurring events of approximately SEK 20 million. Loan losses remained low. In the period, the net effect of loan losses amounted to a gain of SEK 21 million (gain 29).

Other significant information

Rating

Rating	30/06/2014	31/12/2013	30/06/2013
SBAB Bank AB (publ)			
<i>Long-term funding</i>			
-Standard & Poor's	A	A	A
-Moody's	A2	A2	A2
<i>Short-term funding</i>			
-Standard & Poor's	A-1	A-1	A-1
-Moody's	P-1	P-1	P-1
SCBC			
<i>Long-term funding</i>			
-Moody's	Aaa	Aaa	Aaa

On 14 January 2014, credit rating agency Moody's initiated a review of SBAB's long and short-term rating. The review was finalised on 12 June, and Moody's confirmed the long-term rating of A2 and the short-term rating of P-1, with a negative view of the long-term rating. At the same time, the rating of SBAB's subordinated debentures was downgraded to Baa3 from A3, and the preference shares were downgraded to Ba2(hyb) from Ba1(hyb) with a stable outlook. For further information, go to sbab.se/ir.

Risks and uncertainties for the Group and Parent Company

The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity and the quality of its assets since the operation is mainly exposed to credit risks in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks. Household demand is showing stable growth, underpinned by low inflation, low interest rates and rising stock market and property prices. The Swedish economy is sensitive to global economic developments and to conditions on the international financial markets. The risks associated with these factors remain considerable. A strained housing market and high household indebtedness among retail customers result in the economy also being sensitive to changes in interest rates and house prices. The risks associated with these factors are expected to increase as long as housing prices and indebtedness continue to rise faster than incomes. For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the 2013 Annual Report.

Changes in the management team

On 19 June, it was announced that the Board of Directors of SBAB had decided to appoint Klas Danielsson as the new CEO of SBAB. Klas Danielsson has more than 25 years of experience from the banking and finance sector, including initiating new ventures, operational management and board work. Klas Danielsson founded Nordnet and was its CEO over a period of ten years. In recent years, Klas Danielsson has primarily been engaged in board work in the financial sector (Ikano Bank, East Capital and SwedSec Licensiering). Klas Danielsson succeeds Per Anders Fasth who will remain as acting CEO until Klas Danielsson starts work at his new post on 14 August 2014.

On 6 May, it was announced that Mikael Inglander had taken on the role of acting CFO in SBAB. Prior to taking on this position, Mikael Inglander was the President of Lindorff in Sweden and before that, he also held the position of CFO and Executive Vice President of Swedbank. Mikael Inglander replaces Lennart Krån, who has left SBAB.

Changes in FriSpar

As previously announced, the owners of FriSpar Bolån AB ("FriSpar"), SBAB, Sparbanken Öresund AB (publ) and Sparbanken Syd have discontinued their collaboration as a company. On 22 May, FriSpar changed names to FriSpar Kreditkonsult AB, and it has applied to enter into liquidation.

Financial calendar

Interim report January–September 2014	22 October 2014
Year-end report 2014	February 2015

Review Report

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

The Board of Directors and the CEO affirm that this interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 17 July 2014

Bo Magnusson
Chairman of the Board

Jakob Grinbaum
Deputy Chairman

Lars Börjesson
Board Member

Kristina Ekengren
Board Member

Anders Heder
Board Member (Employee Representative)

Ebba Lindsö
Board Member

Jane Lundgren Ericsson
Board Member

Karin Moberg
Board Member

Helen Vallin
Board Member (Employee Representative)

Per Anders Fasth
CEO

For further information, contact CEO Per Anders Fasth, +46 8 614 43 01, per.anders.fasth@sbab.se or CFO Mikael Inglander, +46 8 614 43 28, mikael.inglander@sbab.se.

Become a customer: www.sbab.se

Information for investors: www.sbab.se/ir

The information in this report is such that SBAB Bank AB (publ.) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and the Swedish Securities Market Act, as well as in the guidelines contained in the Swedish Government's ownership policy and the guidelines for companies in which the Government is an owner. The information was submitted for publication on 18 July 2014 at 9.00 a.m. (CET).

