

SBAB! Interim Report

1 January – 30 June 2015 | SBAB Bank AB (publ)

Strong volume growth and profit trend

Second quarter of 2015 (First quarter of 2015)

- New lending increased to SEK 21.8 billion (13.3). Total lending increased to SEK 274.1 billion (265.0).
- Deposits amounted to SEK 67.2 billion (63.9).
- Operating profit totalled SEK 262 million (450). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 384 million (336).
- Net interest income amounted to SEK 637 million (555).
- Expenses totalled SEK 204 million (194), of which restructuring costs accounted for SEK 2 million (1).
- The net effect of loan losses was an expense of SEK 23 million (expense: 3).
- Return on equity was 7.3% (12.5), and 10.6% (9.4) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 26.8% (27.5).

January–June 2015 (January– June 2014)

- Operating profit totalled SEK 712 million (842). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 720 million (531).
- Net interest income amounted to SEK 1,192 million (1,010).
- Expenses totalled SEK 398 million (438), of which restructuring costs accounted for SEK 3 million (-).
- The net effect of loan losses was an expense of SEK 26 million (gain: 21).
- Return on equity was 10.1% (12.6), and 10.2% (8.0) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 26.8% (23.5).

Net interest income SEK 637 million (555)	New lending SEK 21.8 billion (13.3)
Total lending SEK 274.1 billion (265.0)	Number of downloads of the app "Värdeguiden" (the value guide) 65,269 (-)

Statement by the CEO

It is our mission to contribute to better housing and improved housing finances. We help make dreams come true – dreams of a home. Growth in the form of expanding volumes and market shares within residential mortgages and housing financing are to be the results of our work. These are also key to achieving long-term profitability. We are continuously developing, improving and digitising our customer offering while at the same time striving to achieve greater cost-efficiencies in an increasingly regulated and complex environment.

The second quarter of 2015 was our strongest quarter to date with regard to new lending, net interest income and operating profit/loss before net income/expense from financial instruments and restructuring costs. In the first six months, we increased our market shares within Retail and reduced our costs compared to last year. All employees have shown great commitment and have handled the high volumes of business in a very professional manner.

We are fast and easy to deal with, and we are the most digital residential mortgage provider in Sweden. There is no need for a meeting in a branch office, booked several weeks in advance, to obtain a mortgage, and you do not need to reassign all of your finances to us in order to receive better terms and conditions for your mortgage. Our digital services are there for your convenience – you can give us a call when it suits you to talk to a residential mortgage specialist who cares about you and your specific situation – you will obtain favourable terms and conditions right away, without any need to negotiate and transfer all of your finances. Any other way of working seems ancient to us.

Our “Värdeguiden” app (the value guide) is a good example of how we work. You can quickly and easily obtain an assessment of the value of your home and can apply directly for a loan commitment prior to viewings and the bidding process. During the quarter, “Värdeguiden” topped the chart of the most used finance apps.

Rising house prices and increased indebtedness are two subject matters that have been discussed frequently in 2015. The extremely low interest rates fuel both. Demand for housing is strong while supply is low. More should be done to increase residential construction while tax rules should encourage movement in the housing market instead of preventing it, and the interest deduction option should be reviewed. We believe it is sound to amortise residential mortgages, and the amortisation culture in Sweden has improved significantly in recent years – also among our customers. However, flexible amortisation rules are to be preferred instead of the mandatory amortisation requirements that will most likely be implemented, in order for us to take the individual’s unique situation into account. Mandatory amortisation requirements may cause even stronger lock-up effects in the housing market by counteracting the incentives to move from existing homes that are mortgaged using amortisation-free loans. Simplified building regulations and a flexible property market without lock-up effects are required in order to meet the huge housing requirement and avoid a price bubble in the housing market.

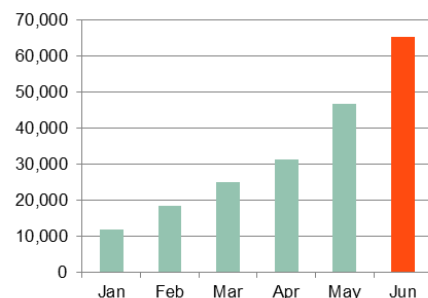
Finally, I wish to comment on one of our most exciting business development areas – sustainable business. For us, better housing is sustainable housing. During 2015, we are integrating our sustainability efforts fully into our daily operations by making them a natural part of the development of our customer offering. Just as we would no longer consider buying food in a store without organic goods, in the future, we will probably not want to borrow money from a bank without a sustainable customer offering. Our first sustainable offering is a green loan aimed at tenant-owner associations. One of our future sustainable offerings is an energy app that will help our customers reduce their energy consumption at home.

I wish you a continued enjoyable summer!

Klas Danielsson, CEO



Number of downloads of “Värdeguiden” in 2015 (accumulated)



Market development and volumes

Market overview

Group	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun
LENDING					
Retail					
Number of residential mortgage customers, thousands	246	244	242	246	242
Number of residential mortgages (financed objects*), thousands	164	162	160	164	160
New lending, SEK billion	16.8	11.2	10.2	28.1	18.0
Change in lending, SEK billion	7.2	3.5	3.2	10.7	5.2
Total retail lending, SEK billion	194.1	186.9	177.1	194.1	177.1
Market share residential mortgages, retail, %	7.39%	7.33%	7.31%	7.39%	7.31%
Market share consumer loans, %	0.89%	0.86%	0.67%	0.89%	0.67%
Corporate clients and tenant-owner associations					
Number of new corporate and tenant-owner association customers	3,012	3,082	3,328	3,012	3,328
New lending, SEK billion	5.0	2.1	1.5	7.1	3.2
Change in lending, SEK billion	2.0	0.0	-2.1	2.0	-4.9
Total lending corporate clients and tenant-owner associations, SEK billion	80.2	78.3	82.1	80.2	82.1
Market share tenant-owner associations, %	13.51%	13.65%	14.42%	13.51%	14.42%
Market share corporate clients, %	9.49%	9.51%	9.34%	9.49%	9.34%
Total new lending, SEK billion *	21.8	13.3	11.7	35.2	21.2
Total lending, SEK billion	274.1	265.0	259.0	274.1	259.0
DEPOSITS					
Number of accounts	281,239	276,047	252,272	281,239	252,272
Change in the number of accounts	5,192	8,335	13,318	13,527	35,144
Change, SEK billion	3.3	3.3	3.5	6.6	9.6
Total deposits, SEK billion	67.2	63.9	55.5	67.2	55.5
Deposits, retail	51.2	49.3	45.0	51.2	45.0
Deposits, corporate clients	16.0	14.6	10.4	16.0	10.4
Market share deposits, retail, %	3.59%	3.55%	3.39%	3.59%	3.39%
Market share deposits, corporate clients, %	1.90%	1.78%	1.40%	1.90%	1.40%

* Object refers to a single-family dwelling, tenant-owner right or holiday home.

