

Interim report

1 January – 30 September 2012

SBAB Bank AB (publ)

“ Continued stable development of underlying operating profit.

Carl-Viggo Östlund, CEO

The interim period January–September 2012 compared with January–September 2011

- Operating profit, excluding net result of financial instruments measured at fair value, was SEK 839 million (606).
- Net interest income amounted to SEK 1,450 million (1,160).
- Expenses totalled SEK 533 million (490).
- The net effect of loan losses was a negative SEK 3 million (pos: 20).
- Net expense from financial instruments measured at fair value was SEK 611 million (expense: 539).
- Operating profit totalled SEK 228 million (67).
- New lending amounted to SEK 24.8 billion (21.1) and deposits increased to SEK 24.6 billion (8.8).
- The core Tier 1 capital ratio was 16.2% (15.0) without taking the transitional regulations into account and 6.7% (6.7) taking the transitional regulations into account.
- During the first eight months of the year, SBAB Bank had a share of 21% in the market for new deposits from retail customers.

The third quarter of 2012 compared with the second quarter of 2012

- Operating profit, excluding net result of financial instruments measured at fair value, was SEK 318 million (311).
- Net interest income amounted to SEK 499 million (522).
- Expenses totalled SEK 157 million (175).
- The net effect of loan losses was a positive SEK 2 million (neg: 11).
- Net expense from financial instruments measured at fair value amounted to SEK 130 million (expense: 91).
- Operating profit was SEK 188 million (220).
- New lending amounted to SEK 8.1 billion (8.5) and deposits increased to SEK 24.6 billion (18.3).

Summary SBAB Bank Group ¹⁾	2012 Jan-Sep	2011 Jan-Sep	Change, %	2012 Q3	2012 Q2	Change, %	2011 Q3	Change, %	2011 Jan-Dec
Income statement items									
Net interest income, SEK million	1,450	1,160	25	499	522	-4	378	32	1,618
Total operating income, SEK million	764	537	42	343	406	-16	351	-2	1,179
Expenses, SEK million	-533	-490	9	-157	-175	-10	-155	1	-707
Loan losses, net, SEK million	-3	20	n.a.	2	-11	n.a.	1	100	-8
Operating profit, excl. net result of financial instruments, SEK million	839	606	38	318	311	2	192	66	813
Operating profit, SEK million	228	67	240	188	220	-15	197	-5	464
Balance sheet items									
Lending ²⁾ , SEK billion	256.6	243.8	5	256.6	254.9	1	243.8	5	248.1
Deposits, SEK billion	24.6	7.1	246	24.6	18.3	34	7.1	246	8.8
Key data									
Loan loss rate, % ³⁾	0.00	-0.00		-0.00	0.02		-0.00		0.00
Return on equity, % ⁴⁾	2.6	0.8		6.5	7.8		7.3		4.2
Core Tier 1 capital ratio ⁵⁾	16.2	13.1		16.2	15.6		13.1		15.0

¹⁾ SBAB Bank Group, "SBAB Bank".

²⁾ Lending to the public (including corporate customers and tenant-owner associations), "lending".

³⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

⁴⁾ Return on equity calculated on a full-year basis.

⁵⁾ Without taking the transitional regulations into account.

For balance sheet items and information concerning capital adequacy, all comparative figures in parentheses throughout the report refer to the figures at the preceding year-end, except individual quarterly figures, which are compared with the preceding quarter for all amounts. This is a translation of the Swedish interim report. The auditor has not signed the translation for approval.



During the quarter, SBAB reported a continued solid earnings trend. Operating profit, excluding net result of financial instruments, was once again higher than in the preceding quarter. However, market-value changes of financial instruments caused an adverse impact on the overall operating result. We foresee continued strong demand for mortgages, primarily in our lending to tenant-owner associations. Lower expenses compared with the preceding quarter confirm that our increased effort to take a proactive approach to cost control is generating results.



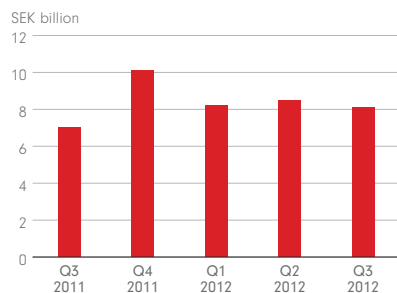
We have long been a challenger in the mortgage market and will continue on this path under the current expansion of our customer offering. We are at the cutting edge of developments in mobile-phone payments and, during the past quarter, we worked on pilot tests to guarantee the technology and security ahead of the next step. We now offer retail loans for everyone, not just those with SBAB mortgages as was previously the case.

Our straightforward and competitive savings accounts continued to attract many new customers during the third quarter. Backed by a market share of 21% during the first eight months of the year, we are cementing our position as the leading company in new retail deposits. Meanwhile, a higher share of funding through deposits enables us to achieve a better balance between various funding sources – which is entirely in line with our overall funding strategy.