While every care has been taken in the translation of this interim report, readers are reminded that the original report, signed by the Board of Directors, is in Swedish.

Income statement

Group SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Interest income	1,909	1,957	2,034	3,866	4,109	8,147
interest expense	-1,395	-1,461	-1,532	-2,856	-3,069	-6,184
Net interest income	514	496	502	1,010	1,040	1,963
Commission income	9	9	10	18	20	40
Commission expense	-51	-30	-36	-81	-73	-149
Net result from financial instruments meas. at fair value (Note 2)	229	82	-22	311	-36	39
Total operating income	701	557	454	1,258	951	1,893
Personnel costs	-106	-113	-90	-219	-179	-346
Other expenses	-103	-98	-115	-201	-203	-400
Amortisation and depreciation of fixed assets	-10	-8	-7	-18	-14	-69
Total expenses	-219	-219	-212	-438	-396	-815
Profit/loss before loan losses	482	338	242	820	555	1,078
Loan losses, net (Note 3)	20	1	17	21	29	7
Participations in joint ventures	0	1	-	1	-	-
Operating profit/loss	502	340	259	842	584	1,085
Tax	-139	-74	-30	-213	-102	-212
Profit/loss for the period	363	266	229	629	482	873

Statement of comprehensive income

Group SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Profit/loss for the period	363	266	229	629	482	873
OTHER COMPREHENSIVE INCOME						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	1	2	5	3	9	17
Tax attributable to components that will be reversed against the income statement	-0	-1	-1	-1	-2	-3
<i>Components that have not or will not be reversed against the income statement</i>						
Revaluation effects of defined benefit pension plans, before tax	-	-	-	-	-	34
Tax attributable to components that will not be reversed against the income statement	-	-	-	-	-	-8
Other comprehensive income, net after tax	1	1	4	2	7	40
Total comprehensive income for the period	364	267	233	631	489	913

Balance sheet

Group SEK million	30/06/2014	31/12/2013	30/06/2013
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	10,858	8,183	7,932
Lending to credit institutions	15,248	20,267	20,772
Lending to the public (Note 4)	259,021	258,739	257,561
Change in value of interest-rate-hedged items in portfolio hedges	874	757	743
Bonds and other interest-bearing securities	37,987	38,736	25,871
Derivative instruments (Note 5)	7,439	6,449	7,061
Shares and participations	238	217	205
Shares and participations in joint ventures	77	-	-
Intangible fixed assets	186	165	168
Tangible fixed assets	32	37	39
Other assets	951	595	2,546
Prepaid expenses and accrued income	871	913	750
TOTAL ASSETS	333,782	335,058	323,648
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	13,729	15,191	19,568
Deposits from the public	55,480	45,869	31,563
Debt securities in issue	236,300	243,870	243,607
Derivative instruments (Note 5)	8,250	10,363	10,476
Other liabilities	286	306	255
Accrued expenses and prepaid income	3,175	3,502	2,681
Provisions	419	485	323
Subordinated debt	5,831	5,791	5,918
Total liabilities	323,470	325,377	314,391
Equity			
Share capital	1,958	1,958	1,958
Equity method reserve	0	-	-
Other reserves	15	13	-20
Retained earnings	7,710	6,837	6,837
Profit/loss for the period	629	873	482
Total equity	10,312	9,681	9,257
TOTAL LIABILITIES AND EQUITY	333,782	335,058	323,648

Statement of changes in equity

Group SEK million	Share capital	Equity method reserve	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2014	1,958	-	13	7,710		9,681
Change in equity method reserve		0		-0		0
Total comprehensive income for the period			2		629	631
Closing balance, 30 June 2014	1,958	0	15	7,710	629	10,312
	Share capital	Equity method reserve	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2013	1,958	-	-27	6,837		8,768
Total comprehensive income for the period			40		873	913
Closing balance, 31 December 2013	1,958	-	13	6,837	873	9,681
	Share capital	Equity method reserve	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2013	1,958	-	-27	6,837		8,768
Total comprehensive income for the period			7		482	489
Closing balance, 30 June 2013	1,958	-	-20	6,837	482	9,257

