

# SBAB! Interim Report

1 January – 31 March 2014 | SBAB Bank AB (publ)

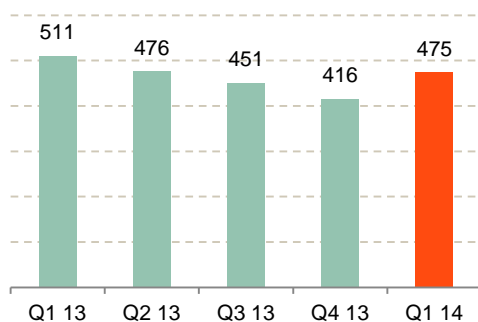
## Improved profit and continued growth in deposits

### First quarter of 2014 (fourth quarter of 2013)

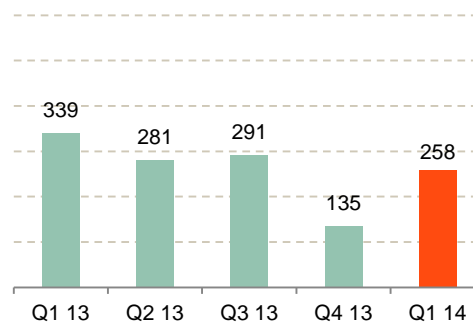
- Operating profit totalled SEK 340 million (255)
- Profit, excluding net result from financial instruments, amounted to SEK 258 million (135)
- Net interest income amounted to SEK 496 million (443)
- Expenses totalled SEK 219 million (252)
- The net effect of loan losses amounted to a gain of SEK 1 million (loss 29), corresponding to a loan loss level of 0.00% (negative 0.05)
- Return on equity was 10.8% (8.3), and 8.2% (4.4) excluding net result from financial instruments
- The Common Equity Tier 1 capital ratio, without transitional rules, amounted to 22.6% (23.3)

- New lending for the quarter amounted to SEK 9.5 billion (11.1) and the total lending volume was SEK 258.0 billion (258.7).
- New deposits for the quarter amounted to SEK 6.1 billion (10.0) and the total volume of deposits was SEK 52.0 billion (45.9).

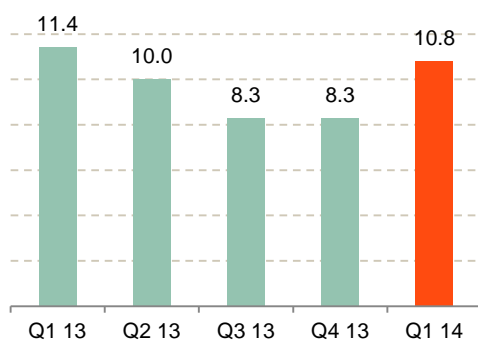
Operating income excluding net result from financial instruments (SEK million)



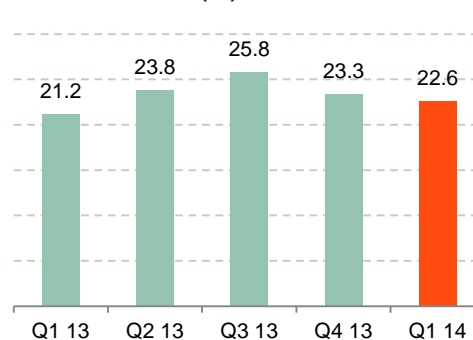
Operating profit excluding net result from financial instruments (SEK million)



Return on equity (%)



Common equity tier 1 capital ratio without transitional rules (%)



## Statement by the CEO

In the first quarter, SBAB's operating profit amounted to SEK 340 million and return on equity was 10.8%. The capital base remained strong with a Common Equity Tier 1 capital ratio of 22.6%, which exceeds the target for the bank's capital structure by a good margin.

The success of SBAB's savings accounts persists, with strong growth in customers and deposits. At the end of the quarter, total deposits amounted to SEK 52 billion. At the same time, lending operations continue to be subject to the fierce competitiveness that pervaded the end of 2013. During the quarter, lending to private customers was stable while lending to companies and tenant-owner associations decreased somewhat. SBAB's total lending amounted to SEK 258 billion at the end of the quarter.



### Basel I floor remains

Finansinspektionen (Swedish Financial Supervisory Authority) resolved in March not to grant banks exemption from the current Basel I floor. These regulations do not have the same connection between capital requirements and risk in the institutions' assets as in the newer regulations. Among Swedish banks, the negative effect is greatest for SBAB, which has a large proportion of low-risk assets. Complete application of the more risk-adjusted regulations (Basel III) would have entailed a considerably lower minimum capital requirement. SBAB is, however, well capitalised even when taking the transitional regulations from Basel I into account.

### Investment and focus on earnings in 2014

To meet the stringent expectations imposed by today's bank customers, SBAB is investing in products, services and technology. At the same time, we are focusing on efficiency in the existing operations to ensure favourable profitability. In addition to cost-efficiency enhancement, we are working actively with our balance sheet structure, where deposits will continue to hold a central position, and where we are continuing to decrease our dependency on financing through the capital markets.