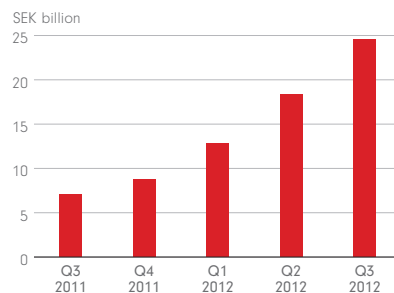
At SBAB, we aim to offer a banking experience that no one thought was possible and to change the view of what a bank can be. We are doing this for the sake of our customers and to pose a challenge to the major banks. We are here to create a new era in banking.

Carl-Viggo Östlund
CEO

New lending



Outstanding deposit volume



PERFORMANCE IN JANUARY–SEPTEMBER 2012 COMPARED WITH JANUARY–SEPTEMBER 2011

Operating results

SBAB Bank's operating profit, excluding net result of financial instruments measured at fair value, was SEK 839 million (606) during the first nine months of the year. The improvement in profit was the result of stronger net interest income. Loan losses remained low. SBAB Bank's operating profit was SEK 228 million (67).

Net interest income and commission expense

SBAB Bank's net interest income for the interim period amounted to SEK 1,450 million (1,160). Higher average volumes and improved earnings from lending had a positive impact on net interest income. Surplus liquidity resulting from earlier pre-funding gradually declined during the period, which also had a positive impact on net interest income. SBAB Bank reported net commission expense of SEK 77 million (expense: 84), including a fee of SEK 85 million (87) for the Government stability fund.

Expenses

SBAB Bank's expenses amounted to SEK 533 million (490), of which personnel costs accounted for SEK 250 million (239). Administration and operating expenses rose primarily due to a higher level of access to SBAB Bank's products and services by telephone and the Internet.

Loan losses

Confirmed loan losses remained low. The net effect of loan losses for the first nine months was a negative SEK 3 million (pos: 20).

Net result from financial instruments measured at fair value¹⁾

Net expense from financial instruments measured at fair value amounted to SEK 611 million (expense: 539) for the interim period. The single greatest factor impacting earnings was unrealised market value changes for basis swaps, which are used to minimize the interest-rate and exchange-rate risks that arise in conjunction with funding in foreign currencies.

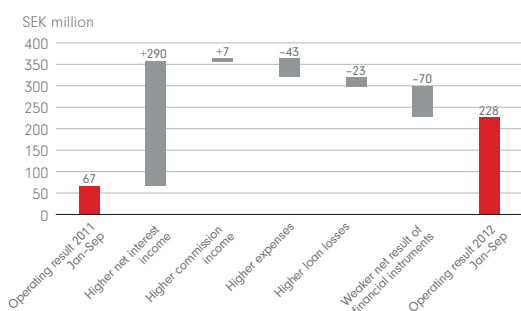
Lending

New lending for the period amounted to SEK 24.8 billion (21.1) and total lending increased to SEK 256.6 billion (248.1). New retail lending amounted to SEK 18.5 billion (14.9) and the lending volume increased to SEK 160.4 billion (151.1). New lending to corporate customers and tenant-owner associations totalled SEK 6.3 billion (6.2) and the lending volume declined to SEK 96.2 billion (97.0).

Deposits

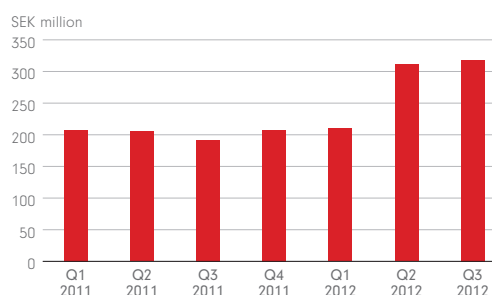
SBAB Bank's deposit accounts, which are characterised by competitive interest rates and straightforward

Change in operating result between the interim period in 2011 and in 2012²⁾



²⁾The net result of financial instruments includes SEK 2 million in other operating income.

Operating profit, excluding net result of financial instruments



¹⁾ Fair-value recognition of derivatives

The currency and interest-rate risk inherent in funding conducted in foreign currency is normally hedged throughout the maturity of the funding through currency interest-rate derivatives, known as basis swaps. According to the regulations, all derivatives are to be recognised at fair value (market value), with changes in fair value included in net result of financial instruments measured at fair value. Major variations in the actual market value between the 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 Bank's basis swaps are held to maturity.

An accounting effect also arises in SBAB Bank's securities holding since the accounting policies that SBAB Bank applies entail that securities assets are measured at fair value (market value), while large portions of SBAB Bank's liabilities are measured at accrued 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. The majority of SBAB Bank's securities are held to maturity.

product terms and conditions, continued to attract new customers. The number of deposit customers and opened savings accounts continued to increase. SBAB Bank's deposit volume rose to SEK 24.6 billion (8.8). The sharp increase was attributable to a competitive interest rate combined with proactive marketing.

Funding

SBAB Bank's strong deposit growth during the period entailed a reduced need for funding. The effect of increased deposit volume is a better balance between the various liability items in the balance sheet and a reduced dependence on various capital markets.