Cash-flow statement

Group SEK million	2014 Jan–Jun	2013 Jan–Dec	2013 Jan–Jun
Cash and cash equivalents at the beginning of the period	19,238	17,536	17,536
Cash flow from operating activities	-3,981	2,818	3,944
Cash flow from investing activities	-35	-116	-67
Cash flow from funding activities	-	-1,000	-1,000
Increase/Decrease in cash and cash equivalents	-4,016	1,702	2,877
Cash and cash equivalents at the end of the period	15,222	19,238	20,413

Cash and cash equivalents are defined as cash and balances at central banks, as well as lending to credit institutions with a maturity not later than three months from the acquisition date.

Own funds

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Common Equity Tier 1 capital			
Equity	10,312	9,681	9,257
Profit for the period	-629	-	-482
Profit, verified by auditor	265	-	253
Dividend	-251	-	-
Unrealised revenues	-36	-	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23	30
Price adjustments	-7	-	-
Non-controlling interest	-	100	755
Intangible fixed assets	-149	-165	-168
Net reserves for IRB exposures	-89	-38	-41
Net pension assets	-35	-18	-5
Common Equity Tier 1 capital	9,381	9,583	9,599
Additional Tier 1 capital			
Additional Tier 1 instruments	2,395	2,994	2,994
Tier 1 capital	11,776	12,577	12,593
Tier 2 capital			
Time-limited subordinated debentures	2,782	2,123	2,272
Net reserves for IRB exposures	-	-38	-41
Net pension assets	-	-18	-5
Tier 2 capital	2,782	2,067	2,226
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Total own funds	14,558	14,644	14,819

*According to earlier rules (Basel II)

Capital requirement

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	683	736	905
Retail exposures	1,058	1,124	1,083
Positions in securitisations	275	270	182
Total exposures in accordance with IRB approach	2,016	2,130	2,170
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to regional governments or local authorities	0	0	0
Exposures to institutions	73	397	439
Exposures to corporates	127	196	164
Retail exposures	127	99	120
Exposures in default	1	1	1
Exposures in the form of covered bonds	188	-	-
Exposures to institutions and corporates with a short-term credit assessment	18	-	-
Exposures to CIUs	19	17	16
Other items	81	10	11
Total exposures in accordance with standardised approach	634	720	751
Market risk	324	287	150
Operational risk	164	154	154
CVA risk	53	-	-
Total capital requirements	3,191	3,291	3,225

*According to earlier rules (Basel II)

Risk exposure amount

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Credit risk	33,130	35,635	36,506
Market risk	4,048	3,591	1,876
Operational risk	2,047	1,923	1,923
CVA risk	667	-	-
Total risk exposure amount	39,892	41,149	40,305

*According to earlier rules (Basel II)

Capital adequacy

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Common Equity Tier 1 capital	9,381	9,583	9,599
Tier 1 capital	11,776	12,577	12,593
Total own funds	14,558	14,644	14,819
Without transition rules			
Risk exposure amount	39,892	41,149	40,305
Common Equity Tier 1 capital ratio	23.5%	23.3%	23.8%
Tier 1 capital ratio	29.5%	30.6%	31.2%
Total capital ratio	36.5%	35.6%	36.8%
With transition rules			
Own funds	14,647	14,644	14,819
Risk exposure amount	142,521	139,600	136,648
Total capital ratio	10.3%	10.5%	10.8%

*According to earlier rules (Basel II)

Notes

Note 1 Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the Swedish Financial Supervisory Authority's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups have been taken into consideration. The Group's interim report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

For the Parent Company, statutory IFRS is applied, which means that the interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

Compared with 2013, the accounting principle regarding Joint arrangements, IFRS 11, affected the Group. The regulations in IFRS 11 have entailed that SBAB's joint venture FriSpar will, effective from 2014, be consolidated using the equity method rather than the proportional method. Since FriSpar will be phasing out its operations in 2014 and, even in 2013, had limited operations in relation to the Group's overall performance and position, the new regulations are of limited significance for the Group. The comparison figures have therefore not been recalculated with regard to this new accounting principle. In other regards, the accounting policies and calculation methods are unchanged compared with the 2013 Annual Report.

