



Press release, 17 July 2015

Interim report 1 January – 30 June 2015

Strong volume growth and profit trend

SBAB's CEO, Klas Danielsson, comments:

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.

Second quarter of 2015 compared with the first quarter of 2015

- New lending amounted to SEK 21.8 billion (13.3). Total lending increased to SEK 274.1 billion (265.0).
- Total deposits increased to SEK 67.2 billion (63.9).
- Operating profit increased to SEK 262 million (450) and to SEK 384 million (336) excluding net income/expense from financial instruments and restructuring costs.
- Net interest income increased to SEK 637 million (555).
- Expenses fell to SEK 204 million (194), of which restructuring costs accounted for SEK 2 million (1).
- The net effect of loan losses increased to a negative SEK 23 million (negative: 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).

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

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