The previously implemented pre-funding also contributed to a reduced need for funding during the period.

By maintaining duration of funding, SBAB Bank proactively limits its liquidity and financing risk. During the period, the focus was primarily on limiting the short-term part of total funding. The total value of debt securities in issue declined SEK 29.7 billion during the period to SEK 247.0 billion (276.7).

Funding through the issuance of covered bonds takes place in SBAB Bank's wholly owned subsidiary The Swedish Covered Bond Corporation (SCBC). Outstanding covered debt totalled SEK 145.5 billion (160.7).

SBAB Bank's long and short-term ratings remained unchanged during the period.

Capital adequacy

SBAB Bank primarily recognises credit risk pursuant to the internal ratings-based approach (IRB approach) and operational and market risk in accordance with the standardised approach.

Taking the transitional regulations into account, SBAB Bank's capital adequacy ratio and Tier 1 capital ratio under Pillar 1 amounted to 10.7% (10.7) and 8.9% (8.9), respectively, at 30 September 2012. The core Tier 1

Rating	30 Sep 2012	30 Sep 2011	31 Dec 2011
SBAB Bank AB (publ)			
<i>Long-term funding</i>			
-Standard & Poor's	A+	A+	A+
-Moody's	A2	A1	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>			
-Standard & Poor's	AAA	AAA	AAA
-Moody's	Aaa	Aaa	Aaa

capital ratio was 6.7% (6.7) taking the transitional regulations into account and 16.2% (15.0) without taking the transitional regulations into account. For information concerning the other capital ratios without taking the transitional regulations into account, refer to the table on page 11.

The internally calculated capital requirement was SEK 9,163 million (8,883).

Liquidity reserve

SBAB Bank's liquidity reserve primarily comprises a securities portfolio. At 30 September 2012, the assets in the securities portfolio amounted to SEK 34.9 billion (48.9), corresponding to 102 days (71) MCO³⁾. Taking the Riksbank's haircuts into account, the value of the assets was SEK 33.2 billion (n.a.).

Part of the securities comprises RMBSs (Residential Mortgage-Backed Securities). These securities are backed by underlying property assets in Spain, the UK, the Netherlands, Australia and Italy. Unlike other securities in the liquidity reserve, which are market-valued on a regular basis, RMBS assets are recognised at accrued cost. For further information, refer to Note 8 "Reclassified assets."

Pursuant to the Riksbank's recommendations, SBAB Bank publishes its liquidity coverage ratio⁴⁾ on a quarterly basis. According to the definitions in the Swedish

³⁾ Measurement of liquidity risk

SBAB Bank measures and stress tests liquidity risk by totalling the maximum conceivable need for liquidity for every day during the coming 365 days. This measurement of liquidity risk is known as the Maximum Cumulative Outflow (MCO). 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 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.

In the first quarter of 2012, the definition of "liquidity reserve" used for MCO calculations was revised. In the past, only assets in the liquidity portfolio were included in the liquidity reserve. Following this revision, the liquidity reserve also includes the surplus liquidity that

arises outside the liquidity portfolio, provided that the surplus liquidity meets the other requirements for being defined as a liquidity reserve. As of the second quarter of 2012, the company's holding of RMBSs is not included in the calculation of MCO.

⁴⁾ Measurement 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 inflows and outflows, as well as the theoretical flows based on historical data such as withdrawals of a significant share of the bank's deposits. The weight of the theoretical outflows are predetermined and set by a supervisory authority. The liquidity coverage ratio (LCR) was introduced by the Basel Committee in December 2010.

Liquidity reserve, SEK million	30 Sep 2012	Distribution by currency			
		SEK	EUR	USD	Other
Securities issued or guaranteed by central governments, central banks or multinational development banks	12,217	3,951	7,582	401	283
Securities issued or guaranteed by municipalities or non-governmental public sector entities	3,484	3,123	-	361	-
Third party covered bonds	14,653	9,612	4,902	139	-
Securities issued by financial companies (excl. covered bonds)	4,525	-	4,159	110	256
Total assets	34,879	16,686	16,643	1,011	539
Bank and loan facilities	-	-	-	-	-
Total liquidity reserve	34,879	16,686	16,643	1,011	539
Distribution by currency		48%	48%	3%	1%

The assets in SBAB Bank's liquidity reserve primarily comprise liquid, interest-bearing securities with a high rating and are 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. RMBS assets are recognised at accrued cost, while other securities are recognised at fair value.

measurement, which is proposed to a quantitative requirement as of 2013, the ratio is estimated at 1.41 at 30 September 2012. Based on the definitions of liquidity reserves and on the inflows and outflows prescribed in the stipulations on reporting liquidity risks from the Swedish Financial Supervisory Authority (FFFS 2011:37), the liquidity coverage ratio at the consolidated level for all currencies was 1.11 at 30 September 2012.

PERFORMANCE IN THE THIRD QUARTER OF 2012 COMPARED WITH THE SECOND QUARTER OF 2012

Operating profit excluding net result of financial instruments measured at fair value was SEK 318 million (311) for the third quarter.