** After deduction for probable loan losses.

Development in the second quarter of 2015 compared with the first quarter of 2015

Retail

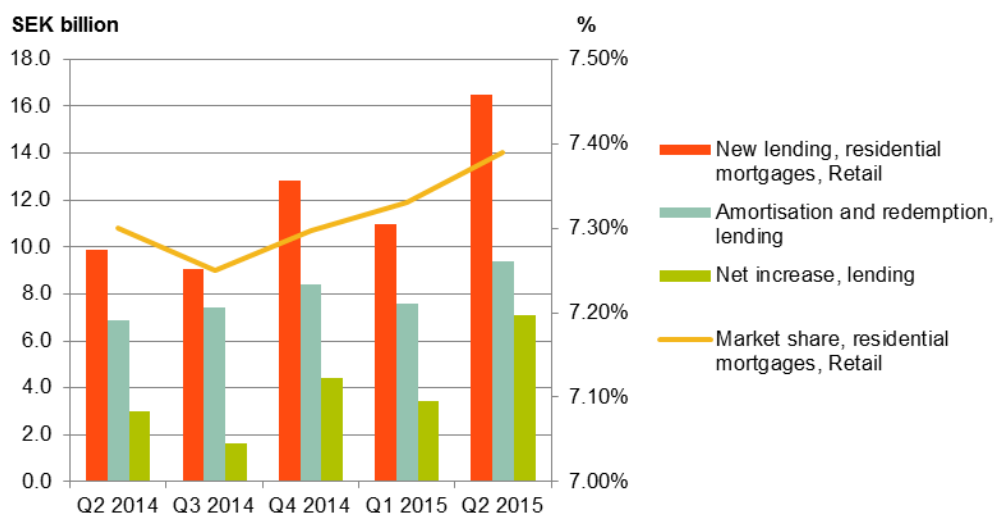
The housing market continued its strong performance in parts of the country with a steep or very steep price trend, primarily in the metropolitan regions and in other major cities. Underlying structural factors such as demography and population growth, urbanisation, insufficient housing construction, and tax and regulatory systems act as drivers of developments in the housing market. We note that the residential mortgage providers, including SBAB, react to the sharp price increases in the housing market with more restrictive credit approval rules. The Swedish Financial Supervisory Authority withdrew its proposal for mandatory amortisation rules due to lack of legislative support, following the Jönköping District Court's opinion in a consultation process. The subject matter however is still very much alive since the regulator is searching for a new way of implementing it within the bounds of the law.

SBAB offers savings and loan products to private individuals. SBAB had approximately 246,000 residential mortgage customers (approximately 244,000) at the end of the period, distributed over 164,000 financed objects (162,000). Residential mortgages are offered under our own brand and through partnerships with banks and estate agents.

The greater majority of SBAB's residential mortgage customers choose shorter maturities. The share of total lending with a three-month fixed-interest period amounts to 67.4% (63.8).

During the quarter, new lending to retail customers increased to SEK 16.8 billion (11.2), of which SEK 16.5 billion (11.0) involves residential mortgages. Total lending to retail customers rose to SEK 194.1 billion (186.9). The market share of residential mortgages to retail customers continued to grow and amounted to 7.39% (7.33) as at 31 May. For consumer loans, the market share was 0.89% (0.86).

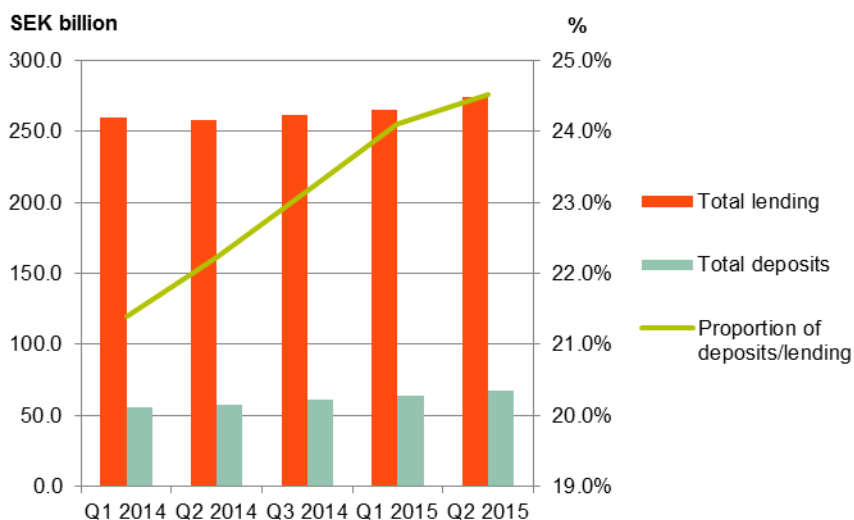
Chart showing lending and market shares for residential mortgages, Retail



SBAB's retail deposits rose by SEK 1.9 billion (1.4) in the quarter to a total of SEK 51.2 billion (49.3). The market share within retail deposits increased to 3.59% (3.55).

In 2015 and thereafter, SBAB will focus on increased digitisation in the form of simplified IT systems and processes, increased digital communication and an improved digital customer experience, with the aim of meeting customer behaviour and demand. Through increased digitisation, we can offer better service, become more cost-efficient and grow at lower marginal costs.

Chart showing total deposits in relation to total lending



Corporate clients and tenant-owner associations

The market for multi-family dwellings is characterised by continued high activity and good access to funding. The transaction market has remained strong. SBAB's new lending increased in the second quarter. We have noted increased activity with regard to the new production of housing, and due to the business situation, we believe that the right conditions exist for us to start taking additional market shares. The financing of new production of housing is an area of priority for SBAB, and it is also one of the central sustainability targets. Also with regard to refinancing and additional credit to tenant-owner associations, there is now more activity on the market, and SBAB is both expanding the volume of existing customers and increasing the number of new customers.

SBAB offers savings and loans to property companies and tenant-owner associations. The number of customers amounted to 3,012 (3,082) at the end of the period.

New lending to property companies and tenant-owner associations increased to SEK 5.0 billion (2.1) in the period. Total lending increased to SEK 80.2 billion (78.3). The tenant-owner association market share was 13.51% (13.65) as at 31 May, and the corporate client market share was 9.49% (9.51).

Deposits from corporate clients rose by SEK 1.4 billion (1.9) to a total of SEK 16.0 billion (14.6). The market share within deposits from corporate clients (not financial companies) increased to 1.90% (1.78).

