

# INTERIM REPORT

1 January – 31 March 2016 | SBAB Bank AB (publ)

SBAB!

# THE QUARTER IN BRIEF



As part of our strategic sustainability work, we launched a green retail loan in the first quarter, Energilånet (the Energy Loan).

KLAS DANIELSSON CEO of SBAB

## First quarter 2016 (Fourth quarter 2015)

- Lending increased to a total of SEK 299.4 billion (297.0).
- Deposits increased to a total of SEK 81.2 billion (76.6).
- Operating profit rose to SEK 439 million (402), and SEK 420 million (395) excluding net income/expense from financial instruments and restructuring costs.
- Net interest income amounted to SEK 630 million (647).
- Expenses totalled SEK 212 million (235), of which restructuring costs accounted for SEK 0 million (17).
- Net loan losses amounted to SEK 1 million (11).
- Return on equity was 11.2% (10.7), and 10.7% (10.5) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio amounted to 27.6% (28.6).

## January–March 2016 (January–March 2015)

- Operating profit totalled SEK 439 million (450), and 420 (336) excluding net income/expense from financial instruments and restructuring costs.
- Net interest income increased to SEK 630 million (555).
- Expenses totalled SEK 212 million (194), of which restructuring costs accounted for SEK 0 million (1).
- Net loan losses amounted to SEK 1 million (3).
- Return on equity was 11.2% (12.5), and 10.7% (9.4) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio amounted to 27.6% (27.5).

## Operating profit/loss, Q1 2016

**SEK 439 million**

Q4 2015: SEK 402 million

## Net interest income, Q1 2016 <sup>1)</sup>

**SEK 630 million**

Q4 2015: SEK 647 million

## Return on equity, Q1 2016

**11.2%**

Q4 2015: 10.7%

## Common Equity Tier 1 capital ratio, Q1 2016

**27.6%**

Q4 2015: 28.6%

<sup>1)</sup> Net interest income was affected by a resolution fee, which amounted to SEK 64.5 million in the first quarter of 2016. Read more on page 7.

# THIS IS SBAB

SBAB's business idea is to apply innovation and consideration to offer loans and savings products to private individuals, tenant-owner associations and property companies in Sweden.

Total lending

**SEK 299** billion

Q4 2015: SEK 297 billion

Total deposits

**SEK 81** billion

Q4 2015: SEK 77 billion

## Two business areas

SBAB has two business areas: Retail and Corporate Clients & Tenant-owner Associations. The Retail business area offers loans and savings products and digital home- and housing-related services to private individuals. Residential mortgages are the core product. The Corporate Clients & Tenant-owner Associations business area offers savings products and housing financing, primarily to property companies and tenant-owner associations.

## Owner

SBAB was founded in 1985 and is wholly owned by the Swedish state. SBAB has been a bank since 2011, SBAB Bank AB (publ) ("SBAB").



**431 employees<sup>1)</sup>**  
in four offices

- Stockholm
- Karlstad
- Gothenburg
- Malmö

<sup>1)</sup> Number of employees as of 29 February 2016, expressed as full-time equivalents, adjusted for sick leave and leave of absence (FTE).

## SWEDEN'S MOST SATISFIED RESIDENTIAL MORTGAGE CUSTOMERS IN 2015

For the second consecutive year, SBAB had Sweden's most satisfied residential mortgage customers according to Svenskt Kvalitetsindex (Swedish Quality Index, SKI).





# STATEMENT BY THE CEO

**O**ur strong earnings trend continues and our operations are still performing well despite a lower pace of new lending compared with recent quarters, albeit with continued favourable growth in deposits. Our deposit offering, which provides favourable savings rates for both private individuals and businesses, is growing stronger in a market where the major banks are offering zero interest at best. In January, we completed the acquisition of booli.se, a provider of housing services and a search engine for housing. Booli is performing well and we are continuing our efforts to develop the Group's future housing services. Although demand for residential mortgages and housing financing remains high, our new lending has slowed because, as a consequence of soaring housing prices and rising household debt, we have introduced more stringent credit rules and more strictly enforced amortisation rules, which, at high loan-to-value ratios, meet the new amortisation requirements detailed below. In the preceding quarter, we also terminated two mortgage brokering partnerships, resulting in a reduction in new lending during a phase-out period in 2016.

## Intensive regulatory development

On 20 April 2016, Finansinspektionen (the Swedish Financial Supervisory Authority) published the amortisation regulations that are to take effect from 1 June 2016. These include an amortisation rate of 2 percent per year for residential mortgages with a loan-to-value ratio of more than 70 percent and 1 percent per year down to a loan-to-value ratio of 50 percent. The regulations will also affect a number of other factors. What is of concern is that they include rules that complicate the market, weakening competition in the residential mortgage market, since it is likely that customers will find it harder to switch banks, and causing lock-in effects that reduce mobility in the housing market. For example, the five-year amortisation-free period for newly built homes may cause temporary differences in prices for similar homes during that five-year period. Complicated rules and a lack of clarity when re-mortgaging for the purpose of renovating a home or building an extension can, if this affects the value of the property, cause different assessments between banks, thus distorting competition. Customers with the old, interest-only mortgages will avoid moving and having to sign a new mortgage requiring amortisation, leading to lock-in effects and a housing market that works even worse than before. Such official regulation should not be needed to curb rising debt and housing prices, if the housing market and tax system were reformed instead.

We expect extensive regulatory development to continue over the coming years. This will probably make it more expensive to finance residential mortgages, with increased capital requirements helping push mortgage rates up in the long term. New capital rules will also affect our lending volume, which, everything else being equal, will need to show lower growth in the coming years compared with 2015.

The combination of more and stricter lending rules, new



KLAS KLAS DANIELSSON, CEO OF SBAB

amortisation rules, increased capital requirements affecting credit volume growth and mortgage rates probably having bottomed out, could decrease housing prices, despite a continued strong need for additional housing in the foreseeable future.

## We take responsibility – all the way

The fact that we take responsibility – all the way, is one of four values constituting the core of our value-driven corporate culture. As a bank, we fulfil an important function in society. We are part of a financial infrastructure that makes it possible for private individuals to purchase their own homes and for companies to finance residential properties. Turning dreams into homes – that is what our brand represents. In our deposit operations, we manage funds entrusted to SBAB by the public.

Our role requires that we take responsibility and adopt a long-term approach, and that we build trusting relationships, based on good business ethics, with our customers and the world around us. We also strive to assume greater social responsibility within the framework of our mission – we contribute to better housing and improved housing finances. As an example, I would like to mention our commitment to homeless people combating homelessness through our partnerships with Stockholms Stadsmission (Stockholm City Mission) and Situation Stockholm.

We want to make our offering sustainable for our stakeholders. In our sustainability strategy, we are working towards a green cycle of money, where we borrow green and lend green. As a part of these efforts, we launched a green loan in 2015, targeting tenant-owner associations, and have recently also launched a green retail loan, Energilånet (the Energy Loan). Most recently, in April of this year, we launched a beta version of our energy app, Energiguiden (the Energy Guide), aimed at helping our customers' reduce their household electricity consumption. Within the near future, we also intend to start environmentally sustainable funding by issuing our first green bond.