Net interest income totalled SEK 499 million (522). The decline was mainly due to an extra day of interest expense in the third quarter.

Expenses for the third quarter amounted to SEK 157 million (175), with the decline due to seasonal effects and increased proactive cost-control activities. Above all, expenses for consultants decreased.

Confirmed loan losses remained low. The net effect of loan losses for the quarter was a positive SEK 2 million (neg: 11).

Operating income for the quarter amounted to SEK 188 million (220), of which net expense from financial instruments accounted for SEK 130 million (expense: 91). Similar to the second quarter, the single greatest factor impacting earnings was market value changes for basis swaps, which remained negative in the third quarter. SBAB Bank experienced continued favourable demand

for residential mortgages during the period and new lending amounted to SEK 8.1 billion (8.5). Total lending increased to SEK 256.6 billion (254.9). New lending to retail customers amounted to SEK 6.3 billion (6.5) and new lending to corporate customers and tenant-owner associations to SEK 1.8 billion (2.0).

SBAB Bank's savings accounts continued to attract new customers during the third quarter. Deposits increased 34% during the quarter to SEK 24.6 billion (18.3) at the end of the period. The sharp increase was attributable to competitive interest rates and proactive marketing.

OTHER SIGNIFICANT EVENTS DURING THE THIRD QUARTER

During the third quarter, Lennart Krän assumed the position as Chief Financial Officer for SBAB Bank.

Stockholm, 24 October 2012



Carl-Viggo Östlund
CEO

Financial calendar

Year-end report

7 February 2013

Income Statement

Group SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Interest income	2,569	2,253	2,766	8,205	7,552	10,449
Interest expense	-2,070	-1,731	-2,388	-6,755	-6,392	-8,831
Net interest income	499	522	378	1,450	1,160	1,618
Commission income	11	12	12	36	40	60
Commission expense	-37	-39	-44	-113	-124	-150
Net income/expense from financial instruments measured at fair value (Note 3)	-130	-91	5	-611	-539	-349
Other operating income	-	2	0	2	0	0
Total operating income	343	406	351	764	537	1,179
Personnel costs	-78	-84	-72	-250	-239	-323
Other expenses	-73	-86	-76	-265	-231	-357
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-6	-5	-7	-18	-20	-27
Total expenses before loan losses	-157	-175	-155	-533	-490	-707
Profit before loan losses	186	231	196	231	47	472
Loan losses, net (Note 4)	2	-11	1	-3	20	-8
Operating profit	188	220	197	228	67	464
Tax	-49	-59	-52	-60	-18	-123
Profit for the period	139	161	145	168	49	341

Statement of Comprehensive Income

Group SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Profit for the period	139	161	145	168	49	341
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	4	5	8	13	21	28
Change in instruments used in cash flow hedging, after tax	-	-	-0	-	-0	1
Other comprehensive income, net after tax	4	5	8	13	21	29
Total comprehensive income for the period	143	166	153	181	70	370

Income Statement, Quarterly

Group SEK million	2012 Q3	2012 Q2	2012 Q1	2011 Q4	2011 Q3
Interest income	2,569	2,253	3,383	2,897	2,766
Interest expense	-2,070	-1,731	-2,954	-2,439	-2,388
Net interest income	499	522	429	458	378
Commission income	11	12	13	20	12
Commission expense	-37	-39	-37	-26	-44
Net income/expense from financial instruments measured at fair value	-130	-91	-390	190	5
Other operating income	-	2	-	-	0
Total operating income	343	406	15	642	351
Personnel costs	-78	-84	-88	-84	-72
Other expenses	-73	-86	-106	-126	-76
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-6	-5	-7	-7	-7
Total expenses before loan losses	-157	-175	-201	-217	-155
Profit/loss before loan losses	186	231	-186	425	196
Loan losses, net	2	-11	6	-28	1
Operating profit/loss	188	220	-180	397	197
Tax	-49	-59	48	-105	-52
Profit/loss for the period	139	161	-132	292	145

Balance Sheet

Group
SEK million

	30 Sep 2012	30 Sep 2011	31 Dec 2011
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,077	2,105	2,118
Lending to credit institutions	19,734	33,114	23,454
Lending to the public (Note 5)	256,630	243,830	248,150
Change in value of interest-rate-hedged items in portfolio hedges	1,671	1,680	1,557
Bonds and other interest-bearing securities	32,930	47,732	45,387
Derivative instruments (Note 6)	14,465	18,206	17,496
Shares and participations	150	-	-
Deferred tax assets	39	93	-
Intangible fixed assets	99	30	38
Property, plant and equipment	29	29	30
Other assets	2,937	1,977	319
Prepaid expenses and accrued income	765	1,029	1,201
TOTAL ASSETS	331,526	349,825	339,750
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	23,571	27,186	21,233
Deposits from the public	24,648	7,055	8,769
Debt securities in issue	247,041	284,795	276,678
Derivative instruments (Note 6)	16,982	12,067	14,060
Other liabilities	1,014	458	161
Accrued expenses and prepaid income	3,453	3,850	4,067
Provisions	88	94	165
Subordinated debt	6,164	6,236	6,233
Total liabilities	322,961	341,741	331,366
Equity			
Share capital	1,958	1,958	1,958
Other reserves	-38	-59	-51
Retained earnings	6,477	6,136	6,136
Profit for the period	168	49	341
Total equity	8,565	8,084	8,384
TOTAL LIABILITIES AND EQUITY	331,526	349,825	339,750