Financial performance

Quarterly overview

Group	2015	2015	2014	2014	2014
SEK million	Q2	Q1	Q4	Q3	Q2
Net interest income	637	555	549	552	514
Net commission income	-28	-23	-20	-27	-42
Net result from financial instruments measured at fair value (Note 2)	-120	115	126	183	229
Total operating income	489	647	655	708	701
Expenses	-204	-194	-223	-347	-219
- of which restructuring costs	-2	-1	-3	-175	-
Profit/loss before loan losses	285	453	432	361	482
Loan losses, net (Note 3)	-23	-3	8	1	20
Participations in joint ventures	-	-	1	-1	0
Operating profit/loss	262	450	441	361	502
Operating profit excl. net result from financial instruments and restructuring costs	384	336	318	353	273
Tax	-58	-99	-97	-78	-139
Profit/loss for the periods	204	351	344	283	363
Cost/Income ratio	42%	30%	34%	49%	31%
Return on equity ¹⁾	7.3%	12.5%	12.8%	10.9%	14.3%
Return on equity excl. net result from financial instruments and restructuring costs ¹⁾	10.6%	9.4%	9.3%	10.7%	8.4%
Common Equity Tier 1 capital ratio ²⁾	26.8%	27.5%	29.8%	26.1%	23.5%

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

Development in the second quarter of 2015 compared with the first quarter of 2015

Operating profit

Operating profit declined to SEK 262 million (450). Excluding net income/expense from financial instruments and restructuring costs, operating profit rose to SEK 384 million (336), primarily driven by higher net interest income. The difference in operating profit between the quarters is primarily attributable to a lower net income/expense from financial instruments measured at fair value.

Net interest and net commission

Net interest income rose to SEK 637 million (555) in the period, driven by an increased volume and improved lending margins. Net commission income for the period amounted to an expense of SEK 28 million (expense: 23), including a fee of SEK 32 million (32) for the government stability fund.

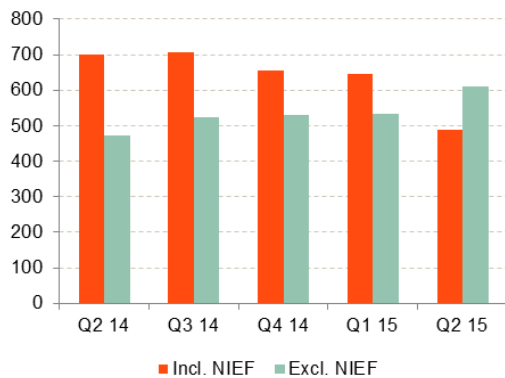
Expenses

Expenses increased to SEK 204 million (194). This increase in costs is primarily explained by higher personnel costs, as additional employees have been brought in to handle the strong demand for credit that also leads to strong increase in volume and inflow of new customers.

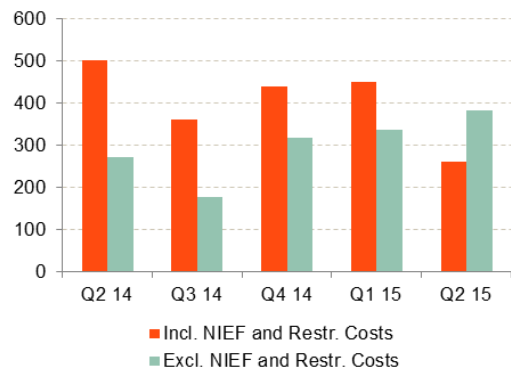
Loan losses

The net effect of loan losses was a loss of SEK 23 million (loss: 3) in the second quarter. The provisions for credit losses have increased, primarily because a few older commitments within the Corporate clients and Tenant-owner association business area.

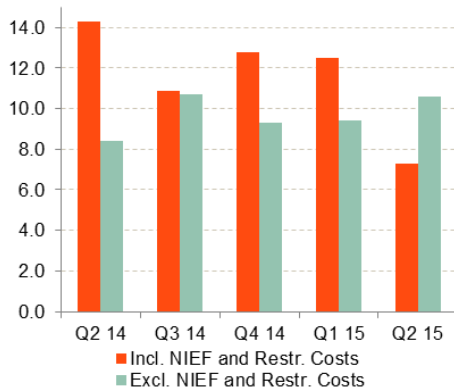
Operating income (SEK million)



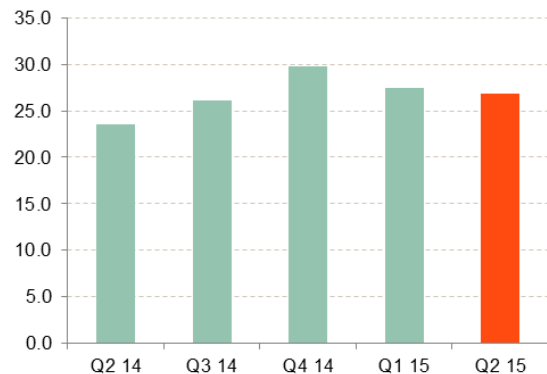
Operating profit (SEK million)



Return on equity (%)



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



NIEF = Net income/expense from financial items. Restr. Costs = Restructuring costs.

Net income/expense from financial instruments measured at fair value

Net income/expense from financial instruments measured at fair value amounted to an expense of SEK 120 million (income: 115) for the period. The greatest factor impacting earnings was unrealised market value changes in the liquidity portfolio. For further information regarding how unrealised changes in market values affected profit for the period, please see Note 2.

Lending and deposits

New lending for the period amounted to SEK 21.8 billion (13.3) and the total lending volume increased to SEK 274.1 billion (265.0). Deposits rose by SEK 3.3 billion (3.3) in the quarter to SEK 67.2 billion (63.9).

Funding

The total value of outstanding debt securities in issue rose by SEK 12.4 billion during the quarter to SEK 254.1 billion (241.7). During the quarter, securities amounting to SEK 37 billion (21.6) were issued, securities amounting to SEK 3.5 billion (5.6) were repurchased and securities amounting to SEK 18.9 billion (16.0) matured.

In the international market, SBAB issued a public three-year bond of EUR 750 million. The issue met favourable demand, both in Europe and Asia.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation), "SCBC". Total outstanding covered debt totalled SEK 177.5 billion (173.1), compared with SEK 175.0 billion at the beginning of the year.

In the second quarter, a Tier 2 loan was also issued, with a volume of SEK 1 billion, intended to reinforce SBAB's own funds. The transaction was issued in SEK and met favourable demand.

In the first six months, the SBAB Group issued SEK 47 billion in long-term bonds, covering approximately 90 percent of the liabilities that mature in 2015.

Capital adequacy

Credit risk is mainly reported in accordance with the IRB approach, and operational and market risks are reported in accordance with the standardised approach. According to the internal capital target, Common Equity Tier 1 capital ratio according to Pillar 1, without consideration for transitional rules, shall amount to at least 22%. The Common Equity Tier 1 capital ratio amounted to 26.8 percent (27.5). The total capital ratio according to Pillar 1, without consideration for transitional rules, amounted to 40.9% (40.1). This provides a comfortable margin to applicable external regulatory requirements. For information concerning other capital ratios, please refer to the table on page 14.

Profit for the period is included in own funds while the expected dividend has reduced own funds. The capital requirement has primarily been affected by an increased credit volume. A new subordinated debenture of SEK 1,000 million was concluded in June, and simultaneously a previously issued subordinated debenture of SEK 2,000 million was called.