### Per Anders Fasth, CEO

### Overview of earnings

Group SEK million	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar
Net interest income	496	443	538	496	538
Net commission income	-21	-27	-27	-21	-27
Net result from financial instruments measured at fair value (Note 2)	82	120	-14	82	-14
<b>Total operating income</b>	<b>557</b>	<b>536</b>	<b>497</b>	<b>557</b>	<b>497</b>
Costs	-219	-252	-184	-219	-184
Loan losses, net (Note 3)	1	-29	12	1	12
Participations in joint ventures	1	-	-	1	-
<b>Operating profit/loss</b>	<b>340</b>	<b>255</b>	<b>325</b>	<b>340</b>	<b>325</b>
<b>Operating profit excl. net result from financial instruments</b>	<b>258</b>	<b>135</b>	<b>339</b>	<b>258</b>	<b>339</b>
Tax	-74	-57	-72	-74	-72
<b>Profit/loss for the period</b>	<b>266</b>	<b>198</b>	<b>253</b>	<b>266</b>	<b>253</b>
New lending, SEK billion	9.5	11.1	8.4	9.5	8.4
Total deposits, SEK billion	52.0	45.9	28.9	52.0	28.9
Cost/Income ratio excl. loan losses	39%	47%	37%	39%	37%
Return on equity <sup>1)</sup>	10.8%	8.3%	11.4%	10.8%	11.4%
Return on equity excl. net result from financial instruments <sup>1)</sup>	8.2%	4.4%	11.9%	8.2%	11.9%
Loan loss rate <sup>2)</sup>	0.00%	-0.05%	0.02%	0.00%	0.02%
Common Equity Tier 1 capital ratio <sup>3)</sup>	22.6%	23.3%	21.2%	22.6%	21.2%

<sup>1)</sup> Return on equity calculated on a full-year basis.

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

<sup>3)</sup> Without taking the transitional rules into account.

## Market development and volumes

### Development in the first quarter of 2014 compared with the fourth quarter of 2013

#### Retail Market and Collaboration Market

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

Very strong demand, combined with unexpectedly low supply, brought continued increases in housing prices in the metropolitan areas in early 2014. The tenant-owner market, particularly in the Stockholm region, continued to develop more strongly than the market for small houses. SBAB experienced stable demand for residential mortgages during the period, while the competitive situation in the market remained tough. New retail lending amounted to SEK 7.8 billion (8.5) and the total lending volume was SEK 173.7 billion (171.7). In residential mortgages to private individuals, SBAB's market share amounted to 7.3% (7.3) and for private loans it was 0.7% (0.6).

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 4.7 billion (8.0) to a total SEK 42.2 billion (37.5) in the quarter. The market share within retail deposits amounted to 3.2% (2.9).

#### 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 1.7 billion (2.6) and the total lending volume was SEK 84.2 billion (87.0). The market share with regard to loans to tenant-owner associations amounted to 14.8% (15.0).

SBAB's deposits from companies and tenant-owner associations rose by SEK 1.5 billion (0.2) to a total of SEK 9.8 billion (8.3) during the quarter.

## Financial performance

### Development in the first quarter of 2014 compared with the fourth quarter of 2013

#### Operating profit

SBAB's operating profit amounted to SEK 340 million (255). Excluding net result from financial instruments, profit amounted to SEK 258 million (135). The profit trend was primarily impacted by higher net interest income and lower expenses and loan losses.

#### Net interest and net commission

SBAB's net interest income for the period was SEK 496 million (443). The higher net interest income is mainly explained by lower funding expenses and improved utilisation of liquidity. Net commission income for the period amounted to an expense of SEK -21 million (-27), including a fee of SEK -29 million (-29) for the government stability fund.

#### Expenses

SBAB's expenses amounted to SEK 219 million (252), of which personnel expenses accounted for SEK 113 million (93). Expenses for the fourth quarter of 2013 included a non-recurring effect from impairments of intangible assets of SEK 38 million.

#### Loan losses

SBAB's loan losses amounted to a net SEK 1 million (loss 29). The outcome in the fourth quarter of 2013 was mainly an accounting effect attributable to increased collective provisions. Confirmed loan losses remained low and unchanged compared with previous quarters.

#### Net result from financial instruments measured at fair value

The net expense from financial instruments measured at fair value amounted to SEK 82 million (120) for the period. The greatest factor impacting earnings was unrealised market value changes on basis

swaps, which 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 9.5 billion (11.1) and the total lending volume amounted to SEK 258.0 billion (258.7). New deposits for the period amounted to SEK 6.1 billion (10.0) and the total deposit volume amounted to SEK 52.0 billion (45.9).

### Funding

The total value of debt securities in issue declined SEK 6.0 billion during the quarter to SEK 237.9 billion (243.9). During the quarter securities valued at SEK 19.9 billion (22.3) were issued. At the same time, securities valued at SEK 7.2 billion (6.5) were repurchased, while securities for SEK 20.4 billion (13.0) 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". Outstanding covered debt totalled SEK 151.4 billion (152.7).