**Klas Danielsson**  
CEO

# BUSINESS DEVELOPMENT

## MARKET OVERVIEW

Group, SEK million	2016	2015	2015	2016	2015
	Q1	Q4	Q3	Jan-March	Jan-March
<b>Total lending, SEK billion <sup>1)</sup></b>	<b>299.4</b>	<b>297.0</b>	<b>284.0</b>	<b>299.4</b>	<b>265.0</b>
Total new lending, SEK billion	14.2	24.1	21.2	14.2	13.3
Change in total lending, SEK billion	2.3	13.0	9.9	2.3	3.5
<b>Total deposits, SEK billion</b>	<b>81.2</b>	<b>76.6</b>	<b>71.5</b>	<b>81.2</b>	<b>63.9</b>
Number of accounts	302,852	293,285	288,064	302,852	276,047
Change in the number of accounts	9,567	5,221	6,825	9,567	8,335
Change deposits, SEK billion	4.5	5.2	4.3	4.5	3.3
Deposit/loan, %	27.1	25.8	25.2	27.1	24.1
<b>Retail</b>					
Number of residential mortgage customers, thousands	253	254	250	253	244
Number of residential mortgages (financed objects <sup>2)</sup> ), thousands	162	162	160	162	156
New lending, SEK billion	12.2	20.0	18.7	12.2	11.2
Change in lending, SEK billion	2.5	10.4	9.6	2.5	3.5
<b>Total lending, Retail, SEK billion</b>	<b>216.6</b>	<b>214.0</b>	<b>203.7</b>	<b>216.6</b>	<b>186.9</b>
Market share residential mortgages, % <sup>3)</sup>	7.87 <sup>4)</sup>	7.86	7.57 <sup>5)</sup>	7.87 <sup>4)</sup>	7.33
Market share consumer loans, % <sup>3)</sup>	0.99 <sup>4)</sup>	1.00	0.94 <sup>5)</sup>	0.99 <sup>4)</sup>	0.86
<b>Total deposits, Retail, SEK billion</b>	<b>58.2</b>	<b>56.1</b>	<b>53.9</b>	<b>58.2</b>	<b>49.3</b>
Market share deposits, Retail, % <sup>3)</sup>	3.80 <sup>4)</sup>	3.76	3.71 <sup>5)</sup>	3.80 <sup>4)</sup>	3.55
<b>Corporate Clients &amp; Tenant-owner Associations</b>					
Number of new corporate clients and tenant-owner associations	2,831	2,912	2,961	2,831	3,082
New lending, SEK billion	2.1	4.1	2.5	2.1	2.1
Change in lending, SEK billion	-0.2	2.6	0.2	-0.2	0
<b>Total lending, Corporate Clients &amp; Tenant-owner Associations, SEK billion</b>	<b>82.8</b>	<b>83.0</b>	<b>80.4</b>	<b>82.8</b>	<b>78.3</b>
Market share, tenant-owner associations, % <sup>3)</sup>	12.80 <sup>4)</sup>	13.05	13.33 <sup>5)</sup>	12.80 <sup>4)</sup>	13.65
Market share, corporate clients, % <sup>3)</sup>	10.29 <sup>4)</sup>	10.59	10.13 <sup>5)</sup>	10.29 <sup>4)</sup>	9.51
<b>Total deposits, corporate clients, SEK billion</b>	<b>23.0</b>	<b>20.6</b>	<b>17.5</b>	<b>23.0</b>	<b>14.6</b>
Market share deposits, corporate clients, % <sup>3)</sup>	2.63 <sup>4)</sup>	2.24	2.00 <sup>5)</sup>	2.63 <sup>4)</sup>	1.78

<sup>1)</sup> After deduction for probable loan losses.

<sup>2)</sup> As of the first quarter of 2016, SBAB has been using a new method of calculation to calculate the number of financed residential mortgage objects. Object refers to a single-family dwelling, tenant-owner right or holiday home.

<sup>3)</sup> Source: Statistics Sweden

<sup>4)</sup> Market share as of 29 February 2016.

<sup>5)</sup> Market share as of 31 August 2015.

### Comments on the market

The demand for residential mortgages, property financing and savings accounts continued to increase in the first quarter of 2016. Low interest rates, rising house prices and a higher rate of housing construction are factors that are driving the demand for credit. The demand for savings accounts is mainly being driven by strong household finances coupled with a high degree of precautionary savings. The rate of increase in property prices in Sweden seems to have slowed down somewhat since the previous quarter, but it is still high compared with the rate at which prices are rising in other markets. Despite a strong

economic trend, low inflationary pressure caused the Riksbank to lower the key interest rate to -0.50%. Other central banks also increased their interest rate stimuli, and both short- and long-term market rates declined somewhat during the quarter. Nevertheless, the impact on interest rates for retail and corporate loans and savings has been limited. The pace of housing construction is higher than it has been for the past 20 years, and appears to still be increasing. There are indications, however, of capacity problems in the construction industry, primarily due to a shortage of labour, which may reduce the increased rate of construction. During the quarter, authorities

and other bodies announced measures intended to reduce the risk associated with high household indebtedness and high housing prices, including compulsory amortisation requirements for new residential mortgages and stricter capital requirements for banks.

## Performance in the first quarter of 2016 compared with the fourth quarter of 2015

### The Group

SBAB's total new lending amounted to SEK 14.2 billion (24.1) in the first quarter. In the same period, the total lending volume increased to SEK 299.4 billion (297.0). New lending slowed compared with the previous quarter, due to stricter credit regulations, new amortisation requirements, terminated mortgage brokerage partnerships and continued intense competition within lending to tenant-owner associations.

The deposit volume increased by SEK 4.5 billion (5.2) during the quarter to SEK 81.2 billion (76.6).

### The Retail business area

The Retail business area offers loans and savings products and digital home- and housing-related services to private individuals. The core product, residential mortgages, is supplemented with consumer loans, savings accounts and insurance mediation. Home- and housing-related services are primarily offered on booli.se. The number of residential mortgage customers amounted to approximately 253,000 (approximately 254,000) at the end of the quarter, distributed over 162,000 financed objects (162,000).

Since 1 June 2015, Swedish banks report their average residential mortgage rates on new loans and loans with amended terms and conditions, in accordance to the Swedish Financial Supervisory Authority's regulations. In March, the difference between SBAB's average and listed rates was 0.10 percentage points on loans with a three-month fixed-interest period. This is a very low figure compared with the market and reflects SBAB's aspiration to offer transparent terms and conditions.

New retail lending dropped to SEK 12.2 billion (20.0) during the quarter, while the total lending volume rose to SEK 216.6 billion (214.0).

The market share for residential mortgages to retail cus-

tomers amounted to 7.87% (7.86) as of 29 February 2016, corresponding to SEK 214.6 billion (212.0). The market share for consumer loans on the same date was 0.99% (1.00), corresponding to SEK 2.0 billion (2.0).

The interest rate on SBAB's savings accounts remains competitive in relation to the company's competitors, and the inflow of deposits remained strong in the first quarter of the year. Retail deposits rose by SEK 2.1 billion (2.2) in the quarter to a total of SEK 58.2 billion (56.1). The market share for retail deposits amounted to 3.80% (3.76) as of 29 February 2016. SBAB has the ambition to continue its work on diversifying the company's sources of funding through increased retail and corporate deposits.

The number of unique visitors per month to booli.se amounted to 865,945 (761,760) during the period. Over the same period, the number of registered users at booli.se increased to 130,042 (91,948).

### The Corporate Clients & Tenant-owner Associations business area

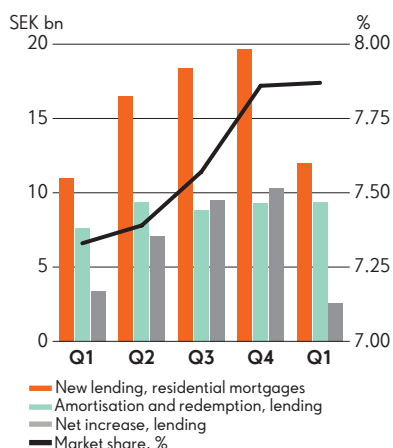
The Corporate Clients & Tenant-owner Associations business area offers savings products and housing financing, primarily to property companies and tenant-owner associations. The number of loan customers decreased to 2,831 (2,912) at the end of the period, in line with SBAB's strategy of providing credit in a focused and qualitative manner.

New lending to property companies and tenant-owner associations decreased to SEK 2.1 billion (4.1). Total lending amounted to SEK 82.8 billion (83.0) at the end of the quarter.

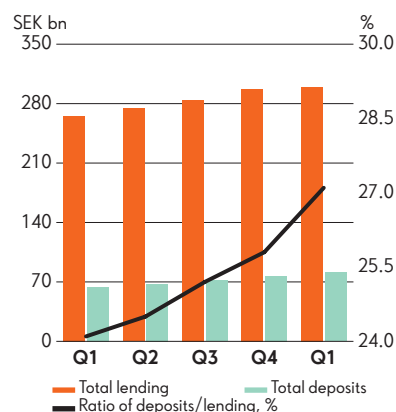
The market share for tenant-owner associations amounted to 12.80% (13.05) as of 29 February 2016, corresponding to SEK 51.9 billion (52.4). The market share for housing financing to corporate clients on the same date amounted 10.29% (10.59), corresponding to SEK 30.9 billion (30.6).

Deposits from corporate clients rose by SEK 2.4 billion (3.1) to a total of SEK 23.0 billion (20.6) during the quarter. The market share for deposits from corporate clients (non-financial companies) amounted to 2.63% (2.24) as of 29 February 2016.