According to SBAB's preliminary assessment, new or changed international accounting standards that have been published but not yet applied will have a limited effect on the financial reports. As regards IFRS 9, which is assessed to become mandatory on 1 January 2018, no complete assessment has as yet been made.

Note 2 Net result from financial instruments measured at fair value

Group SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Gains/losses on interest-bearing financial instruments						
- Securities measured at fair value through profit or loss	542	381	-358	923	-469	-248
- Change in value of hedged items in hedge accounting	-565	-442	560	-1,007	1,174	1,419
- Realised expense from financial liabilities	-2	-21	-11	-23	-45	-144
- Derivative instruments	222	135	-233	357	-734	-1,097
- Loan receivables	20	19	23	39	43	87
Currency translation effects	-1	2	-3	1	-9	6
Gains/losses on shares and participations measured at fair value through the income statement	13	8	0	21	4	16
Total	229	82	-22	311	-36	39

Fair-value recognition

The currency and interest-rate risk inherent in funding conducted in foreign currency is generally hedged throughout the maturity of the funding through currency interest-rate derivatives, known as basis swaps. According to IFRS, all derivative instruments are to be recognised at fair value (market value), with changes in fair value included in net income/expense from financial instruments measured at fair value. Major variations in the actual market value between reporting periods could result in significant changes in the carrying amount and thus also in capital adequacy. However, changes in the form of losses/gains remain unrealised as long as the basis swap is not closed prematurely. In cases where the derivative is held to maturity, earnings are not affected by the accumulated changes since the market value of each derivative contract starts and ends at zero. Most of SBAB's basis swaps are held to maturity.

An accounting effect also arises in SBAB's securities holding, since the accounting policies that SBAB applies entail that securities assets are measured at fair value (market value), while a large portion of SBAB's liabilities are measured at amortised cost. Also in the case of securities assets, the market value will be recovered during the remaining maturity if the asset is held to maturity. Most of SBAB's securities are held to maturity.

Note 3 Loan losses, net

Group SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	-0	-0	-1	-0	-1	-2
Reversal of prior provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	1	-	1	1
Provision for probable loan losses for the period	-0	-0	-0	-0	-0	-3
Recoveries in respect of confirmed loan losses in prior years	0	-	-	0	-	-
Reversal of prior provisions for probable loan losses no longer required	0	7	0	7	8	8
Guarantees	-	-	0	-	0	1
Net income/cost for the period for individual provisions for corporate market loans	-0	7	0	7	8	5
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocations to/redemption of collective provisions	4	3	7	7	2	1
Guarantees	0	-1	-3	-1	2	0
Net income/cost for the period for collective provisions for corporate market loans	4	2	4	6	4	1
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-1	-2	-3	-3	-7	-15
Reversal of prior provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	3	1	2	4	7	11
Provision for probable loan losses for the period	-2	-2	-2	-4	-4	-9
Reversal of prior provisions for probable loan losses no longer required	0	0	0	0	0	0
Guarantees	-	-	0	-	0	0
Net income/cost for the period for individual provisions for retail market loans	-0	-3	-3	-3	-4	-13
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-5	-8	-6	-13	-9	-21
Recoveries in respect of confirmed loan losses in prior years	11	1	0	12	1	3
Allocation to/redemption of collective provisions	17	0	23	17	31	38
Guarantees	-7	2	-1	-5	-2	-6
Net income/cost for the period for collective provisions for retail market loans	16	-5	16	11	21	14
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	20	1	17	21	29	7

Both write-offs of confirmed loan losses and reversals of write-offs for the period in accordance with the specification above pertain to receivables from the public.