### 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 34.9% (35.6) at 31 March 2014. Without consideration for transitional rules, the Common Equity Tier 1 capital ratio amounted to 22.6% (23.3). Since the start of the year, the capital quotients have decreased somewhat due to the introduction of new capital adequacy rules. For other capital ratios, refer to the tables on page 10. Profit for the period, less deductions for anticipated dividends, has been included in the capital base.

The internally calculated capital requirement was SEK 8.4 million (8.7).

### Liquidity reserve

SBAB's liquidity reserve mainly comprises securities<sup>1)</sup>. The market value of these assets amounted to SEK 45.0 billion (46.1), excluding RMBSs. Taking the Riksbank's haircuts into account, the value of the assets was SEK 42.2 billion (43.4).

For SBAB, the number of MCO days amounts to 195 (142). SBAB considers the number of MCO days to be 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 181% for all currencies combined, 7,578% for the EUR and 339% for the USD, which exceeds the minimum requirement of 100%. In SEK, the liquidity ratio amounted to 106%.

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

<sup>1)</sup> During the period, a portion of the securities assets comprised RMBSs (Residential Mortgage Backed 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 Banking 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 31 December 2014, the difference between the RMBSs' book value and fair value was a negative SEK 0.15 billion. On the corresponding date in 2013, the difference was a negative SEK 0.46 billion. For further information, refer to "Reclassified assets" in Note 7.

## Quarterly overview

Group	2014	2013	2013	2013	2013
SEK million	Q1	Q4	Q3	Q2	Q1
Net interest income	496	443	480	502	538
Net commission income	-21	-27	-29	-26	-27
Net result from financial instruments measured at fair value (Note 2)	82	120	-45	-22	-14
<b>Total operating income</b>	<b>557</b>	<b>536</b>	<b>406</b>	<b>454</b>	<b>497</b>
Costs	-219	-252	-167	-212	-184
Loan losses, net (Note 3)	1	-29	7	17	12
Participations in joint ventures	1	-	-	-	-
<b>Operating profit/loss</b>	<b>340</b>	<b>255</b>	<b>246</b>	<b>259</b>	<b>325</b>
<b>Operating profit excl. net result from financial instruments</b>	<b>258</b>	<b>135</b>	<b>291</b>	<b>281</b>	<b>339</b>
Tax	-74	-57	-53	-30	-72
<b>Profit/loss for the period</b>	<b>266</b>	<b>198</b>	<b>193</b>	<b>229</b>	<b>253</b>
New lending, SEK billion	9.5	11.1	8.6	9.8	8.4
Total deposits, SEK billion	52.0	45.9	35.9	31.6	28.9
Cost/Income ratio excl. loan losses	39%	47%	41%	47%	37%
Return on equity <sup>1)</sup>	10.8%	8.3%	8.3%	10.0%	11.4%
Return on equity excl. net result from financial instruments <sup>1)</sup>	8.2%	4.4%	9.7%	9.6%	11.9%
Loan loss rate <sup>2)</sup>	0.00%	-0.05%	0.01%	0.03%	0.02%
Common Equity Tier 1 capital ratio <sup>3)</sup>	22.6%	23.3%	25.8%	23.8%	21.2%

<sup>1)</sup> Return on equity calculated on a full-year basis.

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

<sup>3)</sup> Without taking the transitional rules into account.

## Performance January-March 2014 compared with January-March 2013

Operating profit for the period totalled SEK 340 million (325). Income amounted to SEK 557 million (497), with the increase being explained by improved net result from financial instruments. Net interest income decreased to SEK 496 million (538), attributable primarily to a lower margin in lending. Net result from financial instruments measured at fair value amounted to SEK 82 million (expense: 14) and was mainly affected by changed market values of basis swaps.

Costs for the period amounted to SEK 219 million (184). The increase is attributable to higher personnel and IT expenses related to the development of the bank's offering, as well as expenses related to increased regulatory requirements.

## Other significant information

### Rating

Rating	31/03/2014	31/03/2013	31/12/2013
<b>SBAB Bank AB (publ)</b>			
<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
<b>SCBC</b>			
<i>Long-term funding</i>			
-Standard & Poor's	AAA	AAA	AAA
-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, with a possible downgrade as a result. SCBC's rating is unaffected. For further information, go to [sbab.se/investor](http://sbab.se/investor).

## 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, particularly due to the crisis in Ukraine, which caused a certain degree of unease in the financial markets towards the end of the quarter. A strained housing market and high 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 Annual Report for 2013.

## Changes in FriSpar Bolån AB and the partnership with Sparbanken Öresund

During 2013, the owners of FriSpar Bolån AB ("FriSpar"), SBAB, Sparbanken Öresund AB (publ) and Sparbanken Syd, concluded that there is no reason to continue operating the collaboration as a company due, among other things, to changed capital adequacy regulations. On 5 March 2014, the Swedish Financial Supervisory Authority resolved to recall FriSpar's permit to conduct financing operations in accordance with an application from the company.

On 14 February 2014, it was announced that Swedbank would be taking over Sparbanken Öresund. Due to the acquisition, it is expected that SBAB's partnership with Sparbanken Öresund will be phased out with time. At the end of the first quarter, the brokered volume was SEK 33 billion.