Statement of Changes in Equity

Group SEK million	Share capital	Other reserves	Retained earnings	Profit for the period	Total equity
Opening balance, 1 January 2012	1,958	-51	6,477		8,384
Total comprehensive income for the period		13		168	181
Closing balance, 30 September 2012	1,958	-38	6,477	168	8,565
Opening balance, 1 January 2011	1,958	-80	6,136		8,014
Total comprehensive income for the period		21		49	70
Closing balance, 30 September 2011	1,958	-59	6,136	49	8,084
Opening balance, 1 January 2011	1,958	-80	6,136		8,014
Total comprehensive income for the period		29		341	370
Closing balance, 31 December 2011	1,958	-51	6,136	341	8,384

Cash Flow Statement

Group SEK million	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Cash and cash equivalents at the beginning of the period	18,939	8,959	8,959
Cash flow from operating activities	545	17,973	9,513
Cash flow from investing activities	-77	-18	-34
Cash flow from funding activities	-	501	501
Increase/decrease in cash and cash equivalents	468	18 456	9,980
Cash and cash equivalents at the end of the period	19,407	27,415	18,939

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

Capital Base

Group SEK million	30 Sep 2012	30 Sep 2011	31 Dec 2011
Core Tier 1 capital			
Equity	8,565	8,084	8,384
Unrealised change in value of loans and receivables previously classified as available-for-sale assets	38	59	51
Change in value attributable to derivative instruments included in cash flow hedges	-	1	-
Minority interest	731	639	706
Intangible fixed assets	-99	-31	-38
Deferred tax assets	-39	-93	-
Net provisions for IRB exposures	-78	-120	-128
Core Tier 1 capital	9,118	8,539	8,975
Tier 1 capital contribution			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
Tier 1 capital	12,112	11,533	11,969
Tier 2 capital			
Perpetual subordinated debentures (Upper Tier 2)	-	-	-
Time-limited subordinated debentures (Lower Tier 2)	2,505	2,608	2,456
Net provisions for IRB exposures	-78	-120	-129
Tier 2 capital	2,427	2,488	2,327
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	14,539	14,021	14,296

*Encompassed by the transitional regulations to FFFS 2007:1

Capital Requirement

Group SEK million	30 Sep 2012	30 Sep 2011	31 Dec 2011
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	2,383	2,233	2,491
Retail exposures	834	860	894
Positions in securitisation	202	-	229
Total exposures in accordance with IRB approach	3,419	3,093	3,614
Credit risk recognised in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	412	658	514
Exposures to corporates	184	929	142
Retail exposures	77	37	48
Past-due items	0	1	1
Exposures to funds	12	-	-
Other items	9	7	8
Total exposures in accordance with standardised approach	694	1,632	713
Risks in the trading book	166	277	239
Operational risk	211	217	217
Currency risk	-	-	-
Commodity risk	-	-	-
Total minimum capital requirement	4,490	5,219	4,783
Addition according to transitional regulations	6,355	5,518	5,930
Total capital requirement according to transitional regulations	10,845	10,737	10,713

Capital Adequacy

Group SEK million	30 Sep 2012	30 Sep 2011	31 Dec 2011
Core Tier 1 capital	9,118	8,539	8,975
Tier 1 capital	12,112	11,533	11,969
Total capital	14,539	14,021	14,296
Without transitional regulations			
Risk-weighted assets	56,119	65,234	59,786
Core Tier 1 capital ratio	16.2%	13.1%	15.0%
Tier 1 capital ratio	21.6%	17.7%	20.0%
Capital adequacy ratio	25.9%	21.5%	23.9%
Capital quotient	3.24	2.69	2.99
With transitional regulations			
Risk-weighted assets	135,563	134,208	133,917
Core Tier 1 capital ratio	6.7%	6.4%	6.7%
Tier 1 capital ratio	8.9%	8.6%	8.9%
Capital adequacy ratio	10.7%	10.4%	10.7%
Capital quotient	1.34	1.31	1.33

Notes

Note 1 Accounting policies

The SBAB Bank Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. It also complies with 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. 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 annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

In September 2012, the SBAB Bank Group invested in fund units under the "Shares and participations" item. This holding has been classified as "Financial assets measured at fair value through profit or loss." Otherwise, the accounting policies and methods of calculation remain unchanged compared with the 2011 Annual Report.

Note 2 Risks and uncertainties

Although the deteriorating European macroeconomic situation affected SBAB Bank's earnings, it had no significant impact on the company's financial position. While the introduction of support measures from the ECB had a positive effect on market functionality in the capital markets, future macroeconomic developments in Europe remain uncertain.