### Lending and market shares for residential mortgages, Retail



### Total deposits in relation to total lending, Group



# FINANCIAL DEVELOPMENT

## QUARTERLY OVERVIEW

Group, SEK million	2016	2015	2015	2015	2015
	Q1	Q4	Q3	Q2	Q1
Net interest income	630	647	603	637	555
Net commission expense	-2	-23	-28	-28	-23
Net income/expense from financial instruments measured at fair value (Note 2)	19	24	-18	-120	115
Other operating income	5	0	0	-	-
<b>Total operating income</b>	<b>652</b>	<b>648</b>	<b>557</b>	<b>489</b>	<b>647</b>
Expenses	-212	-235	-176	-204	-194
- of which restructuring costs	-	-17	0	-2	-1
<b>Profit before loan losses</b>	<b>440</b>	<b>413</b>	<b>381</b>	<b>285</b>	<b>453</b>
Loan losses, net (Note 3)	-1	-11	-3	-23	-3
<b>Operating profit</b>	<b>439</b>	<b>402</b>	<b>378</b>	<b>262</b>	<b>450</b>
<b>Operating profit excl. NFI <sup>1)</sup> and restructuring costs</b>	<b>420</b>	<b>395</b>	<b>396</b>	<b>384</b>	<b>336</b>
Tax	-97	-90	-83	-58	-99
<b>Profit for the period</b>	<b>342</b>	<b>312</b>	<b>295</b>	<b>204</b>	<b>351</b>
Net interest margin, %	0.65	0.69	0.65	0.71	0.65
Loan loss ratio, %	0.00	-0.01	0.00	-0.03	0.00
Cost/income ratio, %	33	36	32	42	30
Cost/income ratio excl. NFI <sup>1)</sup> and restructuring costs, %	33	35	31	33	36
Return on equity <sup>2)</sup> , %	11.2	10.7	10.5	7.3	12.5
Return on equity <sup>2)</sup> excl. NFI <sup>1)</sup> and restructuring costs, %	10.7	10.5	11.1	10.6	9.4
Common Equity Tier 1 capital ratio, %	27.6	28.6	25.6	26.8	27.5

<sup>1)</sup> Net income/expense from financial instruments

<sup>2)</sup> Return on equity calculated on a full-year basis

Performance in the first quarter of 2016 compared with the fourth quarter of 2015

### Operating profit

Operating profit increased to SEK 439 million (402). Excluding net income/expense from financial instruments and restructuring costs, operating profit amounted to SEK 420 million (395). The difference in operating profit between the quarters is primarily attributable to lower costs.

### Net interest and net commission income

The net commission expense was SEK 2 million (expense: 23), including a fee of SEK 0 million (33) for the government stability fund. As of the first quarter of 2016, the fee to the government stability fund was replaced by a resolution fee, recognised in net interest income. As a result, net interest income was reduced to SEK 630 million (647). Adjusted for the resolution

fee of SEK 64.5 million, net interest income amounted to a record-breaking SEK 694 million.

### Expenses

Expenses dropped to SEK 212 million (235). The reduction in expenses is primarily attributable to lower costs for premises and personnel.

### Credit quality and loan losses

The development of SBAB's credit quality is considered to be favourable.

In 2015, SBAB introduced a compulsory maximum debt ceiling of six times the borrower's gross income, and stricter amortisation rules for all new loans where the property's loan-to-value ratio exceeds 70% of the market value. SBAB's mandatory amortisation requirement is an amortisation period of 7.5 years for loan-to-value ratios over 70%. Thereafter,

amortisation is recommended down to a loan-to-value ratio of 50%. At the end of the first quarter, the average loan-to-value ratio in SBAB's residential mortgage portfolio was 64%. At the same time, the average residential mortgage to private customers amounted to SEK 1.3 million.

As of 1 June 2016, SBAB intends to introduce new amortisation rules, in line with the Swedish Financial Supervisory Authority's regulations. These rules include an amortisation rate of 2% per year for new residential mortgages with a loan-to-value ratio of more than 70%, and 1% per year down to a loan-to-value ratio of 50%.

SBAB's loan losses remained low and amounted to SEK 1 million (11) in the first quarter. For more information on loan losses, refer to Note 3.

#### Net income/expense from financial instruments measured at fair value

The net income from financial instruments measured at fair value was SEK 19 million (24) for the period. The main factor impacting earnings was unrealised market value changes on derivative instruments.

#### Funding

The total value of debt securities in issue was SEK 277.4 billion (264.2). During the quarter, securities amounting to SEK 25.4 billion (15.7) were issued, securities amounting to SEK 0.7 billion (1.3) were repurchased and securities amounting to SEK 11.8 billion (12.6) matured. Along with revaluation and impairment of liabilities due to changes in premiums/discounts and exchange rates for the SEK, this caused debt securities in issue to increase by SEK 13.2 billion during the quarter (0.7).

In the first quarter, a five-year covered bond totalling EUR 1 billion was issued. It was met by favourable demand in the investor community.

Funding through the issuance of covered bonds takes place through the wholly owned subsidiary, SCBC. Outstanding covered debt totalled SEK 202.9 billion (187.3).

#### Capital adequacy

SBAB primarily recognises credit risk pursuant to the internal ratings-based approach (IRB approach) and operational and market risk in accordance with the standardised approach. In 2016, the Board of Directors adopted new capital targets for SBAB. According to the new targets, SBAB's Common Equity Tier 1 capital ratio shall, under normal conditions, exceed the Common Equity Tier 1 capital requirement communicated by the Swedish Financial Supervisory Authority by at least 1.5 percentage points. In addition, SBAB's total capital ratio shall, under normal conditions, exceed the capital requirement communicated by the Swedish Financial Supervisory Authority by at least 1.5 percentage points. The bank shall also otherwise meet the capital requirements set by the authorities.

It is estimated that the new capital targets correspond to a Common Equity Tier 1 capital ratio of at least 23.6% and a

total capital ratio of at least 33.5% as of 31 March 2016.

The Common Equity Tier 1 capital ratio amounted to 27.6% (28.6) and the total capital ratio was 47.3% (49.3). This provides a comfortable margin with respect to the applicable regulatory requirements. Profit for the period as of 31 March 2015 is not included in own funds while the expected dividend has reduced own funds. The capital requirement was primarily affected by the increased credit volume.

For additional information, refer to the tables starting on page 14.

CAPITAL ADEQUACY	31 March 2016	31 December 2015
Common Equity Tier 1 capital ratio, %	27.6	28.6
Tier 1 capital ratio, %	33.8	35.1
Total capital ratio, % <sup>1)</sup>	47.3	49.3

<sup>1)</sup> Without taking transitional rules into account

#### Liquidity reserve and liquidity risk

SBAB's liquidity reserve comprises liquid, interest-bearing securities with a high rating. The market value of the assets in the liquidity reserve amounted to SEK 80.0 billion (65.3) at the end of the quarter. Taking the Riksbank's and the ECB's haircuts into account, the value of the assets was SEK 76.5 billion (61.7).

SBAB measures and stress-tests liquidity risk by calculating the survival horizon, which is an internal ratio used to see for how long SBAB is able to meet its payment obligations without access to capital market funding and net outflows from lending/deposits. This is done by totalling the maximum need for liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. The survival horizon amounted to 356 (265) days, which the company considers satisfactory.

On 31 March 2016, the liquidity coverage ratio (LCR), according to the Swedish Financial Supervisory Authority's regulation regarding requirements for a liquidity coverage ratio and reporting of liquid assets and cash flows, was 212% (232) for all currencies combined, exceeding the minimum requirement of 100%. In SEK, the LCR amounted to 130% (144). According to the European Commission Delegated Regulation with regard to liquidity coverage requirement, the LCR as of 31 March 2016 was 251% (251) in all currencies combined, which exceeds the minimum requirement of 70%. In SEK, the LCR amounted to 190% (197).

For further information on the liquidity reserve, the calculation of the survival horizon and the liquidity coverage ratio, see Note 9 and the "Liquidity Coverage Ratio" table on page 17.