The internally assessed capital requirement amounted to SEK 7,034 million (6,796) for the Group and SEK 3,480 million (2,976) for the Parent Company.

Liquidity reserve

The liquidity reserve comprises liquid, interest-bearing securities with a high rating. The market value of the assets in the liquidity reserve amounted to SEK 60.5 billion (58.6). Taking the Riksbank's haircuts into account, the value of the assets was SEK 57.3 billion (55.4).

SBAB measures and stress-tests liquidity risk by calculating the survival horizon, which is an internal ratio used to see for how long contractual payment obligations can be met without access to capital market funding and net outflows from lending/deposits. This is made by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. The survival horizon amounts to 329 (231) days, which the Company considers satisfactory.

The Liquidity Coverage Ratio is calculated in accordance with the Swedish Financial Supervisory Authority's regulation FFFS 2012:6. The Liquidity Coverage Ratio was 403% for all currencies combined (192), 18,690,719% for the EUR, due to large issue volumes at the end of the period (1,745), and 1,816% for the USD (1,623), which exceeds the minimum requirement of 100%. In SEK, the Liquidity Coverage Ratio amounted to 135% (96). Liquidity Coverage Ratio is a ratio affected by the amount of maturities within 30 days.

For further information on the liquidity reserve, the calculation of survival horizon and the Liquidity Coverage Ratio, see Note 9.

Overview of earnings

Group	2015	2015	2014	2015	2014
SEK million	Q2	Q1	Q2	Jan-Jun	Jan-Jun
Net interest income	637	555	514	1,192	1,010
Net commission income	-28	-23	-42	-51	-63
Net result from financial instruments measured at fair value (Note 2)	-120	115	229	-5	311
Total operating income	489	647	701	1,136	1,258
Expenses	-204	-194	-219	-398	-438
- of which restructuring costs	-2	-1	-	-3	-
Profit/loss before loan losses	285	453	482	738	820
Loan losses, net (Note 3)	-23	-3	20	-26	21
Participations in joint ventures	-	-	0	-	1
Operating profit/loss	262	450	502	712	842
Operating profit excl. net result from financial instruments and restructuring costs	384	336	273	720	531
Tax	-58	-99	-139	-157	-213
Profit/loss for the periods	204	351	363	555	629
Cost/Income ratio	42%	30%	31%	35%	35%
Return on equity ¹⁾	7.3%	12.5%	14.3%	10.1%	12.6%
Return on equity excl. net result from financial instruments and restructuring costs ¹⁾	10.6%	9.4%	8.0%	10.2%	8.0%
Common Equity Tier 1 capital ratio ²⁾	26.8%	27.5%	23.5%	27.4%	23.5%

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

²⁾ Without taking transitional rules into account.

Performance for January–June 2015 compared with January–June 2014

Operating profit for the period dropped to SEK 712 million (842). Income was reduced to SEK 1,136 million (1,258), with the reduction being explained by increased net income/expense from financial instruments. Net interest income rose to SEK 1,192 million (1,010) in the period, driven by a sharp increase in volume and improved lending margins. The net expense from financial instruments measured at fair value increased to SEK 5 million (income: 311) and was mainly affected by changed market values in the liquidity portfolio and hedge accounting effects.

Costs for the period declined to SEK 398 million (438). The reduction in expenses is primarily a result of the strategic decision made last autumn – the fund offering has been wound up and the work on developing a wider range of everyday banking services has been discontinued – and of the ongoing cost efficiency programme. Loan losses amounted to SEK 26 million (gain: 21). Confirmed loan losses remained low.

Other significant information

Rating

In March 2015, Moody's removed SBAB's "Negative Outlook". At the same time, the A2/P-1 credit rating was confirmed and SBAB's outlook was upgraded to "Stable Outlook". Standard & Poor's long-term and short-term ratings of SBAB remained unchanged over the year, A and A-1, respectively. Current ratings are stated below.

Rating	30/06/2015	31/12/2014	30/06/2014
SBAB Bank AB (publ)			
<i>Long-term funding</i>			
-Standard & Poor's	A	A	A
-Moody's	A2	A2	A2
<i>Short-term funding</i>			
-Standard & Poor's	A-1	A-1	A-1
-Moody's	P-1	P-1	P-1
SCBC			
<i>Long-term funding</i>			
-Moody's	Aaa	Aaa	Aaa

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 the assets 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 a stable trend, underpinned by low inflation, low interest-rates and rising stock market and property prices. A housing market with steep price increases and rising household indebtedness among retail customers result in the Swedish economy 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. Extensive regulatory developments in the residential mortgage market are an uncertainty factor.

The Swedish economy is sensitive to global economic developments and to conditions in the international financial markets.

For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the 2014 Annual Report.

Changes in Executive Management in the second quarter

Daniel Ljungel, Head of Partner, joined the Executive Management. Elizabet Jönsson, Head of Communications & Business Development Officer, was also appointed Head of Retail market. She was already a member of the Executive Management. Håkan Höijer, formerly acting Head Retail, Head of Retail Market and a member of the Executive Management, resigned from these positions. Håkan Höijer has been appointed Head of the Karlstad office. Klas Danielsson, CEO, is now in charge of the Retail business area. Carina Eriksson was appointed Head of HR and joined the Executive Management. Bror-Göran Pettersson was appointed COO and joined the Executive Management.

Financial calendar

Interim report January–September 2015	22 October 2015
Year-end report 2015	5 February 2016

Review Report

This report has been reviewed by the company's auditor. The review report is given on page 26.

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

Stockholm, 16 July 2015

Bo Magnusson
Chairman

Jakob Grinbaum
Deputy Chairman

Carl-Henrik Borg
Board Member

Lars Börjesson
Board Member

Kristina Ekengren
Board Member

Anders Heder
Board Member (employee representative)

Jane Lundgren-Ericsson
Board Member

Ebba Lindsö
Board Member

Karin Moberg
Board Member

Helen Vallin
Board Member (employee representative)

Klas Danielsson
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 17 July 2015 at 8.00 a.m. (CET).