The economic trend in Sweden is the primary risk factor for SBAB Bank'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 exposure to price risks.

For further information on SBAB Bank's risks and risk management, refer to the 2011 Annual Report.

Note 3 Net income/expense from financial instruments measured at fair value

Group SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Gains/losses on interest-bearing financial instruments						
-Securities measured at fair value through profit or loss	379	187	716	746	775	920
-Change in value of hedged items in hedge accounting	-344	-549	-2,591	-789	-2,734	-3,285
-Realised expense from financial liabilities	-67	-30	-1	-175	-49	-116
-Derivative instruments	-111	255	1,860	-447	1,424	2,070
-Loan receivables	23	24	21	66	49	72
Currency translation effects	-10	22	0	-12	-4	-10
Gains/losses on shares and participations measured at fair value through profit or loss	-0	-	-	-0	-	-
Total	-130	-91	5	-611	-539	-349

Changes in the market value of basis swaps are attributable to "Derivative instruments." With respect to risk management, derivative instruments are related to and have their counter items in all other categories of interest-bearing financial instruments.

Note 4 Loan losses, net

Group SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	-0	-	-	-0	-1	-17
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	-	-	3	20
Provision for probable loan losses for the period	-26	-0	-0	-26	-0	-0
Recoveries in respect of confirmed loan losses in prior years	-	-	-	-	0	0
Reversal of prior year provisions for probable loan losses no longer required	10	14	0	26	5	5
Guarantees	-	-0	-0	-0	-0	-0
Net income/cost for the period for individual provisions for corporate market loans	-16	14	-0	-0	7	8
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocation to/redemption of collective provisions	15	-10	2	3	15	7
Guarantees	-2	-7	-0	-8	-1	8
Net income/cost for the period for collective provisions for corporate market loans	13	-17	2	-5	14	15
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-2	-4	-	-7	-3	-4
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	1	3	-	5	4	5
Provision for probable loan losses for the period	-2	-1	-4	-4	-5	-8
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	-
Guarantees	-	-	-	-	-	-
Net cost for the period for individual provisions for retail market loans	-3	-2	-4	-6	-4	-7
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-8	-7	-2	-21	-6	-13
Recoveries in respect of confirmed loan losses in prior years	1	0	0	1	5	6
Allocation to/redemption of collective provisions	14	-4	4	23	2	-24
Guarantees	1	5	1	5	2	7
Net income/cost for the period for collective provisions for retail market loans	8	-6	3	8	3	-24
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	2	-11	1	-3	20	-8

Both the write-off of confirmed loan losses for the period and reversal of prior year write-offs as specified above relate to receivables from the public.

Note 5 Lending to the public

Group SEK million	30 Sep 2012		30 Sep 2011		31 Dec 2011	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	99,620	-166	92,067	-147	94,530	-162
Tenant-owner rights	60,410	-96	55,673	-105	56,454	-118
Tenant-owner associations	54,706	-20	52,842	-42	53,338	-29
Private multi-family dwellings	28,370	-41	28,312	-32	29,079	-36
Municipal multi-family dwellings	5,056	-	6,621	-	6,120	-
Commercial properties	8,127	-	8,306	-	8,548	-
Other	670	-6	336	-1	430	-4
Provision for probable loan losses	-329	-	-327	-	-349	-
Total	256,630	-329	243,830	-327	248,150	-349

Doubtful and non-performing loan receivables	30 Sep 2012		30 Sep 2011		31 Dec 2011	
a) Doubtful loan receivables		62		97		81
b) Non-performing loan receivables* included in doubtful loan receivables		17		20		17
c) Non-performing loan receivables* not included in doubtful loan receivables		496		367		424
d) Individual provisions for loan receivables		49		65		50
e) Collective provisions for corporate market loans		28		23		31
f) Collective provisions for retail market loans		252		239		268
g) Total provisions (d+e+f)		329		327		349
h) Doubtful loan receivables after individual provisions (a-d)		13		32		31
i) Provision ratio for individual provisions (d/a)		79%		67%		62%

* 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 Sep 2012		30 Sep 2011		31 Dec 2011	
	SBAB Bank**	SBAB Bank incl. all of FriSpar	SBAB Bank**	SBAB Bank incl. all of FriSpar	SBAB Bank**	SBAB Bank incl. all of FriSpar
Retail lending	160,432	160,762	147,823	153,552	151,130	155,631
- new lending	18,518	20,743	14,878	17,311	21,142	24,433
Corporate lending (incl. tenant-owner associations)	96,198	96,225	96,007	96,062	97,020	97,066
- new lending	6,285	6,285	6,176	6,176	9,965	9,965
Total	256,630	256,987	243,830	249,614	248,150	252,697
- new lending	24,803	27,028	21,054	23,487	31,107	34,398

** In the SBAB Bank Group, 51% of the partly owned FriSpar Bolån AB (a partnership with Sparbanken Öresund AB (publ) and Sparbanken Syd) is consolidated in accordance with the proportional method.