## Events after the balance-sheet date

### 2014 Annual General Meeting

The Annual General Meeting of SBAB was held on 24 April 2014. SBAB's Board Members following the AGM comprise: Bo Magnusson (Chairman), Jakob Grinbaum (Deputy Chairman), Lars Börjesson, Kristina Ekengren, Ebba Lindsö, Jane Lundgren Ericsson, Karin Moberg, and employee representatives Anders Heder and Helen Vallin.

### Financial calendar

Interim report January–June 2014	18 July 2014
Interim report January–September 2014	22 October 2014
Year-end report 2014	February 2015

The CEO affirms 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. This interim report has been reviewed by the company's auditors. The review report is given on page 18.

Stockholm, 25 April 2014

Per Anders Fasth  
CEO

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*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 25 April 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 version, signed by the CEO, is in Swedish.*

## Income statement

Group SEK million	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Interest income	1,957	1,999	2,075	1,957	2,075	8,147
Interest expense	-1,461	-1,556	-1,537	-1,461	-1,537	-6,184
<b>Net interest income</b>	<b>496</b>	<b>443</b>	<b>538</b>	<b>496</b>	<b>538</b>	<b>1,963</b>
Commission income	9	12	10	9	10	40
Commission expense	-30	-39	-37	-30	-37	-149
Net result from financial instruments meas. at fair value (Note 2)	82	120	-14	82	-14	39
<b>Total operating income</b>	<b>557</b>	<b>536</b>	<b>497</b>	<b>557</b>	<b>497</b>	<b>1,893</b>
Personnel costs	-113	-93	-89	-113	-89	-346
Other expenses	-98	-112	-88	-98	-88	-400
Amortisation and depreciation of fixed assets	-8	-47	-7	-8	-7	-69
<b>Total expenses before loan losses</b>	<b>-219</b>	<b>-252</b>	<b>-184</b>	<b>-219</b>	<b>-184</b>	<b>-815</b>
<b>Profit/loss before loan losses</b>	<b>338</b>	<b>284</b>	<b>313</b>	<b>338</b>	<b>313</b>	<b>1,078</b>
Loan losses, net (Note 3)	1	-29	12	1	12	7
Participations in joint ventures	1	-	-	1	-	-
<b>Operating profit/loss</b>	<b>340</b>	<b>255</b>	<b>325</b>	<b>340</b>	<b>325</b>	<b>1,085</b>
Tax	-74	-57	-72	-74	-72	-212
<b>Profit/loss for the period</b>	<b>266</b>	<b>198</b>	<b>253</b>	<b>266</b>	<b>253</b>	<b>873</b>

## Statement of comprehensive income

Group SEK million	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
<b>Profit/loss for the period</b>	<b>266</b>	<b>198</b>	<b>253</b>	<b>266</b>	<b>253</b>	<b>873</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	2	2	4	2	4	17
Tax attributable to components that will be reversed against the income statement	-1	-0	-1	-1	-1	-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	-	-	-	34
Tax attributable to components that will not be reversed against the income statement	-	-8	-	-	-	-8
<b>Other comprehensive income, net after tax</b>	<b>1</b>	<b>28</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>40</b>
<b>Total comprehensive income for the period</b>	<b>267</b>	<b>226</b>	<b>256</b>	<b>267</b>	<b>256</b>	<b>913</b>



## Balance sheet

Group SEK million	31/03/2014	31/03/2013	31/12/2013
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	9,574	11,865	8,183
Lending to credit institutions	26,664	25,205	20,267
Lending to the public (Note 4)	257,961	257,627	258,739
Change in value of interest-rate-hedged items in portfolio hedges	811	1,034	757
Bonds and other interest-bearing securities	37,270	27,786	38,736
Derivative instruments (Note 5)	6,890	10,960	6,449
Shares and participations	225	154	217
Shares and participations in joint ventures	77	-	-
Deferred tax assets	-	50	-
Intangible fixed assets	181	143	165
Tangible fixed assets	34	39	37
Other assets	752	635	595
Prepaid expenses and accrued income	995	1,064	913
<b>TOTAL ASSETS</b>	<b>341,434</b>	<b>336,562</b>	<b>335,058</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	21,095	20,916	15,191
Deposits from the public	52,017	28,915	45,869
Debt securities in issue	237,869	250,836	243,870
Derivative instruments (Note 5)	9,661	14,934	10,363
Other liabilities	638	329	306
Accrued expenses and prepaid income	3,843	4,586	3,502
Provisions	558	73	485
Subordinated debt	5,805	6,949	5,791
<b>Total liabilities</b>	<b>331,486</b>	<b>327,538</b>	<b>325,377</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Equity method reserve	0	-	-
Other reserves	14	-24	13
Retained earnings	7,710	6,837	6,837
Profit/loss for the period	266	253	873
<b>Total equity</b>	<b>9,948</b>	<b>9,024</b>	<b>9,681</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>341,434</b>	<b>336,562</b>	<b>335,058</b>