## OVERVIEW OF EARNINGS

Group, SEK million	2016	2015	2015	2016	2015
	Q1	Q4	Q3	Jan-March	Jan-March
Net interest income	630	647	603	630	555
Net commission expense	-2	-23	-28	-2	-23
Net income/expense from financial instruments measured at fair value (Note 2)	19	24	-18	19	115
Other operating income	5	0	0	5	-
<b>Total operating income</b>	<b>652</b>	<b>648</b>	<b>557</b>	<b>652</b>	<b>647</b>
Expenses	-212	-235	-176	-212	-194
- of which restructuring costs	-	-17	0	-	-1
<b>Profit before loan losses</b>	<b>440</b>	<b>413</b>	<b>381</b>	<b>440</b>	<b>453</b>
Loan losses, net (Note 3)	-1	-11	-3	-1	-3
<b>Operating profit</b>	<b>439</b>	<b>402</b>	<b>378</b>	<b>439</b>	<b>450</b>
<b>Operating profit excl. NFI <sup>1)</sup> and restructuring costs</b>	<b>420</b>	<b>395</b>	<b>396</b>	<b>420</b>	<b>336</b>
Tax	-97	-90	-83	-97	-99
<b>Profit for the period</b>	<b>342</b>	<b>312</b>	<b>295</b>	<b>342</b>	<b>351</b>
Net interest margin, %	0.65	0.69	0.65	0.65	0.65
Loan loss ratio, %	0.00	-0.01	0.00	0.00	0.00
Cost/income ratio, %	33	36	32	33	30
Cost/income ratio excl. NFI <sup>1)</sup> and restructuring costs, %	33	35	31	33	36
Return on equity <sup>2)</sup> , %	11.2	10.7	10.5	11.2	12.5
Return on equity <sup>2)</sup> excl. NFI <sup>1)</sup> and restructuring costs, %	10.7	10.5	11.1	10.7	9.4
Common Equity Tier 1 capital ratio, %	27.6	28.6	25.6	27.6	27.5

<sup>1)</sup> Net income/expense from financial instruments

<sup>2)</sup> Return on equity calculated on a full-year basis

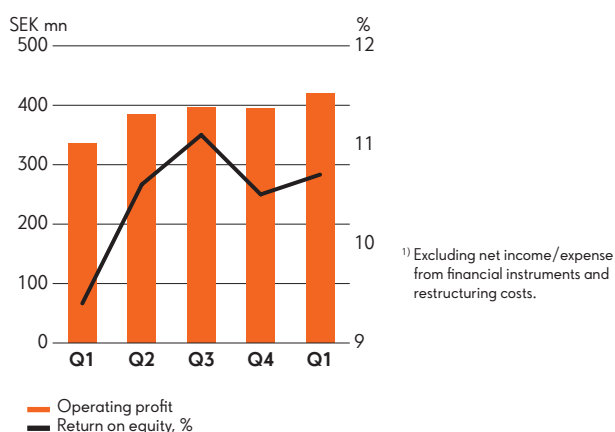
### Performance January–March 2016 compared with January–March 2015

Operating profit totalled SEK 439 million (450) and SEK 420 million (336) excluding net income/expense from financial instruments and restructuring costs. Income amounted to SEK 652 million (647), with the increase attributable to higher net interest income. Net interest income rose to SEK 630 million (555), driven by a sharp increase in volume and improved

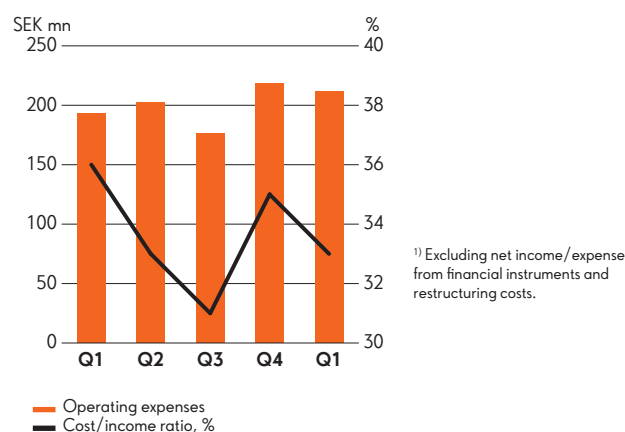
lending margins. Net income/expense from financial instruments measured at fair value amounted to an income of SEK 19 million (115). The main factor impacting earnings was unrealised market value changes in the liquidity portfolio.

Expenses for the period increased to SEK 212 million (194). The increase in expenses is primarily attributable to increased personnel- and marketing costs. Loan losses amounted to SEK 1 million (3).

#### Operating profit and return on equity <sup>1)</sup>



#### Operating expenses and cost/income ratio <sup>1)</sup>



# OTHER SIGNIFICANT INFORMATION

## Rating

31 MARCH 2016	Moody's	Standard & Poor's
Long-term funding, SBAB	A2	A <sup>1)</sup>
Long-term funding, SCBC	Aaa	-
Short-term funding, SBAB	P-1	A-1

<sup>1)</sup> Outlook Negative

## 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 our 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 shows a stable trend, underpinned by low inflation, low interest rates and rising stock market and property prices. A housing market with soaring prices and growing household indebtedness make the Swedish economy sensitive to changes in interest rates and housing prices. The risks associated with these factors are expected to increase as long as house prices and indebtedness continue to rise faster than incomes. Extensive regulatory developments in the residential mortgage market are another uncertainty factor.

The Swedish economy is susceptible 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 2015 Annual Report.

## New members of Executive Management

In the first quarter of 2016, Klas Ljungkvist became the CIO of SBAB and a member of Executive Management.

## Booli acquisition

In the fourth quarter of 2015, SBAB entered into an agreement to acquire Booli Search Technologies AB and its subsidiaries ("Booli"), with completion on 14 January 2016.

## Events after the end of the period

### Organisational changes

The Partner Market unit within the Retail business area will cease to exist as a profit centre. The Operations department is being expanded through the addition of a number of com-

pany-wide functions, including Legal. Chief Legal Counsel Christine Ehnström will assume the role of COO and Head of Operations on 2 May, remaining as a member of Executive Management. Bror-Göran Pettersson steps down as Head of Operations and as a member of Executive Management to become Head of Back Office in Operations.

### Annual General Meeting

SBAB held its Annual General Meeting on 28 April 2016. The Annual General Meeting elected the following Board members: Bo Magnusson (Chairman), Jakob Grinbaum (Deputy Chairman), Carl-Henrik Borg, Lars Börjesson, Daniel Kristiansson (new appointment), Jane Lundgren-Ericsson, Ebba Lindsö and Karin Moberg. The local trade unions appointed Kristina Ljung, Johan Ericsson and Johan Grude (alternate) as employee representatives on the Board of Directors; all three were new appointments.

At the Annual General Meeting, new targets were adopted pertaining to SBAB's capital structure. According to the new targets, SBAB's Common Equity Tier 1 capital ratio shall, under normal conditions, exceed the Common Equity Tier 1 capital requirement communicated by the Swedish Financial Supervisory Authority by at least 1.5 percentage points. In addition, SBAB's total capital ratio shall, under normal conditions, exceed the capital requirement communicated by the Swedish Financial Supervisory Authority by at least 1.5 percentage points. The bank shall also otherwise meet the capital requirements set by the authorities.

The Annual General Meeting resolved that no dividend should be paid and that the funds at the disposal of the Annual General Meeting should be carried forward.

### Review Report

This interim report has not been reviewed by the company's auditor.