Note 4 Lending to the public

Group SEK million	30/06/2014		31/12/2013		30/06/2013	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	105,102	-137	103,497	-150	102,189	-154
Tenant-owner rights	70,598	-76	67,278	-82	65,049	-82
Tenant-owner associations	53,485	-13	54,839	-13	55,127	-9
Private multi-family dwellings	20,977	-28	23,465	-41	24,757	-41
Municipal multi-family dwellings	3,410	-	3,728	-	4,199	-
Commercial properties	4,278	-	5,034	-	5,541	-
Other	1,431	-6	1,189	-5	990	-5
Provision for probable loan losses	-260	-	-291	-	-291	-
Total	259,021	-260	258,739	-291	257,561	-291
Doubtful and non-performing loan receivables				30/06/2014	31/12/2013	30/06/2013
a) Doubtful loan receivables				52	62	51
b) Non-performing loan receivables* included in doubtful loan receivables				6	20	15
c) Non-performing loan receivables* not included in doubtful loan receivables				295	338	386
d) Individual provisions for loan receivables				40	47	42
e) Collective provisions for corporate market loans				19	26	24
f) Collective provisions for retail market loans				201	218	225
g) Total provisions (d+e+f)				260	291	291
h) Doubtful loan receivables after individual provisions (a-d)				12	15	9
i) Provision ratio for individual provisions (d/a)				77%	76%	82%

*Where payment notices (one or more) are more than 60 days past due

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

Loan portfolio SEK million	30/06/2014		31/12/2013		30/06/2013	
	SBAB**	SBAB incl. all of FriSpar	SBAB**	SBAB incl. all of FriSpar	SBAB**	SBAB incl. all of FriSpar
Retail lending	176,912	176,912	171,728	171,728	167,987	168,266
- new lending	17,971	17,971	30,061	32,675	14,777	16,256
Corporate lending (incl. tenant-owner assn.)	82,109	82,109	87,011	87,011	89,574	89,588
- new lending	3,193	3,193	7,306	7,306	3,370	3,370
Total	259,021	259,021	258,739	258,739	257,561	257,854
- new lending	21,164	21,164	37,367	39,981	18,147	19,626

**Effective from 1 January 2014, the partly-owned company FriSpar Bolån AB is consolidated into the SBAB Group applying the equity method. FriSpar Bolån AB was previously consolidated applying the proportional method. Comparison figures have not been recalculated. For further information, see Note 1 Accounting principles.

FriSpar is a partnership with Sparbanken Öresund AB (publ) and Sparbanken Syd, where SBAB's ownership amounts to 51%. In December 2013 FriSpar transferred all outstanding loans to SBAB.

Note 5 Derivative instruments

Group SEK million	30/06/2014		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	5,004	3,306	207,116
Currency related	2,435	4,944	91,210
Total	7,439	8,250	298,326

Currency interest-rate swaps are classified as interest-rate-related derivative instruments.

Note 6 Operating segments

Segment income statement Group SEK million	Jan-Jun 2014					Jan-Jun 2013				
	Retail market	Collab. market	Tenant- owner	Other	Total*	Retail market	Collab. market	Tenant- owner	Other	Total*
Income ¹⁾	430	201	307	9	947	454	186	331	16	987
Net result from financial instruments meas. at fair value	-	-	-	311	311	-	-	-	-36	-36
Total operating income	430	201	307	320	1,258	454	186	331	-20	951
Expenses ²⁾	-266	-69	-103	-	-438	-237	-53	-106	-	-396
Loan losses, net	8	2	11	-	21	6	4	19	-	29
Participations in joint ventures	-	1	-	-	1	-	-	-	-	-
Profit/loss before tax	172	135	215	320	842	223	137	244	-20	584
Standardised tax (22%)	-38	-30	-47	-70	-185	-49	-30	-53	4	-128
Profit/loss after standard tax	134	105	168	250	657	174	107	191	-16	456
Adjustment for actual tax	-6	-4	-7	-11	-28	10	6	11	-1	26
Profit/loss after tax*	128	101	161	239	629	184	113	202	-17	482
Internally calculated ROE	7.3%	7.6%	10.8%		13.2%	10.8%	10.8%	12.4%		10.1%