## Statement of changes in equity

Group SEK million	Share capital	Equity method reserve	Other reserves	Retained earnings	P/L for the period	Total equity
<b>Opening balance, 1 January 2014</b>	1,958	-	13	7,710	-	9,681
Change in equity method reserve		0				0
Total comprehensive income for the period			1		266	267
<b>Closing balance, 31 March 2014</b>	<b>1,958</b>	<b>0</b>	<b>14</b>	<b>7,710</b>	<b>266</b>	<b>9,948</b>
<b>Opening balance, 1 January 2013</b>	1,958	-	-27	6,837	-	8,768
Total comprehensive income for the period			3		253	256
<b>Closing balance, 31 March 2013</b>	<b>1,958</b>	<b>-</b>	<b>-24</b>	<b>6,837</b>	<b>253</b>	<b>9,024</b>
<b>Opening balance, 1 January 2013</b>	1,958	-	-27	6,837	-	8,768
Total comprehensive income for the period			40		873	913
<b>Closing balance, 31 December 2013</b>	<b>1,958</b>	<b>-</b>	<b>13</b>	<b>6,837</b>	<b>873</b>	<b>9,681</b>

## Cash flow statement

Group SEK million	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
<b>Cash and cash equivalents at the beginning of the period</b>	<b>19,238</b>	<b>17,536</b>	<b>17,536</b>
Cash flow from operating activities	7,420	7,396	2,818
Cash flow from investing activities	-22	-35	-116
Cash flow from funding activities	-	-	-1,000
<b>Increase/Decrease in cash and cash equivalents</b>	<b>7,398</b>	<b>7,361</b>	<b>1,702</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>26,636</b>	<b>24,897</b>	<b>19,238</b>

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	31/03/2014	31/03/2013*	31/12/2013*
Common Equity Tier 1 Capital	9,564	9,538	9,583
Tier 1 Capital	11,959	12,532	12,577
Tier 2 Capital	2,804	3,219	2,067
<b>Own Funds</b>	<b>14,763</b>	<b>15,751</b>	<b>14,644</b>
Own Funds according to Basel I transitional rules	14,812	15,751	14,644

\*According to previous rules (Basel II)

## Capital requirement

Group SEK million	31/03/2014**	31/03/2013*	31/12/2013*
Credit Risk, Internal Ratings Based Approach	2,676	2,577	2,130
Credit Risk, Standardised Approach	1,050	722	720
Market Risk	429	147	287
Operational Risk	215	154	154
CVA Risk	69	-	-
<b>Capital Requirement</b>	<b>4,437</b>	<b>3,600</b>	<b>3,291</b>
Capital Requirement according to Basel I transitional rules	11,375	10,983	11,168

\*According to previous rules (Basel II)

\*\*Including Capital Conservation Buffer

## Capital adequacy

Group SEK million	31/03/2014	31/03/2013*	31/12/2013*
<b>Without transitional rules</b>			
RWA	42,262	44,994	41,149
Common Equity Tier 1 Capital Ratio	22.6%	21.2%	23.3%
Tier 1 Capital Ratio	28.3%	27.9%	30.6%
Total Capital Ratio	34.9%	35.0%	35.6%
<b>With transitional rules</b>			
RWA	142,192	137,284	139,600
Total Capital Ratio	10.4%	11.5%	10.5%

\*According to previous 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 Bolån AB will, effective from 2014, be consolidated using the equity method rather than the proportional method. Since FriSpar Bolån AB 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 will 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 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
<b>Gains/losses on interest-bearing financial instruments</b>						
- Securities measured at fair value through profit or loss	381	155	-111	381	-111	-248
- Change in value of hedged items in hedge accounting	-442	137	614	-442	614	1,419
- Realised expense from financial liabilities	-21	-49	-34	-21	-34	-144
- Derivative instruments	135	-156	-501	135	-501	-1,097
- Loan receivables	19	23	20	19	20	87
<b>Currency translation effects</b>	2	7	-6	2	-6	6
<b>Gains/losses on shares and participations measured at fair value through the income statement</b>	8	3	4	8	4	16
<b>Total</b>	<b>82</b>	<b>120</b>	<b>-14</b>	<b>82</b>	<b>-14</b>	<b>39</b>