## INCOME STATEMENTS

Group, SEK million	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan–March	Jan–March	Jan–Dec
Interest income	1,183	1,161	1,466	1,183	1,466	5,123
Interest expense	-553	-514	-911	-553	-911	-2,681
<b>Net interest income</b>	<b>630</b>	<b>647</b>	<b>555</b>	<b>630</b>	<b>555</b>	<b>2,442</b>
Commission income	12	18	20	12	20	61
Commission expense	-14	-41	-43	-14	-43	-163
Net income/expense from financial instruments meas. at fair value (Note 2)	19	24	115	19	115	1
Other operating income	5	0	-	5	-	0
<b>Total operating income</b>	<b>652</b>	<b>648</b>	<b>647</b>	<b>652</b>	<b>647</b>	<b>2,341</b>
Personnel costs	-94	-102	-88	-94	-88	-376
Other expenses	-112	-124	-99	-112	-99	-402
Depreciation/amortisation and impairment of tangible and intangible fixed assets	-6	-9	-7	-6	-7	-31
<b>Total expenses before loan losses</b>	<b>-212</b>	<b>-235</b>	<b>-194</b>	<b>-212</b>	<b>-194</b>	<b>-809</b>
<b>Profit before loan losses</b>	<b>440</b>	<b>413</b>	<b>453</b>	<b>440</b>	<b>453</b>	<b>1,532</b>
Loan losses, net (Note 3)	-1	-11	-3	-1	-3	-40
<b>Operating profit</b>	<b>439</b>	<b>402</b>	<b>450</b>	<b>439</b>	<b>450</b>	<b>1,492</b>
Tax	-97	-90	-99	-97	-99	-330
<b>Profit for the period</b>	<b>342</b>	<b>312</b>	<b>351</b>	<b>342</b>	<b>351</b>	<b>1,162</b>

## STATEMENT OF COMPREHENSIVE INCOME

Group, SEK million	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan–March	Jan–March	Jan–Dec
<b>Profit for the period</b>	<b>342</b>	<b>312</b>	<b>351</b>	<b>342</b>	<b>351</b>	<b>1,162</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that have been or will be reversed against the income statement</i>						
Changes related to financial assets available before sale, before tax	26	38	-2	26	-2	-7
Changes related to cash flow hedges, before tax	618	30	111	618	111	175
Tax attributable to components that will be reversed against the income statement	-142	-15	-24	-142	-24	-37
<i>Components that have not or will not be reversed against the income statement</i>						
Revaluation effects of defined benefit pension plans, before tax	-41	72	-61	-41	-61	72
Tax attributable to components that will not be reversed against the income statement	9	-16	13	9	13	-16
<b>Other comprehensive income, net after tax</b>	<b>470</b>	<b>109</b>	<b>37</b>	<b>470</b>	<b>37</b>	<b>187</b>
<b>Total comprehensive income for the period</b>	<b>812</b>	<b>421</b>	<b>388</b>	<b>812</b>	<b>388</b>	<b>1,349</b>

## BALANCE SHEET

Group, SEK million	31 March 2016	31 March 2015	31 December 2015
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	25,443	15,388	14,312
Lending to credit institutions	11,271	11,506	3,456
Lending to the public (Note 4)	299,351	264,968	296,981
Change in value of interest rate-hedged items in portfolio hedges	626	1,006	549
Bonds and other interest-bearing securities	53,939	42,390	49,714
Derivative instruments (Note 5)	7,904	10,369	7,192
Deferred tax assets	-	78	-
Intangible fixed assets	138	51	56
Tangible fixed assets	17	24	20
Other assets	3,420	582	1,246
Prepaid expenses and accrued income	1,228	1,019	1,026
<b>TOTAL ASSETS</b>	<b>403,337</b>	<b>347,381</b>	<b>374,552</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	15,395	12,925	5,111
Deposits from the public	81,170	63,884	76,639
Debt securities in issue	277,430	241,655	264,205
Derivative instruments (Note 5)	4,753	6,129	5,194
Other liabilities	599	231	783
Accrued expenses and prepaid income	3,116	3,515	2,767
Deferred tax liabilities	219	-	47
Provisions	54	149	15
Subordinated debt	7,941	7,504	7,943
<b>Total liabilities</b>	<b>390,677</b>	<b>335,992</b>	<b>362,704</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Statutory reserve	734	114	264
Retained earnings	9,626	8,966	8,464
Profit for the period	342	351	1,162
<b>Total equity</b>	<b>12,660</b>	<b>11,389</b>	<b>11,848</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>403,337</b>	<b>347,381</b>	<b>374,552</b>



## STATEMENT OF CHANGES IN EQUITY

GROUP, SEK million	Share capital	Reserves	Retained earnings	Profit for the period	Total equity
<b>OPENING BALANCE, 1 JANUARY 2016</b>	1,958	264	9,626		11,848
Total comprehensive income for the period		470		342	812
<b>CLOSING BALANCE, 31 MARCH 2016</b>	<b>1,958</b>	<b>734</b>	<b>9,626</b>	<b>342</b>	<b>12,660</b>
<b>OPENING BALANCE, 1 JANUARY 2015</b>	1,958	77	8,966		11,001
Total comprehensive income for the period		37		351	388
<b>CLOSING BALANCE, 31 MARCH 2015</b>	<b>1,958</b>	<b>114</b>	<b>8,966</b>	<b>351</b>	<b>11,389</b>
<b>OPENING BALANCE, 1 JANUARY 2015</b>	<b>1,958</b>	<b>77</b>	<b>8,966</b>		<b>11,001</b>
Dividends paid			-502		-502
Total comprehensive income for the period		187		1,162	1,349
<b>CLOSING BALANCE, 31 DECEMBER 2015</b>	<b>1,958</b>	<b>264</b>	<b>8,464</b>	<b>1,162</b>	<b>11,848</b>

## CASH FLOW STATEMENT

Group, SEK million	2016	2015	2015
	Jan–March	Jan–March	Jan–Dec
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,456</b>	<b>7,422</b>	<b>7,422</b>
Cash flow from operating activities	6,519	2,588	-5,623
Cash flow from investing activities	-58	-4	-28
Cash flow from funding activities	-	1,500	1,685
<b>Increase in cash and cash equivalents</b>	<b>6,461</b>	<b>4,084</b>	<b>-3,966</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,917</b>	<b>11,506</b>	<b>3,456</b>

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

## OWN FUNDS

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

No amounts are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013.

Group, SEK million	31 March 2016	31 Dec 2015	31 March 2015
<b>Common Equity Tier 1 capital: Instruments and reserves</b>			
Capital instruments and the related share premium reserves	1,958	1,958	1,958
Retained earnings	9,489	8,464	8,323
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	734	264	114
Independently reviewed interim profits net of any foreseeable charge or dividend	-	697	-
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>12,181</b>	<b>11,383</b>	<b>10,395</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
Additional value adjustments (negative amount)	-81	-67	-69
Intangible assets (net after deduction for associated tax liability) (negative amount)	-124	-46	-43
Fair value reserves to gain or losses on cash flow hedges	-718	-236	-187
Negative amounts resulting from the calculation of expected loss amounts	-72	-83	-82
Gains or losses on liabilities valued at fair value resulting from changes in the own credit standing	-39	-25	-15
<b>Total regulatory adjustments to the Common Equity Tier 1 capital</b>	<b>-1,034</b>	<b>-457</b>	<b>-396</b>
<b>Common Equity Tier 1 capital</b>	<b>11,147</b>	<b>10,926</b>	<b>9,999</b>
<b>Additional Tier 1 capital: Instruments</b>			
Capital instruments and the related share premium accounts	1,500	1,500	1,500
- Of which classified as liabilities under applicable accounting standards	1,500	1,500	1,500
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	994	994	994
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>2,494</b>	<b>2,494</b>	<b>2,494</b>
<b>Additional Tier 1 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>2,494</b>	<b>2,494</b>	<b>2,494</b>
<b>Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>13,641</b>	<b>13,420</b>	<b>12,493</b>
<b>Tier 2 capital: Instruments and provisions</b>			
Capital instruments and the related share premium accounts	5,447	5,447	2,000
Amount for qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from Tier 2 capital	-	-	91
<b>Tier 2 capital before regulatory adjustments</b>	<b>5,447</b>	<b>5,447</b>	<b>2,091</b>
<b>Tier 2 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>5,447</b>	<b>5,447</b>	<b>2,091</b>
<b>Total capital (Total capital = Tier 1 capital + Tier 2 capital)</b>	<b>19,088</b>	<b>18,867</b>	<b>14,584</b>
<b>Total risk-weighted assets</b>	<b>40,384</b>	<b>38,244</b>	<b>36,328</b>
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of risk exposure amount)	27.6	28.6	27.5
Tier 1 (as a percentage of total risk exposure amount)	33.8	35.1	34.4
Total capital (as a percentage of total risk exposure amount)	47.3	49.3	40.1
Institution specific buffer requirement (Common Equity Tier 1 capital requirement in accordance with Article 92(1)(a) plus capital conservation buffer and countercyclical capital buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII buffer and O-SII buffer) expressed as a percentage of risk exposure amount, %	8.0	8.0	7.0
- of which: Common Equity Tier 1 capital, minimum requirement, %	4.5	4.5	4.5
- of which: capital conservation buffer requirement, %	2.5	2.5	2.5
- of which: countercyclical buffer requirement, %	1.0	1.0	-
- of which: systemic risk buffer requirement, %	-	-	-
- of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer, %	-	-	-
Common Equity Tier 1 capital, available to meet buffers (as a percentage of risk exposure amount), %	23.1	24.1	23.0
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	1,796	2,096	2,096
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-
Current cap on T2 instruments subject to phase-out arrangements	780	910	910