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

Income statement

Group SEK million	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
Interest income	1,314	1,466	1,909	2,780	3,866	7,261
Interest expense	-677	-911	-1,395	-1,588	-2,856	-5,150
Net interest income	637	555	514	1,192	1,010	2,111
Commission income	13	20	9	33	18	47
Commission expense	-41	-43	-51	-84	-81	-157
Net result from financial instruments meas. at fair value (Note 2)	-120	115	229	-5	311	620
Total operating income	489	647	701	1,136	1,258	2,621
Personnel costs	-101	-88	-106	-189	-219	-414
Other expenses	-95	-99	-103	-194	-201	-434
Amortisation and depreciation of fixed assets	-8	-7	-10	-15	-18	-160
Total expenses before loan losses	-204	-194	-219	-398	-438	-1,008
Profit/loss before loan losses	285	453	482	738	820	1,613
Loan losses, net (Note 3)	-23	-3	20	-26	21	30
Participations in joint ventures	-	-	0	-	1	1
Operating profit/loss	262	450	502	712	842	1,644
Tax	-58	-99	-139	-157	-213	-388
Profit/loss for the period	204	351	363	555	629	1,256

Statement of comprehensive income

Group SEK million	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
Profit/loss for the period	204	351	363	555	629	1,256
OTHER COMPREHENSIVE INCOME						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	-	-	1	-	3	32
Changes related to financial assets available before sale, before tax	-20	-2	-	-22	-	-5
Changes related to cash flow hedges, before tax	-186	111	-	-75	-	128
Tax attributable to components that will be reversed against the	45	-24	-0	21	-1	-36
<i>Components that have not or will not be reversed against the income statement</i>						
Revaluation effects of defined benefit pension plans, before tax	61	-61	-	0	-	-71
Tax attributable to components that will not be reversed against the income statement	-13	13	-	0	-	16
Other comprehensive income, net after tax	-113	37	1	-76	2	64
Total comprehensive income for the period	91	388	364	479	631	1,320

Balance sheet

Group SEK million	30/06/2015	31/12/2014	30/06/2014
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	15,540	15,557	10,858
Lending to credit institutions	18,068	7,437	15,248
Lending to the public (Note 4)	274,123	261,445	259,021
Change in value of interest-rate-hedged items in portfolio hedges	742	937	874
Bonds and other interest-bearing securities	44,263	42,335	37,987
Derivative instruments (Note 5)	8,230	9,408	7,439
Shares and participations	-	253	238
Shares and participations in joint ventures	-	-	77
Deferred tax assets	104	104	-
Intangible fixed assets	51	52	186
Tangible fixed assets	23	27	32
Other assets	3,517	461	951
Prepaid expenses and accrued income	966	969	871
TOTAL ASSETS	365,627	338,985	333,782
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	16,521	7,284	13,729
Deposits from the public	67,200	60,610	55,480
Debt securities in issue	254,085	243,168	236,300
Derivative instruments (Note 5)	5,718	7,263	8,250
Other liabilities	1,549	424	286
Accrued expenses and prepaid income	3,053	3,200	3,175
Provisions	87	89	419
Subordinated debt	6,436	5,946	5,831
Total liabilities	354,649	327,984	323,470
Equity			
Share capital	1,958	1,958	1,958
Other reserves	1	77	15
Retained earnings	8,464	7,710	7,710
Profit/loss for the year	555	1,256	629
Total equity	10,978	11,001	10,312
TOTAL LIABILITIES AND EQUITY	365,627	338,985	333,782

Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2015	1,958	77	7,710	1,256	11,001
Dividends paid			-502		-502
Total comprehensive income for the period		-76		555	479
Closing balance, 30 June 2015	1,958	1	7,208	1,811	10,978

In accordance with a resolution by the Annual General Meeting on 22 April 2015, SBAB has paid a dividend to its owner of SEK 502 million (SEK 25,634 per share).

	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2014	1,958	13	7,710		9,681
Total comprehensive income for the year		64		1,256	1,320
Closing balance, 31 December 2014	1,958	77	7,710	1,256	11,001

	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2014	1,958	13	7,710		9,681
Total comprehensive income for the period		2		629	631
Closing balance, 30 June 2014	1,958	15	7,710	629	10,312

Cash flow statement

Group SEK million	2015 Jan-Jun	2014 Jan-Dec	2014 Jan-Jun
Cash and cash equivalents at the beginning of the period	7,422	19,238	19,238
Cash flow from operating activities	10,657	-11,892	-3,981
Cash flow from investing activities	-9	76	-35
Cash flow from funding activities	-2	-	-
Increase/Decrease in cash and cash equivalents	10,646	-11,816	-4,016
Cash and cash equivalents at the end of the period	18,068	7,422	15,222

Cash and cash equivalents are defined as cash and loans to credit institutions with maturities of less than three months from the acquisition date.

Own funds

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013

Group SEK million	30/06/2015	31/12/2014	30/06/2014
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and associated share premium reserves	1,958	1,958	1,958
Retained earnings	8,464	7,710	7,710
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses according to applicable accounting standards)	1	77	-21
Interim profit/loss after deduction of foreseeable costs and dividends, verified by persons in an independent position	333	754	14
Common Equity Tier 1 capital before regulatory adjustments	10,756	10,499	9,661
Common Equity Tier 1 capital: regulatory adjustments			
Additional value adjustments (negative amount)	-66	-70	-35
Intangible assets (net after deduction for associated tax liabilities) (negative amount)	-43	-43	-149
Reserves in fair value related to profit or loss on cash flow hedging	-41	-100	-
Negative amounts following the calculation of expected loss amounts	-65	-85	-89
Gains or losses on liabilities valued at fair value that result from changes in the own credit standing of the institution	-28	-2	-7
Total regulatory adjustments to the Common Equity Tier 1 capital	-243	-300	-280
Common Equity Tier 1 capital	10,513	10,199	9,381
Additional Tier 1 instruments: instruments			
Capital instruments and associated share premium reserves	1,500	-	-
<i>Of which classified as liabilities according to applicable accounting standards</i>	1,500	-	-
Amount for qualified items referred to in Article 484(4) and associated share premium reserves included in the phase-out from the additional Tier 1 instruments	994	2,395	2,395
Additional Tier 1 instruments before regulatory adjustments	2,494	2,395	2,395
Additional Tier 1 instruments: Regulatory adjustments			
Total regulatory adjustments of additional Tier 1 instruments	-	-	-
Additional Tier 1 instruments	2,494	2,395	2,395
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + additional Tier 1)	13,007	12,594	11,776
Tier 2 capital: instruments and allocations			
Capital instruments and associated share premium reserves	3,000	2,599	2,599
Amount for qualified items referred to in Article 484(5) and associated share premium reserves that are phased out from Tier 2 capital	-	114	183
Tier 2 capital before regulatory adjustments	3,000	2,713	2,782
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments of Tier 2 capital	-	-	-
Tier 2 capital	3,000	2,713	2,782
Total capital (total capital = Tier 1 capital + Tier 2 capital)	16,007	15,307	14,558