#### 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 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
<b>CORPORATE MARKET</b>						
<b>INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-0	-1	-0	-0	-0	-2
Reversal of prior provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	0	-	-	-	1
Provision for probable loan losses for the period	-0	-3	-0	-0	-0	-3
Reversal of prior provisions for probable loan losses no longer required	7	0	8	7	8	8
Guarantees	-	1	0	-	0	1
<b>Net income/cost for the period for individual provisions for corporate market loans</b>	<b>7</b>	<b>-3</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>5</b>
<b>COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS</b>						
Allocations to/redemption of collective provisions	3	-4	-5	3	-5	1
Guarantees	-1	-2	5	-1	5	0
<b>Net income/cost for the period for collective provisions for corporate market loans</b>	<b>2</b>	<b>-6</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>
<b>RETAIL MARKET</b>						
<b>INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-2	-3	-4	-2	-4	-15
Reversal of prior provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	1	1	5	1	5	11
Provision for probable loan losses for the period	-2	-4	-2	-2	-2	-9
Reversal of prior provisions for probable loan losses no longer required	0	0	0	0	0	0
Guarantees	-	0	-	-	-	0
<b>Net cost for the period for individual provisions for retail market loans</b>	<b>-3</b>	<b>-6</b>	<b>-1</b>	<b>-3</b>	<b>-1</b>	<b>-13</b>
<b>COLLECTIVE PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-8	-6	-3	-8	-3	-21
Recoveries in respect of confirmed loan losses in prior years	1	1	1	1	1	3
Allocation to/redemption of collective provisions	0	-7	8	0	8	38
Guarantees	2	-2	-1	2	-1	-6
<b>Net income/cost for the period for collective provisions for retail market loans</b>	<b>-5</b>	<b>-14</b>	<b>5</b>	<b>-5</b>	<b>5</b>	<b>14</b>
<b>NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES</b>	<b>1</b>	<b>-29</b>	<b>12</b>	<b>1</b>	<b>12</b>	<b>7</b>

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	31/03/2014		31/03/2013		31/12/2013	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	104,142	-147	101,373	-164	103,497	-150
Tenant-owner rights	68,581	-84	63,418	-94	67,278	-82
Tenant-owner associations	54,272	-15	55,214	-11	54,839	-13
Private multi-family dwellings	21,832	-29	25,826	-47	23,465	-41
Municipal multi-family dwellings	3,629	-	4,626	-	3,728	-
Commercial properties	4,527	-	6,629	-	5,034	-
Other	1,259	-6	864	-7	1,189	-5
Provision for probable loan losses	-281	-	-323	-	-291	-
<b>Total</b>	<b>257,961</b>	<b>-281</b>	<b>257,627</b>	<b>-323</b>	<b>258,739</b>	<b>-291</b>
<b>Doubtful and non-performing loan receivables</b>				<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/12/2013</b>
a) Doubtful loan receivables				54	53	62
b) Non-performing loan receivables* included in doubtful loan receivables				8	17	20
c) Non-performing loan receivables* not included in doubtful loan receivables				230	310	338
d) Individual provisions for loan receivables				41	44	47
e) Collective provisions for corporate market loans				22	32	26
f) Collective provisions for retail market loans				218	247	218
g) Total provisions (d+e+f)				281	323	291
h) Doubtful loan receivables after individual provisions (a-d)				13	9	15
i) Provision ratio for individual provisions (d/a)				76%	83%	76%

\*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	31/03/2014		31/03/2013		31/12/2013	
	SBAB**	SBAB incl. all of FriSpar	SBAB**	SBAB incl. all of FriSpar	SBAB**	SBAB incl. all of FriSpar
Retail lending	173,736	173,736	165,390	165,637	171,728	171,728
- new lending	7,784	7,784	7,034	7,733	30,061	32,675
Corporate lending (incl. tenant-owner assn.)	84,225	84,225	92,237	92,250	87,011	87,011
- new lending	1,739	1,739	1,358	1,358	7,306	7,306
<b>Total</b>	<b>257,961</b>	<b>257,961</b>	<b>257,627</b>	<b>257,887</b>	<b>258,739</b>	<b>258,739</b>
- new lending	9,523	9,523	8,392	9,091	37,367	39,981

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

## Note 5 Derivative instruments

Group SEK million	31/03/2014		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	4,775	3,112	220,234
Currency related	2,115	6,549	99,976
<b>Total</b>	<b>6,890</b>	<b>9,661</b>	<b>320,210</b>

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

## Note 6 Operating segments

Segment income statement Group SEK million	Jan-Mar 2014					Jan-Mar 2013				
	Retail market	Collab. market	Tenant- owner	Other	Total*	Retail market	Collab. market	Tenant- owner	Other	Total*
Income <sup>1)</sup>	212	102	158	3	475	235	97	170	9	511
Net result from financial instruments meas. at fair value	8	-0	0	74	82	4	-0	0	-18	-14
<b>Total operating income</b>	<b>220</b>	<b>102</b>	<b>158</b>	<b>77</b>	<b>557</b>	<b>239</b>	<b>97</b>	<b>170</b>	<b>-9</b>	<b>497</b>
Expenses <sup>2)</sup>	-132	-36	-51	-	-219	-110	-25	-49	-	-184
Loan losses, net	-5	-2	8	-	1	2	-0	10	-	12
Participations in joint ventures	-	1	-	-	1	-	-	-	-	-
<b>Profit/loss before tax</b>	<b>83</b>	<b>65</b>	<b>115</b>	<b>77</b>	<b>340</b>	<b>131</b>	<b>72</b>	<b>131</b>	<b>-9</b>	<b>325</b>
Tax	-18	-14	-25	-17	-74	-31	-17	-29	5	-72
<b>Profit/loss after tax</b>	<b>65</b>	<b>51</b>	<b>90</b>	<b>60</b>	<b>266</b>	<b>100</b>	<b>55</b>	<b>102</b>	<b>-4</b>	<b>253</b>
<b>Return on equity</b>	<b>7.1%</b>	<b>7.5%</b>	<b>11.8%</b>		<b>10.8%</b>	<b>12.4%</b>	<b>11.9%</b>	<b>14.2%</b>		<b>11.4%</b>

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

<sup>2)</sup> 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

### Changes regarding the identification of operating segments

In September 2013, the sales departments for the Corporate and Tenant-owner Association markets were merged to form a new unit, Corporate clients and Tenant-owner associations. The comparison figures have been recalculated for the three current segments Retail Market, Collaboration Market and Corporate clients and Tenant-owner associations.