# CAPITAL REQUIREMENTS

Group, SEK million	31 March 2016		31 December 2015		31 March 2015	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	899	11,232	864	10,795	582	7,280
Retail exposures	1,085	13,568	1,128	14,103	1,035	12,907
- of which: exposures to SMEs	120	1,499	130	1,628	130	1,620
- of which: retail exposures secured by immovable property	965	12,069	998	12,475	903	11,287
<b>Total exposures in accordance with IRB approach</b>	<b>1,984</b>	<b>24,800</b>	<b>1,992</b>	<b>24,898</b>	<b>1,615</b>	<b>20,187</b>
<b>Credit risk reported in accordance with standardised approach</b>						
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 <sup>1)</sup>	164	2,049	122	1,526	159	1,989
- of which: derivatives according to CRR, Appendix 2	132	1,654	120	1,505	142	1,781
- of which: repos	9	117	1	14	16	200
Exposures to corporates	1	15	1	15	163	2,041
Retail exposures	171	2,137	168	2,106	155	1,932
Exposures in default	1	9	1	7	1	10
Exposures in the form of covered bonds	293	3,670	237	2,957	58	731
Exposures to institutions and corporates with a short-term credit assessment	22	270	1	15	9	119
Other items	70	878	58	730	94	1,175
<b>Total exposures in accordance with standardised approach</b>	<b>722</b>	<b>9,028</b>	<b>588</b>	<b>7,356</b>	<b>639</b>	<b>7,997</b>
<b>Market risk</b>	<b>118</b>	<b>1,472</b>	<b>149</b>	<b>1,856</b>	<b>294</b>	<b>3,671</b>
- of which: position risk	70	869	105	1,314	259	3,239
- of which: currency risk	48	603	44	542	35	432
<b>Operational risk</b>	<b>291</b>	<b>3,634</b>	<b>239</b>	<b>2,989</b>	<b>239</b>	<b>2,989</b>
<b>Credit valuation adjustment risk</b>	<b>116</b>	<b>1,450</b>	<b>92</b>	<b>1,145</b>	<b>119</b>	<b>1,484</b>
<b>Total capital requirements and risk exposure amount</b>	<b>3,231</b>	<b>40,384</b>	<b>3,060</b>	<b>38,244</b>	<b>2,906</b>	<b>36,328</b>
<b>Capital requirements for capital conservation buffer</b>	<b>1,010</b>		<b>956</b>		<b>908</b>	
<b>Capital requirements for countercyclical buffer</b>	<b>401</b>		<b>379</b>		-	
<b>Total capital requirements</b>	<b>4,642</b>		<b>4,395</b>		<b>3,814</b>	

<sup>1)</sup> The risk-weighted exposure amount for counterparty risk according to CRR, Article 92(3)(f), amounts to SEK 1,772 million (1,519).

## CAPITAL ADEQUACY

Group, SEK million	31 March 2016	31 December 2015	31 March 2015
Common Equity Tier 1 capital	11,147	10,926	9,999
Tier 1 capital	13,641	13,420	12,493
<b>Total capital</b>	<b>19,088</b>	<b>18,867</b>	<b>14,584</b>
<b>Without transition rules</b>			
Risk exposure amount	40,384	38,244	36,328
Common Equity Tier 1 capital ratio, %	27.6	28.6	27.5
Excess <sup>1)</sup> Common Equity Tier 1 capital	9,329	9,205	8,365
Tier 1 capital ratio, %	33.8	35.1	34.4
Excess <sup>1)</sup> Tier 1 capital	11,218	11,125	10,314
Total capital ratio, %	47.3	49.3	40.1
Excess <sup>1)</sup> total capital	15,857	15,807	11,678
<b>With transition rules</b>			
Own funds	19,159	18,950	14,667
Risk exposure amount	169,866	165,830	146,068
Total capital ratio, %	11.3	11.4	10.0

<sup>1)</sup> Surplus of capital has been calculated based on the minimum capital requirements (without buffer requirements)

## INTERNALLY ASSESSED CAPITAL REQUIREMENTS

The internal capital adequacy assessment is to ensure that SBAB has sufficient capital to deal with any financial problems that arise. The internally assessed capital requirement for the Group amounted to SEK 12,930 million (SEK 10,293 million as of 31 March 2015). SBAB quantifies the capital requirement for its risks using a model for economic capital within the scope of the internal capital adequacy assessment process ("ICAAP"). Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period, given a predetermined level of confidence. In SBAB's case, the level of confidence is

99.97%, which corresponds to SBAB's long-term AA- target rating (according to Standard & Poor's ratings scale). The internal capital requirement is defined as the higher of economic capital and the regulatory requirements for each type of risk. The table below reflects the internal capital requirement for the consolidated situation, with and without consideration for the Swedish Financial Supervisory Authority's supervisory practices with regard to the risk weight floor for Swedish residential mortgages.

		Pillar 1	EXCL. RISK WEIGHT FLOOR Internally assessed capital requirement	INCL. RISK WEIGHT FLOOR Internally assessed capital requirement
Pillar 1	Credit risk & CVA risk	2,822	2,822	2,822
	Market risk	118	118	118
	Operational risk	291	291	291
Pillar 2	Credit risk <sup>1)</sup>		1,016	
	Market risk		1,088	1,088
	Operational risk		53	53
	Risk weight floor		0	6,287
	Concentration risk		593	593
	Sovereign risk		66	66
	Pension risk		21	21
	Income volatility		181	181
Buffers	Capital conservation buffer	1,010	1,010	1,010
	Capital planning buffer <sup>2)</sup>		1,440	
	Countercyclical buffer	401	401	401
<b>Total</b>		<b>4,641</b>	<b>9,099</b>	<b>12,930</b>

<sup>1)</sup> In internal capital requirement without consideration for the risk weight floor, additional credit risks in Pillar 2 consists of SBAB's estimated capital requirement in economic capital. As the additional capital requirement for the risk weight floor is larger than the additional capital requirement according to economic capital, only the risk weight floor is included in internal capital requirement with consideration for the risk weight floor.

<sup>2)</sup> The higher of the stress test buffer and capital planning buffer is included in internal capital requirements. With consideration for the risk weight floor, the stress test buffer is calculated without consideration for risk migration in the residential mortgage portfolios, so the required buffer is smaller.



## 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.

Group, SEK million	Total	DISTRIBUTION BY CURRENCY	
		EUR	USD
Liquidity coverage ratio %	212	502	398
Liquid assets	72,472	12,000	4,444
Assets with 100% weight	31,072	7,696	3,254
Assets with 85% weight	41,400	4,304	1,191
Cash outflows	30,975	9,555	1,122
Retail deposits	12,679	0	0
Market funding	15,066	9,225	834
Other cash outflows	3,231	330	288
<b>Cash inflows</b>	<b>6,562</b>	<b>12,201</b>	<b>5</b>
Inflow from retail lending	3,938	0	0
Other cash inflows	2,624	12,201	5

Liquidity coverage ratio = liquid assets / (cash outflow - cash inflow). The liquidity coverage ratio is recognised according to the definitions and weights in FFFS 2012:6. The calculation takes into consideration that assets with 85% weight

must not constitute more than 40% of the reserve, and that inflows must not exceed 75% of the outflow in each column.

# 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 this interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recom-

mendation 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 in comparison with the 2015 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 to IFRS 9, the application of which will become mandatory from 1 January 2018, there is an ongoing preliminary study is under way to identify how the new rules will affect SBAB.