¹⁾ Net interest income, net commission income and other operating income are included in the distributed income

²⁾ Personnel costs, other expenses and amortisation and depreciation of fixed assets are included in the distributed expenses

*The total is consistent with the Group's income statement

In the second quarter of 2014, SBAB transitioned to internal calculation of return on equity, based on standardised tax and calculated equity. The comparison figures have been recalculated.

Note 7 Classification of financial instruments

Group	30/06/2014				
	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Loan receivables	Total	Total fair value
Financial assets					
SEK million					
Cash and balances at central banks			0	0	0
Chargeable treasury bills and other eligible bills	10,858			10,858	10,858
Lending to credit institutions			15,248	15,248	15,248
Lending to the public			259,021	259,021	261,505
Change in value of interest-rate-hedged items in portfolio hedges			874	874	-
Bonds and other interest-bearing securities	35,673		2,314	37,987	37,900
Derivative instruments	2,071	5,368		7,439	7,439
Shares and participations	238			238	238
Other assets			951	951	951
Prepaid expenses and accrued income	542		329	871	871
Total	49,382	5,368	278,737	333,487	335,010

Group	30/06/2014				
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	Total fair value
Financial liabilities					
SEK million					
Liabilities to credit institutions			13,729	13,729	13,729
Deposits from the public			55,480	55,480	55,480
Debt securities in issue			236,300	236,300	236,658
Derivative instruments	5,246	3,004		8,250	8,250
Other liabilities			286	286	286
Accrued expenses and prepaid income			3,175	3,175	3,175
Subordinated debt			5,831	5,831	5,836
Total	5,246	3,004	314,801	323,051	323,414

Fair value measurement of financial instruments

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are given in the accounting policies in Note 1 of the Annual Report. In the column "total fair value" above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet. The carrying amount for current receivables and liabilities has been assessed to be equal to the fair value. For "Lending to the public", where there are no observable credit margin data at the time of measurement, the credit margin on the most recent date on which the terms of each loan were changed is applied. For interest-bearing securities classified as "loan receivables", the fair value is determined using estimated prices from an independent external source. Debt securities in issue are measured at the Group's current borrowing rate.

Reclassified assets

During autumn 2008, financial institutions were given the opportunity to reclassify holdings of "Financial assets available for sale" to "Loan receivables and accounts receivable." The assets were reclassified due to SBAB's perception that the downturn in the global financial markets during autumn 2008 was of sufficient magnitude to justify reclassification. The reclassification was implemented on 1 July 2008. The value that was assigned to the assets at the time was the prevailing market value.

Since the assets in the RMBS portfolio are classified as "Loan receivables and accounts receivable," these assets have to be recognised at accrued cost and a credit-risk assessment must be performed according to the same principles as for the risk assessment of SBAB's credit portfolio.

Following the reclassification of the RMBS assets, no need to impair these assets has arisen, which is why the company has not recognised any impairment losses under the "Impairment of financial assets" item.

RMBS portfolio

Group	30/06/2014		31/12/2013		30/06/2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
SEK million						
Country of asset						
Spain	2,038	1,951	2,087	1,872	2,166	1,826
The Netherlands	276	276	279	274	461	453
Total	2,314	2,227	2,366	2,146	2,627	2,279

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective rate used in the reclassification was 6.3%. At the same date, the fair value reserve attributable to these assets had a negative value of SEK -200 million, net after tax. At 30 June 2014, the fair value of the assets would have amounted to SEK 2.2 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 30 June 2014 was SEK 2.3 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.1 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to SEK 21 million, net after tax, at 30 June 2013. After the reclassification date, SEK 233 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK -14 million before tax on the value of the reserve.