## Note 7 Classification of financial instruments

Group	31/03/2014				Total fair value
	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Loan receivables	Total	
<b>Financial assets</b>					
<b>SEK million</b>					
Cash and balances at central banks			0	0	0
Chargeable treasury bills and other eligible bills	9,574			9,574	9,574
Lending to credit institutions			26,664	26,664	26,664
Lending to the public			257,961	257,961	260,043
Change in value of interest-rate-hedged items in portfolio hedges			811	811	-
Bonds and other interest-bearing securities	34,950		2,320	37,270	37,119
Derivative instruments	1,889	5,001		6,890	6,890
Shares and participations	225			225	225
Other assets			752	752	752
Prepaid expenses and accrued income	664		331	995	995
<b>Total</b>	<b>47,302</b>	<b>5,001</b>	<b>288,839</b>	<b>341,142</b>	<b>342,262</b>

Group	31/03/2014				Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	
<b>Financial liabilities</b>					
<b>SEK million</b>					
Liabilities to credit institutions			21,095	21,095	21,095
Deposits from the public			52,017	52,017	52,017
Debt securities in issue			237,869	237,869	238,370
Derivative instruments	5,250	4,411		9,661	9,661
Other liabilities			638	638	638
Accrued expenses and prepaid income			3,843	3,843	3,843
Subordinated debt			5,805	5,805	5,807
<b>Total</b>	<b>5,250</b>	<b>4,411</b>	<b>321,267</b>	<b>330,928</b>	<b>331,431</b>

### 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	31/03/2014	
	Carrying amount	Fair value
<b>SEK million</b>		
<b>Country of asset</b>		
Spain	2,045	1,897
The Netherlands	275	273
<b>Total</b>	<b>2,320</b>	<b>2,170</b>

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 31 March 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 31 March 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 22 million, net after tax, at 31 March 2014. After the reclassification date, SEK 163 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 10 million before tax on the value of the reserve.

## Note 8 Information about fair value

Group SEK million	31/03/2014			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
<b>Assets</b>				
Securities in the category trade	44,749	-	-	44,749
Derivatives in the category trade	4	1,885	-	1,889
Other derivatives	-	5,001	-	5,001
<b>Total</b>	<b>44,753</b>	<b>6,886</b>	<b>-</b>	<b>51,639</b>
<b>Liabilities</b>				
Derivatives in the category trade	4	5,246	-	5,250
Other derivatives	-	4,411	-	4,411
<b>Total</b>	<b>4</b>	<b>9,657</b>	<b>-</b>	<b>9,661</b>

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. 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.

## Note 9 Liquidity reserve

Liquidity Reserve SEK million	Distribution by currency				
	31/03/2014	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	15,109	5,897	8,547	665	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,844	3,846	-	998	-
Covered bonds issued by others	25,026	17,853	5,832	1,122	219
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	2,171	-	2,171	-	-
Other securities	-	-	-	-	-
<b>Total</b>	<b>47,150</b>	<b>27,596</b>	<b>16,550</b>	<b>2,785</b>	<b>219</b>
Bank and loan facilities	-	-	-	-	-
<b>Total</b>	<b>47,150</b>	<b>27,596</b>	<b>16,550</b>	<b>2,785</b>	<b>219</b>
Distribution by currency		59%	35%	6%	0%

SBAB's liquidity portfolio primarily comprises liquid, fixed income securities with a high rating and it is an integral 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 Banking 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-March 2014 compared with January-March 2013

Operating profit for the period amounted to SEK 82 million (112). The operating profit was primarily attributable to lower net interest income of SEK 60 million (80). Net result from financial transactions was SEK 70 million (52). Expenses totalled SEK 233 million (209). The net effect of loan losses was a gain of SEK 1 million (6). Lending to the public amounted to SEK 47.9 billion (48.6). 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 25.3% (33.3) and 41.3% (59.3), respectively. The decrease in the capital ratios is primarily attributable to new regulations regarding shares in subsidiaries.