Capital requirements

Group	30/06/2015		31/12/2014		30/06/2014	
	Capital require-ment	Risk exposure amount	Capital require-ment	Risk exposure amount	Capital require-ment	Risk exposure amount
SEK million						
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	583	7,285	558	6,975	683	8,535
Retail exposures	1,070	13,373	1,028	12,851	1,058	13,231
- of which exposures to SME	127	1,590	139	1,737	140	1,759
- of which retail exposures secured by immovable property	943	11,783	889	11,114	918	11,472
Positions in securitisations	-	-	-	-	275	3,438
Total exposures in accordance with IRB approach	1,653	20,658	1,586	19,826	2,016	25,204
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions*	149	1,865	111	1,388	73	907
- of which, derivatives according to CRR, Appendix 2	133	1,658	103	1,291	72	894
- of which, repos	16	199	7	85	0	1
Exposures to corporates	243	3,040	146	1,829	127	1,600
Retail exposures	185	2,316	143	1,783	127	1,582
Exposures in default	1	11	1	10	1	9
Exposures in the form of covered bonds	109	1,362	59	744	188	2,350
Exposures to institutions and corporates with a short-term	122	1,529	7	86	18	225
Exposures to CIU:s	-	-	20	253	19	238
Other items	72	901	86	1,070	81	1,015
Total exposures in accordance with standardised approach	881	11,024	573	7,163	634	7,926
Market risk	255	3,183	337	4,210	324	4,048
- of which, position risk	205	2,557	279	3,491	293	3,663
- of which, currency risk	50	626	58	719	31	385
Operational risk	239	2,989	164	2,047	164	2,047
Credit valuation adjustment risk	105	1,308	80	1,001	53	667
Total capital requirements and risk exposure amount	3,133	39,162	2,740	34,247	3,191	39,892
Capital requirements for capital conservation buffer	979		856		997	
Capital requirements for countercyclical buffer	4		-		-	
Total capital requirements	4,116		3,596		4,188	

*The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 1,857 million (1,376).

Capital adequacy

Group	30/06/2015	31/12/2014	30/06/2014
SEK million			
Common Equity Tier 1 capital	10,513	10,199	9,381
Tier 1 capital	13,007	12,594	11,776
Total own funds	16,007	15,307	14,558
Without transition rules			
Risk exposure amount	39,162	34,247	39,892
Common Equity Tier 1 capital ratio	26.8%	29.8%	23.5%
Excess* Common Equity Tier 1 capital	8,751	8,658	7,586
Tier 1 capital ratio	33.2%	36.8%	29.5%
Excess* Tier 1 capital	10,658	10,539	9,383
Total capital ratio	40.9%	44.7%	36.5%
Excess* total capital	12,874	12,567	11,367
With transition rules			
Own funds	16,072	15,392	14,647
Risk exposure amount	153,838	142,975	142,521
Total capital ratio	10.4%	10.8%	10.3%

* Surplus of capital has been calculated based on the minimum capital requirements (without buffer requirements)

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.

The accounting policies and calculation methods are unchanged compared with the 2014 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 income/expense from financial instruments measured at fair value

Group SEK million	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
Gains/losses on interest-bearing financial instruments						
- Securities measured at fair value through the income statement	-415	144	542	-271	923	1,401
- Change in value of hedged items in hedge accounting	937	-137	-565	800	-1,007	-1,581
- Realised expense from financial liabilities	-29	-31	-2	-60	-23	-122
- Derivative instruments	-644	111	222	-533	357	807
- Loan receivables	31	22	20	53	39	89
Currency translation effects	0	-2	-1	-2	1	-2
Gains/losses on shares and participations measured at fair value through the income statement	-	8	13	8	21	28
Total	-120	115	229	-5	311	620

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). 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 part of the 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	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	-	-1	-0	-1	-0	-0
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	-	-	-	-
Provision for probable loan losses for the period	-22	-0	-0	-22	-0	-0
Recoveries in respect of confirmed loan losses in prior years	-	-	0	-	0	0
Reversal of prior year provisions for probable loan losses no longer Guarantees	0	0	0	0	7	7
	-	-	-	-	-	-
Net income/cost for the period for individual provisions for corporate market loans	-22	-1	-0	-23	7	7
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocations to/redemption of collective provisions	-1	3	4	2	7	8
Guarantees	-1	-1	0	-2	-1	0
Net income/cost for the period for collective provisions for	-2	2	4	0	6	8
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-1	-	-1	-1	-3	-7
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	3	-	4	5
Provision for probable loan losses for the period	1	-4	-2	-3	-4	-4
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	4
Guarantees	-	-	-	-	-	-
Net income/cost for the period for individual provisions for retail market loans	0	-4	-0	-4	-3	-2
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-2	-3	-5	-5	-13	-22
Recoveries in respect of confirmed loan losses in prior years	1	0	11	1	12	12
Allocation to/redemption of collective provisions	4	8	17	12	17	31
Guarantees	-2	-5	-7	-7	-5	-4
Net income/cost for the period for collective provisions for retail market loans	1	0	16	1	11	17
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	-23	-3	20	-26	21	30

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.

Credit losses have increased, primarily because a few existing commitments within the Corporate clients and Tenant-owner association business area were reserved individually. However, the loans are not unsettled.

Note 4 Lending to the public

Group SEK million	30/06/2015		31/12/2014		30/06/2014	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	109,256	-112	107,425	-124	105,102	-137
Tenant-owner rights	82,978	-72	74,307	-70	70,598	-76
Tenant-owner associations	52,498	-37	52,704	-15	53,485	-13
Private multi-family dwellings	23,727	-23	21,232	-25	20,977	-28
Municipal multi-family dwellings	337	-	606	-	3,410	-
Commercial properties	3,671	-	3,693	-	4,278	-
Other	1,909	-9	1,720	-8	1,431	-6
Provision for probable loan losses	-253		-242		-260	
Total	274,123	-253	261,445	-242	259,021	-260
Doubtful and non-performing loan receivables			30/06/2015	31/12/2014	30/06/2014	
a) Doubtful loan receivables			75	48	52	
b) Non-performing loan receivables* included in doubtful loan receivables			3	2	6	
c) Non-performing loan receivables* not included in doubtful loan receivables			229	322	295	
d) Individual provisions for loan receivables			61	36	40	
e) Collective provisions for corporate market loans			16	19	19	
f) Collective provisions for retail market loans			176	187	201	
g) Total provisions (d+e+f)			253	242	260	
h) Doubtful loan receivables after individual provisions (a-d)			14	12	12	
i) Provision ratio for individual provisions (d/a)			81%	75%	77%	

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

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

Loan portfolio

SEK million	30/06/2015	31/12/2014	30/06/2014
Retail lending	193,950	183,250	176,912
- new lending	28,084	40,457	17,971
Corporate lending (incl. tenant-owner assn.)	80,173	78,195	82,109
- new lending	7,091	7,840	3,193
Total	274,123	261,445	259,021
- new lending	35,175	48,297	21,164

Note 5 Derivative instruments

Group SEK million	30/06/2015		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	4,871	3,167	87,711
Currency related	3,359	2,551	220,777
Total	8,230	5,718	308,488

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

Note 6 Operating segments

Segment income statement Group SEK million	Jan-Jun 2015 Corp./					Jan-Jun 2014 Corp./				
	Retail market	Collab. market	Tenant- owner	Other	Total*	Retail market	Collab. market	Tenant- owner	Other	Total*
Income ¹⁾	581	287	267	6	1,141	430	201	307	9	947
Net result from financial instruments measured at fair value	-	-	-	-5	-5	-	-	-	311	311
Total operating income	581	287	267	1	1,136	430	201	307	320	1,258
Expenses ²⁾	-246	-65	-84	-3	-398	-266	-69	-103	-	-438
Loan losses, net	-4	-1	-21	-	-26	8	2	11	-	21
Participations in joint ventures	-	-	-	-	-	-	1	-	-	1
Profit/loss before tax	331	221	162	-2	712	172	135	215	320	842
Standardised tax (22%)	-73	-49	-36	1	-157	-38	-30	-47	-70	-185
Profit/loss after tax (ROE segment)	258	172	126	-1	555	134	105	168	250	657
Adjustment for actual tax	0	0	0	0	0	-6	-4	-7	-11	-28
Profit/loss after tax	258	172	126	-1	555	128	101	161	239	629
Internally calculated ROE	11.9%	10.5%	7.9%		10.1%	7.3%	7.6%	10.8%		13.2%

1) The distributed income includes net interest income, net commission and other operating income.