Note 6 Derivative instruments

Group 30 Sep 2012, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	9,601	7,153	371,805
Currency related	4,864	9,829	141,612
Total	14,465	16,982	513,417

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

Note 7 Operating segments

Risk-adjusted income statement

Group mnr	Jan-Sep 2012				Jan-Sep 2011			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Risk-adjusted income	1,084	255	-	1,339	840	219	-	1,059
Net income/expense from financial instruments measured at fair value	-1	0	-610	-611	-	-	-539	-539
Risk-adjusted expense	-497	-92	-	-589	-439	-104	-	-543
Tax	-155	-43	160	-38	-106	-30	142	6
Risk-adjusted profit/loss after tax	431	120	-450	101	295	85	-397	-17
RAROC*, after tax	14.1%	13.0%		2.5%	10.9%	7.4%		i.u

*Risk Adjusted Return On (economic) Capital, meaning risk-adjusted return after tax.

Following a reorganisation of SBAB Bank, the former Finance segment is no longer a separate business area as of 1 January 2012. Accordingly, the comparative period for the two segments, Corporate and Retail, has been recalculated.

Operating-segment disclosures are risk adjusted. In the risk-adjusted follow-up of profit and loss, recognised equity is replaced by "Economic capital." "Economic capital" comprises the capital that SBAB Bank regards as being required to cover unexpected losses during the coming year. At 30 September 2012, "Economic capital" was lower than recognised equity, thus making the return on equity in the risk-adjusted income statement lower. Recognised loan losses have been replaced by "Expected losses" in risk-adjusted expense. For further information on "Expected losses" and "Economic capital," refer to page 49 of the 2011 Annual Report.

Reconciliation

The following is a reconciliation between SBAB Bank's risk-adjusted income statement (as above) and SBAB Bank's external results.

Group SEK million	2012 Jan-Sep	2011 Jan-Sep
Risk-adjusted income	1,339	1,059
Adjustment to return on recognised equity	36	17
Net expense from financial instruments measured at fair value	-611	-539
Total net interest income and other operating income	764	537
Risk-adjusted expense	-589	-543
Adjustment to recognised loan losses	53	73
Expenses and loan losses	-536	-470
Risk-adjusted profit/loss before tax	139	-23
Tax for the period according to risk-adjusted income statement	-38	6
Risk-adjusted profit/loss after tax	101	-17
Risk-adjusted items		
Adjustment to return on recognised equity	36	17
Adjustment to recognised loan losses	53	73
Reversal of tax according to risk-adjusted income statement	38	-6
Operating profit	228	67
Recognised tax	-60	-18
Profit for the period after tax	168	49

Note 8 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 Bank's perception that the downturn in the global financial markets during autumn 2008 was of sufficient magnitude to justify a 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," the assets must be recognised at accrued cost and a credit-risk assessment must be performed according to the same principles as the risk assessment of SBAB Bank's credit portfolio.

Since no impairment need has arisen since the reclassification of RMBS assets, the company has not recognised any impairment losses under the "Impairment of financial assets" item.

RMBS portfolio

Group

30 Sep 2012, SEK million	Carrying amount	Fair value
Country of asset		
Australia	449	461
Spain	2,603	2,005
UK	989	1,021
Italy	2	6
Netherlands	921	897
Total	4,964	4,390

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective rate of interest 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 September 2012, the fair value of the assets would have amounted to SEK 4.4 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 30 September 2012 was SEK 5.0 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.4 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 38 million, net after tax, at 30 September 2012. After the reclassification date, SEK 212 million of the reserve before tax has been reversed and exchange rate fluctuations have had a negative impact of SEK 27 million before tax on the value of the reserve.

Income Statement

Parent Company SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Interest income	1,114	1,046	1,040	3,207	2,765	3,864
Interest expense	-977	-1,052	-1,061	-3,171	-2,868	-3,956
Net interest income/expense	137	-6	-21	36	-103	-92
Dividends received	-	17	-	17	13	13
Group contributions received	-	-	-	-	-	510
Commission income	32	31	29	94	86	126
Commission expense	-19	-17	-19	-54	-57	-69
Net income/expense from financial transactions	82	-21	86	178	-57	-206
Other operating income	135	139	109	404	324	521
Total operating income	367	143	184	675	206	803
Personnel costs	-81	-88	-72	-261	-240	-325
Other expenses	-84	-104	-78	-319	-235	-370
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-4	-4	-3	-11	-9	-13
Total expenses before loan losses	-169	-196	-153	-591	-484	-708
Profit/loss before loan losses	198	-53	31	84	-278	95
Loan losses, net	-13	-8	-6	-22	21	3
Operating profit/loss	185	-61	25	62	-257	98
Tax	-50	20	-7	-13	70	-23
Profit/loss for the period	135	-41	18	49	-187	75

Statement of Comprehensive Income

Parent Company SEK million	2012 Q3	2012 Q2	2011 Q3	2012 Jan-Sep	2011 Jan-Sep	2011 Jan-Dec
Profit/loss for the period	135	-41	18	49	-187	75
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	4	5	8	13	21	28
Change in instruments used in cash flow hedging, after tax	-	-	-0	-	-0	1
Other comprehensive income, net after tax	4	5	8	13	21	29
Total comprehensive income for the period	139	-36	26	62	-166	104

Parent Company's performance in January–September 2012 compared with January–September 2011

Operating profit for the interim period was SEK 62 million (loss: 257), which was primarily attributable to higher net interest income of SEK 36 million (expense: 103) and improved net income from financial transactions of SEK 178 million (expense: 57).