Not 8 Information about fair value

Group SEK million	30/06/2014			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
Assets				
Securities in the category trade	46,769	-	-	46,769
Derivatives in the category trade	2	2,069	-	2,071
Other derivatives	-	5,368	-	5,368
Total	46,771	7,437	-	54,208
Liabilities				
Derivatives in the category trade	2	5,244	-	5,246
Other derivatives	-	3,004	-	3,004
Total	2	8,248	-	8,250

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are given in the accounting policies in Note 1 of the Annual Report.

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used. There have been no transfers between the levels in 2014.

Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. The measurement method is used for holdings of quoted interest-bearing securities, fund units and for publicly quoted derivatives, primarily interest-rate futures.

Measurement based on observable data (Level 2)

Measurement aided by external market information other than quoted prices included in Level 1, such as quoted interest rates or prices for closely related instruments. Level 2 is used for financial instruments that are not traded in an active market. This group includes all non-quoted derivative instruments.

Measurement based in part on unobservable data (Level 3)

Measurement whereby a material component of the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used for any assets or liabilities.

Not 9 Liquidity reserve

Liquidity Reserve SEK million	Distribution by currency				
	30/06/2014	SEK	EUR	USD	Other
Cash and balances from central banks	-	-	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	16,290	5,966	9,634	690	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,945	3,906	-	1,039	-
Covered bonds issued by others	25,836	19,241	5,209	1,165	221
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	2,228	-	2,228	-	-
Other securities	-	-	-	-	-
Total	49,299	29,113	17,071	2,894	221
Bank and loan facilities	-	-	-	-	-
Total	49,299	29,113	17,071	2,894	221
Distribution by currency		59%	35%	6%	0%

SBAB's liquidity portfolio primarily comprises liquid, interest-bearing securities with a high rating and is an integrated part of the Group's liquidity risk management. Holdings in securities are limited by asset class and by country, respectively, and must have the highest rating upon acquisition. In addition to these collective limits, limits for individual issuers may also be set. RMBSs are reported in the table above at market value, in accordance with the Swedish Bankers' Association's template for the disclosure of a bank's liquidity reserve. Since the secondary market for RMBSs is no longer as liquid as when the assets were acquired, it has been concluded that the liquidity value of these securities is no longer sufficient to warrant their inclusion in the liquidity reserve used in internal measurements of liquidity risk. These assets are also excluded from regulatory liquidity measurements.

Calculation of MCO days

SBAB measures and stress-tests liquidity risk by totalling the maximum need of liquidity for each of the upcoming 365 days, MCO (Maximum Cumulative Outflow). MCO calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established.

Calculation of liquidity coverage ratio

The liquidity coverage ratio calculates the degree to which a bank's assets cover its net cash flow for the coming 30 days in a stress scenario. Net cash flows comprise contractual in- and outflows and the theoretical flows based on historical data, for example, withdrawals of the bank's deposits. The weightings of the theoretical flows are fixed and are determined by supervisory authorities.

Parent company

Parent Company performance in January-June 2014 compared with January-June 2013

Operating profit for the period amounted to SEK 251 million (98). Net result from financial transactions was SEK 193 million (29). Expenses totalled SEK 460 million (448). The net effect of loan losses was a gain of SEK 10 million (gain 7). Lending to the public amounted to SEK 40.0 billion (49.4). The Parent Company has favourable capital adequacy. Without the transitional rules, the Common Equity Tier 1 capital ratio and the total capital ratio amounted to 25.8% (36.8) and 42.3% (60.9), respectively. The decrease in the capital ratios is primarily attributable to new regulations regarding shares in subsidiaries.

