



Press release, 25 April 2014

Interim report 1 January – 31 March 2014

Improved profit and continued growth in deposits

SBAB's CEO, Per Anders Fasth, comments:

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.

First quarter of 2014 compared with the 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).

SBAB's business concept is to provide a new banking experience to consumers in Sweden by treating every customer as unique and being the bank that is easiest to access and understand. Today, savings and loans services are offered to private individuals, tenant-owner associations and companies. During 2014, everyday banking services will also be launched, including salary accounts and bank cards. SBAB was founded in 1985 and is owned by the Swedish state. SBAB has about 350,000 customers and some 480 employees. Read more at www.sbab.se/2/in_english, www.twitter.com/sbabbank, www.facebook.com/sbabbank.

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- 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).

SBAB's interim report is available for download from: www.sbab.se/investor

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