The improvement in net interest income was primarily driven by higher volumes in lending to the public, while interest expenses attributable to pre-funding did not increase to the same extent.

Other income improved, mainly as a result of services performed for the subsidiary SCBC.

Due to the continued development of the banking operations, temporary employees and operating costs,

expenses, which amounted to SEK 591 million (484), were higher than in the year-earlier period.

The net effect of loan losses was a negative SEK 22 million (pos: 21) and confirmed loan losses remained low. The change was primarily due to collective provisions.

Lending to the public amounted to SEK 47.1 billion (32.9). The increase partly resulted from loans being transferred from FriSpar.

The Parent Company has favourable capital adequacy. Taking the transitional regulations into account, the core Tier 1 capital ratio was 24.5% (26.6) and the capital adequacy ratio was 41.5% (45.9).

Balance Sheet

Parent Company
SEK million

	30 Sep 2012	30 Sep 2011	31 Dec 2011
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,077	2,105	2,118
Lending to credit institutions (Note 9)	58,268	59,604	56,412
Lending to the public	47,100	29,674	32,940
Change in value of interest-rate-hedged items in portfolio hedges	-	-9	-8
Bonds and other interest-bearing securities	32,930	47,732	45,387
Derivative instruments	12,457	14,282	13,813
Shares and participations	150	-	-
Shares and participations in joint ventures	759	663	733
Shares and participations in Group companies	9,600	9,600	9,600
Intangible fixed assets	11	6	6
Property, plant and equipment	29	29	30
Other assets	2,073	847	718
Prepaid expenses and accrued income	499	731	899
TOTAL ASSETS	165,953	165,264	162,648
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	8,909	13,217	9,688
Deposits from the public	24,648	7,055	8,769
Debt securities in issue	102,292	118,829	116,753
Derivative instruments	13,687	10,856	12,109
Other liabilities	1,019	440	120
Accrued expenses and prepaid income	1,242	925	903
Provisions	105	151	248
Subordinated debt	6,164	6,236	6,233
Total liabilities	158,066	157,709	154,823
Equity			
Share capital	1,958	1,958	1,958
Legal reserve	392	392	392
Fair value reserve	-38	-59	-51
Retained earnings	5,526	5,451	5,451
Profit/loss for the year	49	-187	75
Total equity	7,887	7,555	7,825
TOTAL LIABILITIES AND EQUITY	165,953	165,264	162,648

Capital Adequacy

Parent Company
SEK million

	30 Sep 2012	30 Sep 2011	31 Dec 2011
Core Tier 1 capital	7,877	7,561	7,432
Tier 1 capital	10,871	10,555	10,426
Total capital	13,340	13,117	12,819
Without transitional regulations			
Risk-weighted assets	24,543	30,872	25,159
Core Tier 1 capital ratio	32.1%	24.5%	29.5%
Tier 1 capital ratio	44.3%	34.2%	41.4%
Capital adequacy ratio	54.4%	42.5%	51.0%
Capital quotient	6.79	5.31	6.37
With transitional regulations			
Risk-weighted assets	32,155	30,872	27,948
Core Tier 1 capital ratio	24.5%	24.5%	26.6%
Tier 1 capital ratio	33.8%	34.2%	37.3%
Capital adequacy ratio	41.5%	42.5%	45.9%
Capital quotient	5.19	5.31	5.73

Note 9 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 49,773 million (36,300) relates to a receivable from the wholly owned subsidiary The Swedish Covered Bond Corporation (SCBC). 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.

Review report

The auditors' review report on the condensed interim financial information (interim report) was prepared in accordance IAS 34 and Chapter 9 of the Annual Accounts Act for Credit Institutions and Securities Companies

Introduction

We have reviewed the report of SBAB Bank AB (publ), Corp. Reg. No. 556253-7513, for the period 1 January 2012 – 30 September 2012. The Board of Directors and the CEO are responsible for preparing and presenting this interim financial information in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express an opinion on this interim financial information, based on our review.

The direction and extent of the review

We have performed this review in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures.

A review has another direction and is substantially more limited in scope than an audit conducted in accordance with ISA and generally accepted auditing practices otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. The expressed opinion based on a review thus lacks the degree of certainty that an opinion expressed as a result of an audit has.

Opinion

On the basis of our review, nothing has come to our attention which gives us cause to believe that the enclosed interim report has not been prepared, in all essentials, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies for the Group and in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies for the Parent Company.

Stockholm, 24 October 2012
Öhrlings PricewaterhouseCoopers

Catarina Ericsson
Authorised Public Accountant

SBAB BANK

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