Income statement

Parent Company SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Interest income	790	763	797	1,553	1,596	3,243
Interest expenses	-688	-703	-717	-1,391	-1,436	-2,960
Net interest income	102	60	80	162	160	283
Dividends received	-	20	-	20	19	19
Commission income	11	11	33	22	65	124
Commission expenses	-26	-16	-16	-42	-35	-74
Net result of financial transactions	123	70	-23	193	29	128
Other operating income	177	169	150	346	301	581
Total operating income	387	314	224	701	539	1,061
Personnel costs	-110	-117	-96	-227	-191	-371
Other expenses	-112	-110	-138	-222	-247	-480
Amortisation and depreciation of fixed assets	-5	-6	-5	-11	-10	-20
Total expenses	-227	-233	-239	-460	-448	-871
Profit before loan losses	160	81	-15	241	91	190
Loan losses, net	9	1	1	10	7	-14
Operating profit	169	82	-14	251	98	176
Taxes	-72	-14	38	-86	17	154
Profit for the period	97	68	24	165	115	330

Statement of comprehensive income

Parent Company SEK million	2014 Q2	2014 Q1	2013 Q2	2014 Jan-Jun	2013 Jan-Jun	2013 Jan-Dec
Profit for the period	97	68	24	165	115	330
OTHER COMPREHENSIVE INCOME						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	1	2	5	3	9	17
Tax attributable to components that will be reversed against the income statement	0	-1	-1	-1	-2	-3
Other comprehensive income, net after tax	1	1	4	2	7	14
Total comprehensive income for the period	98	69	28	167	122	344

Balance sheet

Parent Company SEK million	30/06/2014	31/12/2013	30/06/2013
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	10,858	8,183	7,932
Lending to credit institutions (Note 10)	60,014	49,183	54,281
Lending to the public	40,034	48,758	49,382
Change in value of interest-rate-hedged items in portfolio hedges	-	1	-
Bonds and other interest-bearing securities	37,987	38,736	25,871
Derivative instruments	6,683	4,981	5,942
Shares and participations	238	217	205
Shares and participations in joint ventures	77	113	866
Shares and participations in Group companies	10,300	10,300	9,600
Intangible fixed assets	16	14	13
Tangible fixed assets	32	37	39
Other assets	287	477	1,716
Prepaid expenses and accrued income	672	695	522
TOTAL ASSETS	167,198	161,695	156,369
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	2,005	557	4,604
Deposits from the public	55,480	45,869	31,563
Debt securities in issue	85,466	91,316	97,025
Derivative instruments	8,355	7,909	7,762
Other liabilities	276	996	250
Accrued expenses and prepaid income	1,339	848	1,014
Provisions	3	133	179
Subordinated debt	5,831	5,791	5,918
Total liabilities	158,755	153,419	148,315
Equity			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Fair value reserve	-21	-23	-30
Retained earnings	5,949	5,619	5,619
Profit for the period	165	330	115
Total equity	8,443	8,276	8,054
TOTAL LIABILITIES AND EQUITY	167,198	161,695	156,369
Memorandum items			
Assets pledged for own liabilities	333	9	4,427
Commitments	57,862	48,298	67,954

Capital adequacy

Parent company SEK million	30/06/2014	31/12/2013*	30/06/2013*
Core Tier 1 capital	8,037	8,268	8,024
Tier 1 capital	10,432	11,262	11,018
Total own funds	13,214	13,368	13,266
Without transition rules			
Risk exposure amount	31,203	23,417	21,785
Common Equity Tier 1 capital ratio	25.8%	35.3%	36.8%
Tier 1 capital ratio	33.4%	48.1%	50.6%
Total capital ratio	42.3%	57.1%	60.9%
With transition rules			
Own funds	13,252	13,368	13,266
Risk exposure amount	31,203	32,507	31,592
Total capital ratio	42.5%	41.1%	42.0%

*According to earlier rules (Basel II)

Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 53,142 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 40,115 million at the end of 2013. This receivable is subordinated in the event of bankruptcy or liquidation, which means that payment is received only after other creditors of the subsidiary have been paid.