## Income statement

Parent Company SEK million	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
Interest income	763	829	799	763	799	3,243
Interest expenses	-703	-782	-719	-703	-719	-2,960
<b>Net interest income</b>	<b>60</b>	<b>47</b>	<b>80</b>	<b>60</b>	<b>80</b>	<b>283</b>
Dividends received	20	-	19	20	19	19
Commission income	11	28	32	11	32	124
Commission expenses	-16	-20	-19	-16	-19	-74
Net result of financial transactions	70	64	52	70	52	128
Other operating income	169	189	151	169	151	581
<b>Total operating income</b>	<b>314</b>	<b>308</b>	<b>315</b>	<b>314</b>	<b>315</b>	<b>1,061</b>
Personnel costs	-117	-100	-95	-117	-95	-371
Other expenses	-110	-131	-109	-110	-109	-480
Amortisation and depreciation of fixed assets	-6	-5	-5	-6	-5	-20
<b>Total expenses before loan losses</b>	<b>-233</b>	<b>-236</b>	<b>-209</b>	<b>-233</b>	<b>-209</b>	<b>-871</b>
<b>Profit before loan losses</b>	<b>81</b>	<b>72</b>	<b>106</b>	<b>81</b>	<b>106</b>	<b>190</b>
Loan losses, net	1	-20	6	1	6	-14
<b>Operating profit</b>	<b>82</b>	<b>52</b>	<b>112</b>	<b>82</b>	<b>112</b>	<b>176</b>
Taxes	-14	142	-21	-14	-21	154
<b>Profit for the period</b>	<b>68</b>	<b>194</b>	<b>91</b>	<b>68</b>	<b>91</b>	<b>330</b>

## Statement of comprehensive income

Parent Company SEK million	2014 Q1	2013 Q4	2013 Q1	2014 Jan-Mar	2013 Jan-Mar	2013 Jan-Dec
<b>Profit for the period</b>	<b>68</b>	<b>194</b>	<b>91</b>	<b>68</b>	<b>91</b>	<b>330</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	2	2	4	2	4	17
Tax attributable to components that will be reversed against the income statement	-1	-0	-1	-1	-1	-3
<b>Other comprehensive income, net after tax</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>14</b>
<b>Total comprehensive income for the period</b>	<b>69</b>	<b>196</b>	<b>94</b>	<b>69</b>	<b>94</b>	<b>344</b>



## Balance sheet

Parent Company SEK million	31/03/2014	31/03/2013	31/12/2013
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	9,575	11,865	8,183
Lending to credit institutions (Note 10)	59,058	46,606	49,183
Lending to the public	47,882	48,571	48,758
Change in value of interest-rate-hedged items in portfolio hedges	-	-	1
Bonds and other interest-bearing securities	37,270	27,786	38,736
Derivative instruments	6,423	9,547	4,981
Shares and participations	225	154	217
Shares and participations in joint ventures	77	830	113
Shares and participations in Group companies	10,300	9,600	10,300
Intangible fixed assets	17	13	14
Tangible fixed assets	34	39	37
Other assets	553	134	477
Prepaid expenses and accrued income	790	816	695
<b>TOTAL ASSETS</b>	<b>172,204</b>	<b>155,961</b>	<b>161,695</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	8,008	2,297	557
Deposits from the public	52,017	28,915	45,869
Debt securities in issue	86,479	96,551	91,316
Derivative instruments	8,833	11,866	7,909
Other liabilities	1,313	234	996
Accrued expenses and prepaid income	1,257	1,072	848
Provisions	148	51	133
Subordinated debt	5,804	6,949	5,791
<b>Total liabilities</b>	<b>163,859</b>	<b>147,935</b>	<b>153,419</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Fair value reserve	-22	-34	-23
Retained earnings	5,949	5,619	5,619
Profit for the period	68	91	330
<b>Total equity</b>	<b>8,345</b>	<b>8,026</b>	<b>8,276</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>172,204</b>	<b>155,961</b>	<b>161,695</b>
<b>Memorandum items</b>			
Assets pledged for own liabilities	7,345	1,902	9
Commitments	56,930	64,204	48,298

## Capital adequacy

Parent Company SEK million	31/03/2014	31/03/2013*	31/12/2013*
Common Equity Tier 1 Capital	8,200	7,994	8,268
Tier 1 Capital	10,596	10,988	11,262
Total Capital	13,399	14,231	13,368
<b>Without transitional rules</b>			
RWA	32,454	23,993	23,417
Common Equity Tier 1 Capital Ratio	25.3%	33.3%	35.3%
Tier 1 Capital Ratio	32.6%	45.8%	48.1%
Total Capital Ratio	41.3%	59.3%	57.1%
<b>With transitional rules</b>			
RWA	33,742	31,545	32,507
Total Capital Ratio	39.8%	45.1%	41.1%

\*According to previous rules (Basel II)

### Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 42,375 million relates to a receivable from the wholly owned subsidiary AB Sveriges S akerst allda 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.

## Review Report

To the Board of Directors of SBAB Bank AB (publ)  
Corp. ID No. 556253-7513

### Introduction

We have reviewed the interim report of the interim financial information (the interim report) for SBAB Bank AB (publ) as of 31 March 2014 and for the three-month period then ended. The Board of directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report 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 (ISRE) 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 the Auditing Standard in Sweden (RS) and generally accepted auditing practice 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. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

### Opinion

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

Stockholm, 25 April 2014

KPMG AB

Hans Åkervall  
Authorised Public Accountant