## NOTE 2 Net income/expense from financial instruments measured at fair value

Group, SEK million	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan-March	Jan-March	Jan-Dec
<b>Gains/losses on interest-bearing financial instruments</b>						
- Securities measured at fair value through profit or loss	70	-148	144	70	144	-411
- Change in value of hedged items in hedge accounting	-214	709	-137	-214	-137	1,505
- Realised expense from financial liabilities	-31	-9	-31	-31	-31	-113
- Derivative instruments	163	-557	111	163	111	-1,099
- Loan receivables	30	30	22	30	22	113
Currency translation effects	1	-1	-2	1	-2	-2
<b>Gains/losses on shares and participations measured at fair value through profit or loss</b>	-	-	8	-	8	8
<b>Total</b>	<b>19</b>	<b>24</b>	<b>115</b>	<b>19</b>	<b>115</b>	<b>1</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). Major variations in the actual market value between reporting periods could result in significant changes in the carrying amount and hence 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	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan-March	Jan-March	Jan-Dec
<b>CORPORATE MARKET</b>						
<b>INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-	-	-1	-	-1	-1
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	-0	-0	-0	-0	-0	-22
Recoveries in respect of confirmed loan losses in prior years	-	0	-	-	-	0
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	0
Guarantees	-	-	-	-	-	-
<b>Net income/cost for the period for individual provisions for corporate market loans</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-23</b>
<b>COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS</b>						
Allocations to/redemption of collective provisions	1	5	3	1	3	7
Guarantees	-1	0	-1	-1	-1	-2
<b>Net income/cost for the period for collective provisions for corporate market loans</b>	<b>-0</b>	<b>5</b>	<b>2</b>	<b>-0</b>	<b>2</b>	<b>5</b>
<b>RETAIL MARKET</b>						
<b>INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-	-1	-	-	-	-3
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	-0	-20	-4	-0	-4	-24
Reversal of prior year provisions for probable loan losses no longer required	1	1	0	1	0	1
Guarantees	-	-	-	-	-	-
<b>Net income/cost for the period for individual provisions for retail market loans</b>	<b>1</b>	<b>-20</b>	<b>-4</b>	<b>1</b>	<b>-4</b>	<b>-26</b>
<b>COLLECTIVE PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-3	-4	-3	-3	-3	-12
Recoveries in respect of confirmed loan losses in prior years	1	0	0	1	0	2
Allocation to/redemption of collective provisions	1	10	8	1	8	26
Guarantees	-1	-2	-5	-1	-5	-12
<b>Net income/cost for the period for collective provisions for retail market loans</b>	<b>-2</b>	<b>4</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>4</b>
<b>NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES</b>	<b>-1</b>	<b>-11</b>	<b>-3</b>	<b>-1</b>	<b>-3</b>	<b>-40</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 March 2016		31 March 2015		31 December 2015	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	115,381	-99	107,778	-120	115,832	-98
Tenant-owner rights	99,367	-83	77,370	-71	96,283	-85
Tenant-owner associations	51,807	-33	52,535	-12	52,390	-34
Private multi-family dwellings	26,185	-19	21,608	-24	25,882	-20
Municipal multi-family dwellings	459	-	487	-	470	-
Commercial properties	4,359	-	3,635	-	4,313	-
Other	2,042	-15	1,790	-8	2,064	-16
Provision for probable loan losses	-249		-235		-253	
<b>Total</b>	<b>299,351</b>	<b>-249</b>	<b>264,968</b>	<b>-235</b>	<b>296,981</b>	<b>-253</b>

Doubtful and non-performing loan receivables	31 March 2016	31 March 2015	31 Dec 2015
a) Doubtful loan receivables	166	54	170
b) Non-performing loan receivables <sup>1)</sup> included in doubtful loan receivables	3	5	3
c) Non-performing loan receivables <sup>1)</sup> not included in doubtful loan receivables	168	263	170
d) Individual provisions for loan receivables	80	40	81
e) Collective provisions for corporate market loans	9	15	11
f) Collective provisions for retail market loans	160	180	161
g) Total provisions (d+e+f)	249	235	253
h) Doubtful loan receivables after individual provisions (a-d)	86	14	89
i) Provision ratio for individual provisions (d/a)	48	74	48

<sup>1)</sup> Where payment notices (one or more) are more than 60 days past due.

In certain partnerships on the lending side, the partner may be able to acquire brokered loans.

Loan portfolio, SEK million	31 March 2016	31 March 2015	31 Dec 2015
Retail lending	216,593	186,739	213,980
- new lending	12,160	11,246	66,750
Corporate lending (incl. tenant-owner assn.)	82,758	78,229	83,001
- new lending	2,063	2,064	13,720
<b>Total</b>	<b>299,351</b>	<b>264,968</b>	<b>296,981</b>
- new lending	14,223	13,310	80,470

## NOTE 5 Derivative instruments

Group, SEK million	31 March 2016		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest rate-related	5,350	2,338	234,210
Currency-related	2,554	2,415	98,068
<b>Total</b>	<b>7,904</b>	<b>4,753</b>	<b>332,278</b>

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



## NOTE 6 Operating segments

Group, SEK million	Jan–March 2016				Jan–March 2015			
	Retail	Corp./ Ten- ant-owner	Other	Total <sup>3)</sup>	Retail	Corp./ Ten- ant-owner	Other	Total <sup>3)</sup>
Income <sup>1)</sup>	514	119	-	633	402	126	4	532
Net income/expense from financial instruments measured at fair value	-	-	19	19	8	-	107	115
<b>Total operating income</b>	<b>514</b>	<b>119</b>	<b>19</b>	<b>652</b>	<b>410</b>	<b>126</b>	<b>111</b>	<b>647</b>
Expenses <sup>2)</sup>	-169	-46	3	-212	-152	-41	-1	-194
Loan losses, net	-1	0	-	-1	-3	0	-	-3
<b>Profit/loss before tax</b>	<b>344</b>	<b>73</b>	<b>22</b>	<b>439</b>	<b>255</b>	<b>85</b>	<b>110</b>	<b>450</b>
Standardised tax (22%)	-76	-16	-5	-97	-56	-19	-24	-99
<b>Profit/loss after tax (ROE segment)</b>	<b>268</b>	<b>57</b>	<b>17</b>	<b>342</b>	<b>199</b>	<b>66</b>	<b>86</b>	<b>351</b>
Adjustment for actual tax	0	0	0	0	0	0	0	0
<b>Profit/loss after tax</b>	<b>268</b>	<b>57</b>	<b>17</b>	<b>342</b>	<b>115</b>	<b>66</b>	<b>92</b>	<b>351</b>
Internally calculated ROE	13.3	5.9		11.2	10.4	8.3		12.5

<sup>1)</sup> The distributed income includes net interest income, net commission and other operating income.

<sup>2)</sup> The distributed income includes personnel costs, other expenses and depreciation of tangible and intangible fixed assets.

<sup>3)</sup> The total agrees with the external income statement.

Retail includes Retail Market and Partner Market, which were previously reported as separate operating segments, as well as Booli. The comparative figures have been recalculated. Partner Market will cease to exist as a profit centre in connection with an organisational change taking effect on 2 May 2016; see page 10 for more information.

## NOTE 7 Classification of financial instruments

### GROUP

#### Financial assets

SEK million	31 March 2016						Total	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			
Cash and balances at central banks					0		0	0
Chargeable treasury bills and other eligible bills	20,644		4,799				25,443	25,443
Lending to credit institutions					11,271		11,271	11,271
Lending to the public					299,351		299,351	301,041
Change in value of interest rate-hedged items in portfolio hedges				626			626	-
Bonds and other interest-bearing securities	12,255		30,794		10,890		53,939	53,972
Derivative instruments	326	7,578					7,904	7,904
Other assets				3,420			3,420	3,420
Prepaid expenses and accrued income	261		644	216	107		1,228	1,228
<b>Total</b>	<b>33,486</b>	<b>7,578</b>	<b>36,237</b>	<b>4,262</b>	<b>321,619</b>		<b>403,182</b>	<b>404,279</b>

### GROUP

#### Financial liabilities

SEK million	31 March 2016				Total	Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities			
Liabilities to credit institutions			15,395		15,395	15,395
Deposits from the public			81,170		81,170	81,170
Debt securities in issue			277,430		277,430	277,802
Derivative instruments	1,716	3,037			4,753	4,753
Other liabilities			599		599	599
Accrued expenses and prepaid income			3,116		3,116	3,116
Subordinated debt			7,941		7,941	7,976
<b>Total</b>	<b>1,716</b>	<b>3,037</b>	<b>385,651</b>		<b>390,404</b>	<b>390,811</b>

#### 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 2015 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	31 March 2016			Total
	Quoted market prices (Level 1)	Other observable mar- ket data (Level 2)	Unobservable market data (Level 3)	
SEK million				
<b>Assets</b>				
Securities in the category trade	69,397	-	-	69,397
Derivatives in the category trade	0	326	-	326
Derivatives in hedge accounting	-	7,578	-	7,578
<b>Total</b>	<b>69,397</b>	<b>7,904</b>	<b>-</b>	<b>77,301</b>
<b>Liabilities</b>				
Derivatives in the category trade	0	1,716	-	1,716
Derivatives in hedge accounting	-	3,037	-	3,037
<b>Total</b>	<b>0</b>	<b>4,753</b>	<b>-</b>	<b>4,753</b>

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 2015 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 2016.