2) The distributed income includes personnel costs, other expenses and depreciation of property, plant and equipment and amortisation of intangible fixed assets.

*The total agrees with the external income statement.

Note 7 Classification of financial instruments

Group	30/06/2015						Total fair value
	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Available-for-sale financial assets	Loan receivables	Investments held to maturity	Total	
	SEK million						
Cash and balances at central banks				0		0	0
Chargeable treasury bills and other eligible Lending to credit institutions	12,348		3,192			15,540	15,540
Lending to the public				18,068		18,068	18,068
Change in value of interest-rate-hedged items in portfolio hedges				274,123		274,123	276,197
Bonds and other interest-bearing securities	28,002		9,094	742	7,167	44,263	44,248
Derivative instruments	421	7,809				8,230	8,230
Other assets				3,517		3,517	3,517
Prepaid expenses and accrued income	512		98	253	103	966	966
Total	41,283	7,809	12,384	296,703	7,270	365,449	366,766

Group	30/06/2015					Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	Total	
	SEK million					
Liabilities to credit institutions			16,521	16,521	16,521	
Deposits from the public			67,200	67,200	67,200	
Debt securities in issue			254,085	254,085	253,411	
Derivative instruments	2,723	2,995		5,718	5,718	
Other liabilities			1,549	1,549	1,549	
Accrued expenses and prepaid income			3,053	3,053	3,053	
Subordinated debt			6,436	6,436	6,457	
Total	2,723	2,995	348,844	354,562	353,909	

Fair value measurement of financial instruments

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting policies in the 2014 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, level 3. 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 stipulated date of expiry is applied, Level 3. Debt securities in issue are measured at the Group's current borrowing rate, Level 2.

Note 8 Information about fair value

Group SEK million	30/06/2015			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
Assets				
Securities in the category trade	53,246	-	-	53,246
Derivatives in the category trade	0	421	-	421
Derivatives in hedge accounting	-	7,809	-	7,809
Total	53,246	8,230	-	61,476
Liabilities				
Derivatives in the category trade	0	2,723	-	2,723
Derivatives in hedge accounting	-	2,995	-	2,995
Total	0	5,718	-	5,718

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting policies in the 2014 Annual Report. In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used. There have been no transfers between the levels in 2015.

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 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	30/06/2015	Distribution by currency			
		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	21,281	11,119	8,902	1,260	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	6,454	5,175	-	1,279	-
Covered bonds issued by others	32,764	26,862	4,260	1,430	212
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered)	-	-	-	-	-
Other securities	-	-	-	-	-
Total assets	60,499	43,156	13,162	3,969	212
Bank and loan facilities	-	-	-	-	-
Total	60,499	43,156	13,162	3,969	212
Distribution by currency		71.3%	21.8%	6.6%	0.3%

The table is reported according to the Swedish Bankers' Association's template for the disclosure of a liquidity reserve. The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with a high rating and is an integrated part of the Group's liquidity risk management. Holdings in securities are limited by asset class and by country, respectively, and must have the highest rating upon acquisition. In addition to these collective limits, limits for individual issuers may also be set.

Calculation of survival horizon

SBAB measures and stress-tests liquidity risk, including by calculating the survival horizon. This is made by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. The 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 for January–June 2015 compared with January–June 2014

The operating loss for the period amounted to SEK 55 million (profit: 251). The change in operating profit/loss is mainly attributable to the lower net income/expense from financial transactions and a reduced net interest income. Net expense from financial transactions was SEK 52 million (income: 193). Expenses totalled SEK 394 million (460). The net effect of loan losses was a negative SEK 27 million (gain: 10). Lending to the public amounted to SEK 56.4 billion (40.0). Without transitional rules, the Common Equity Tier 1 capital ratio amounted to 23.2% (25.8).

Income statement

Parent Company SEK million	2015 Q2	2015 Q1	2014 Q2	2015 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
Interest income	392	423	790	815	1,553	2,758
Interest expenses	-316	-400	-688	-716	-1,391	-2,423
Net interest income	76	23	102	99	162	335
Dividends received	-	-	-	-	20	20
Commission income	18	26	11	44	22	55
Commission expenses	-18	-23	-26	-41	-42	-73
Net result of financial transactions	-116	64	123	-52	193	300
Other operating income	166	150	177	316	346	822
Total operating income	126	240	387	366	701	1,459
Personnel costs	-102	-88	-110	-190	-227	-424
Other expenses	-97	-97	-112	-194	-222	-454
Amortisation and depreciation of fixed assets	-5	-5	-5	-10	-11	-22
Total expenses before loan losses	-204	-190	-227	-394	-460	-900
Profit before loan losses	-78	50	160	-28	241	559
Loan losses, net	-21	-6	9	-27	10	1
Operating profit	-99	44	169	-55	251	560
Taxes	21	-10	-72	11	-86	-153
Profit for the period	-78	34	97	-44	165	407

Statement of comprehensive income

Parent Company SEK million	2015 Q2	2014 Q1	2014 Q2	2014 Jan-Jun	2014 Jan-Jun	2014 Jan-Dec
Profit for the period	-78	34	97	-44	165	407
OTHER COMPREHENSIVE INCOME						
<i>Components that have been or will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	-	-	1	-	3	32
Change relating to available-for-sale financial assets, before tax	-20	-2	-	-22	-	-5
Changes in cash flow hedges, before tax	-3	-	-	-3	-	-
Tax attributable to components that have been or will be reversed against the income statement	6	0	0	6	-1	-8
Other comprehensive income, net after tax	-17	-2	1	-19	2	19
Total comprehensive income for the period	-95	32	98	-63	167	426

Balance sheet

Parent Company SEK million	30/06/2015	31/12/2014	30/06/2014
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	15,540	15,557	10,858
Lending to credit institutions (Note 10)	43,641	35,823	60,014
Lending to the public	56,440	43,866	40,034
Change in value of interest-rate-hedged items in portfolio hedges	10	11	-
Bonds and other interest-bearing securities	44,263	42,335	37,987
Derivative instruments	7,122	7,800	6,683
Shares and participations	-	253	238
Shares and participations in joint ventures	-	-	77
Shares and participations in Group companies	10,300	10,300	10,300
Deferred tax assets	34	18	-
Intangible fixed assets	14	13	16
Tangible fixed assets	23	27	32
Other assets	2,952	138	287
Prepaid expenses and accrued income	829	794	672
TOTAL ASSETS	181,168	156,935	167,198
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	12,946	3,250	2,005
Deposits from the public	67,200	60,610	55,480
Debt securities in issue	76,575	68,182	85,466
Derivative instruments	7,688	9,103	8,355
Other liabilities	1,227	407	276
Accrued expenses and prepaid income	959	735	1,339
Provisions	-	-	3
Subordinated debt	6,436	5,946	5,831
Total liabilities	173,031	148,233	158,755
Equity			
Restricted equity			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Total restricted equity	2,350	2,350	2,350
Unrestricted equity			
Fair value reserve	-23	-4	-21
Retained earnings	5,854	5,949	5,949
Profit for the period	-44	407	165
Total unrestricted equity	5,787	6,352	6,093
Total equity	8,137	8,702	8,443
TOTAL LIABILITIES AND EQUITY	181,168	156,935	167,198
Memorandum items			
Assets pledged for own liabilities	10,030	23	333
Commitments	104,081	79,152	57,862

Own funds

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013

Parent Company SEK million	30/06/2015	31/12/2014	30/06/2014
Common Equity Tier 1 capital: instruments and reserves			
Capital instruments and associated share premium reserves	1,958	1,958	1,958
Retained earnings	5,980	6,246	6,157
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses according to applicable accounting standards)	-23	-4	-21
Interim profit/loss after deduction of foreseeable costs and dividends, verified by persons in an independent position	-	-	-
Common Equity Tier 1 capital before regulatory adjustments	7,915	8,200	8,094
Common Equity Tier 1 capital: regulatory adjustments			
Additional value adjustments (negative amount)	-67	-70	0
Intangible assets (net after deduction for associated tax liabilities) (negative amount)	-14	-13	-16
Deferred tax assets dependent on future profitability, except those arising from temporary differences (net after deductions for associated tax liabilities, provided the conditions in Article 38(3) are met) (negative amount)	-	-	-
Reserves in fair value related to profit or loss on cash flow hedging	2	-	-
Negative amounts following the calculation of expected loss amounts	-37	-49	-38
Gains or losses on liabilities valued at fair value that result from changes in the own credit standing of the institution	-29	-2	-3
Total regulatory adjustments to the Common Equity Tier 1 capital	-145	-134	-57
Common Equity Tier 1 capital	7,770	8,066	8,037
Additional Tier 1 instruments: instruments			
Capital instruments and associated share premium reserves	1,500	-	-
<i>Of which classified as liabilities according to applicable accounting standards</i>	1,500	-	-
Amount for qualified items referred to in Article 484(4) and associated share premium reserves included in the phase-out from the additional Tier 1 instruments	994	2,395	2,395
Additional Tier 1 instruments before regulatory adjustments	2,494	2,395	2,395
Additional Tier 1 instruments: Regulatory adjustments			
Total regulatory adjustments of additional Tier 1 instruments	-	-	-
Additional Tier 1 instruments	2,494	2,395	2,395
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + additional Tier 1)	10,264	10,461	10,432
Tier 2 capital: instruments and allocations			
Capital instruments and associated share premium reserves	3,000	2,599	2,599
Amount for qualified items referred to in Article 484(5) and associated share premium reserves that are phased out from Tier 2 capital	-	114	183
Tier 2 capital before regulatory adjustments	3,000	2,713	2,782
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments of Tier 2 capital	-	-	-
Tier 2 capital	3,000	2,713	2,782
Total capital (total capital = Tier 1 capital + Tier 2 capital)	13,264	13,174	13,214

Capital requirements

Parent company	30/06/2015		31/12/2014		30/06/2014	
	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount
SEK million						
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	224	2,804	188	2,341	251	3,142
Retail exposures	413	5,160	343	4,292	311	3,889
- of which exposures to SME	37	466	35	436	23	290
- of which retail exposures secured by immovable property	376	4,694	308	3,856	288	3,599
Positions in securitisations	-	-	-	-	275	3,438
Total exposures in accordance with IRB approach	637	7,964	531	6,633	837	10,469
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions*	111	1,388	74	925	39	489
- of which, derivatives according to CRR, Appendix 2	98	1,229	71	886	39	483
- of which, repos	12	154	2	31	0	1
Exposures to corporates	241	3,015	145	1,817	128	1,601
Retail exposures	185	2,306	142	1,770	125	1,568
Exposures in default	1	11	1	10	1	9
Exposures in the form of covered bonds	109	1,362	59	744	54	676
Exposures to institutions and corporates with a short-term credit assessment	122	1,529	7	84	8	94
Exposures to CIU:s	-	-	20	254	19	238
Equity exposures	824	10,300	824	10,300	830	10,376
Other items	9	110	7	90	8	97
Total exposures in accordance with standardised approach	1,602	20,021	1,279	15,994	1,212	15,148
Market risk	227	2,840	299	3,733	310	3,876
- of which, position risk	204	2,558	279	3,491	293	3,663
- of which, currency risk	23	282	20	242	17	213
Operational risk	137	1,709	112	1,402	112	1,402
Credit valuation adjustment risk	79	989	48	601	25	308
Total capital requirements and risk exposure amount	2,682	33,523	2,269	28,363	2,496	31,203
Capital requirements for capital conservation buffer	838		709		780	
Capital requirements for countercyclical buffer	3		-		-	
Total capital requirements	3,523		2,978		3,276	

*The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 1,383 million (917).

Capital adequacy

Parent company SEK million	30/06/2015	31/12/2014	30/06/2014
Common Equity Tier 1 capital	7,770	8,066	8,037
Tier 1 capital	10,264	10,461	10,432
Total own funds	13,264	13,174	13,214
Without transition rules			
Risk exposure amount	33,523	28,363	31,203
Common Equity Tier 1 capital ratio	23.2%	28.4%	25.8%
Excess* Common Equity Tier 1 capital	6,261	6,790	6,633
Tier 1 capital ratio	30.6%	36.9%	33.4%
Excess* Tier 1 capital	8,252	8,760	8,560
Total capital ratio	39.6%	46.4%	42.3%
Excess* total capital	10,582	10,905	10,718
With transition rules			
Own funds	13,301	13,223	13,252
Risk exposure amount	39,216	29,938	28,923
Total capital ratio	33.9%	44.2%	45.8%

* Surplus of capital has been calculated based on the minimum capital requirements (without buffer requirements)

Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 27,637 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 31,181 million at the end of 2014. 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 30 June 2015 and for the six-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 International 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 International Standards on Auditing 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, 16 July 2015

KPMG AB

Hans Åkervall
Authorised Public Accountant