### 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 on any asset or liability.

## NOTE 9 Liquidity reserve and liquidity risk

SBAB's liquidity reserve primarily 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 a rating of AAA- upon acquisition. In addition to these collective limits, limits for individual issuers may also be set. The table is reported according to the Swedish Bankers' Association's template for the disclosure of a liquidity reserve.

Liquidity reserve SEK million	31 March 2016	DISTRIBUTION BY CURRENCY			
		SEK	EUR	USD	Other
Cash and balances at central banks	-	-	-	-	-
Balances at other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	23,592	14,120	7,696	1,776	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	7,477	5,999	-	1,478	-
Covered bonds issued by others	48,966	42,502	5,063	1,401	-
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	-	-	-	-	-
Other securities	-	-	-	-	-
<b>Total assets</b>	<b>80,035</b>	<b>62,621</b>	<b>12,759</b>	<b>4,655</b>	-
Bank and loan facilities	-	-	-	-	-
<b>Total</b>	<b>80,035</b>	<b>62,621</b>	<b>12,759</b>	<b>4,655</b>	-
Distribution by currency, %		78.2	16.0	5.8	-

### Calculation of survival horizon

SBAB measures and stress-tests liquidity risk, for example, by calculating the survival horizon. This is done 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

Performance January–March 2016 compared with January–March 2015

The operating loss for the period amounted to SEK 33 million (profit: 44). The change in operating profit/loss is mainly attributable to the lower net income/expense from financial transactions, which amounted to an expense of SEK 8 million

(income: 64) during the period. Expenses totalled SEK 214 million (190), driven by higher IT and personnel costs. Loan losses had a net effect of SEK 1 million (6). Lending to the public amounted to SEK 53.8 billion (47.1). The Common Equity Tier 1 capital ratio totalled 23.8% (26.7) and the internally assessed capital requirement amounted to SEK 5,480 million (2,928).

## INCOME STATEMENT

Parent Company, SEK million	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan–March	Jan–March	Jan–Dec
Interest income	299	288	423	299	423	1,419
Interest expenses	-288	-261	-400	-288	-400	-1,258
<b>Net interest income</b>	<b>11</b>	<b>27</b>	<b>23</b>	<b>11</b>	<b>23</b>	<b>161</b>
Commission income	15	22	26	15	26	82
Commission expenses	-9	-20	-23	-9	-23	-79
Net income/expense from financial transactions	-8	-1	64	-8	64	-76
Other operating income	173	177	150	173	150	625
<b>Total operating income</b>	<b>182</b>	<b>205</b>	<b>240</b>	<b>182</b>	<b>240</b>	<b>713</b>
Personnel costs	-95	-102	-88	-95	-88	-379
Other expenses	-115	-127	-97	-115	-97	-409
Depreciation/amortisation and impairment of tangible and intangible fixed assets	-4	-7	-5	-4	-5	-22
<b>Total expenses before loan losses</b>	<b>-214</b>	<b>-236</b>	<b>-190</b>	<b>-214</b>	<b>-190</b>	<b>-810</b>
<b>Profit/loss before loan losses</b>	<b>-32</b>	<b>-31</b>	<b>50</b>	<b>-32</b>	<b>50</b>	<b>-97</b>
Loan losses, net	-1	-22	-6	-1	-6	-51
<b>Operating profit/loss</b>	<b>-33</b>	<b>-53</b>	<b>44</b>	<b>-33</b>	<b>44</b>	<b>-148</b>
Taxes	7	11	-10	7	-10	31
<b>Profit/loss for the period</b>	<b>-26</b>	<b>-42</b>	<b>34</b>	<b>-26</b>	<b>34</b>	<b>-117</b>

## STATEMENT OF COMPREHENSIVE INCOME

Parent Company, SEK million	2016	2015	2015	2016	2015	2015
	Q1	Q4	Q1	Jan-March	Jan-March	Jan-Dec
<b>Profit/loss for the period</b>	-26	-42	34	-26	34	-117
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that have been or will be reversed against the income statement</i>						
Change relating to available-for-sale financial assets, before tax	26	39	-2	26	-2	-7
Changes in cash flow hedges, before tax	2	-1	-	2	-	-6
Tax attributable to components that have been or will be reversed against the income statement	-6	-9	0	-6	0	3
<b>Other comprehensive income, net after tax</b>	<b>22</b>	<b>29</b>	<b>-2</b>	<b>22</b>	<b>-2</b>	<b>-10</b>
<b>Total comprehensive income for the period</b>	<b>-4</b>	<b>-13</b>	<b>32</b>	<b>-4</b>	<b>32</b>	<b>-127</b>

# BALANCE SHEET

Parent Company, SEK million	31 March 2016	31 March 2015	31 December 2015
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	25,443	15,388	14,312
Lending to credit institutions (Note 10)	38,153	42,160	17,162
Lending to the public	53,785	47,081	81,207
Change in value of interest rate-hedged items in portfolio hedges	2	13	5
Bonds and other interest-bearing securities	53,939	42,390	49,714
Derivative instruments	7,169	8,686	6,430
Shares and participations in Group companies	10,386	10,300	10,300
Deferred tax assets	14	22	52
Intangible fixed assets	11	15	13
Tangible fixed assets	18	24	20
Other assets	1,990	150	554
Prepaid expenses and accrued income	1,097	883	904
<b>TOTAL ASSETS</b>	<b>192,007</b>	<b>167,112</b>	<b>180,673</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	11,673	8,481	2,973
Deposits from the public	81,170	63,884	76,639
Debt securities in issue	74,562	68,574	76,925
Derivative instruments	7,579	8,735	6,778
Other liabilities	257	224	773
Accrued expenses and prepaid income	756	976	569
Subordinated debt	7,941	7,504	7,943
<b>Total liabilities</b>	<b>183,938</b>	<b>158,378</b>	<b>172,600</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
<b>Total restricted equity</b>	<b>2,350</b>	<b>2,350</b>	<b>2,350</b>
<b>Unrestricted equity</b>			
Fair value reserve	8	-6	-14
Retained earnings	5,737	6,356	5,854
Profit/loss for the period	-26	34	-117
<b>Total unrestricted equity</b>	<b>5,719</b>	<b>6,384</b>	<b>5,723</b>
<b>Total equity</b>	<b>8,069</b>	<b>11,084</b>	<b>8,073</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>192,007</b>	<b>169,462</b>	<b>180,673</b>
<b>MEMORANDUM ITEMS</b>			
Assets pledged for own liabilities	7,676	543	15
Contingent liability	85,301	95,018	80,772



## OWN FUNDS

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

No amounts are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013.

Parent Company, SEK million	31 March 2016	31 Dec 2015	31 March 2015
<b>Common Equity Tier 1 capital: Instruments and reserves</b>			
Capital instruments and the related share premium reserves	1,958	1,958	1,958
Retained earnings	5,992	5,781	6,105
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	8	-14	-6
Independently reviewed interim profits net of any foreseeable charge or dividend	-26	-117	-
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>7,932</b>	<b>7,608</b>	<b>8,057</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
Additional value adjustments (negative amount)	-83	-68	-69
Intangible assets (net after deduction for associated tax liability) (negative amount)	-11	-13	-15
Fair value reserves to gain or losses on cash flow hedges	3	5	-
Negative amounts resulting from the calculation of expected loss amounts	-35	-49	-45
Gains or losses on liabilities valued at fair value resulting from changes in the own credit standing	-39	-24	-15
<b>Total regulatory adjustments to the Common Equity Tier 1 capital</b>	<b>-165</b>	<b>-149</b>	<b>-144</b>
<b>Common Equity Tier 1 capital</b>	<b>7,767</b>	<b>7,459</b>	<b>7,913</b>
<b>Additional Tier 1 capital: Instruments</b>			
Capital instruments and the related share premium accounts	1,500	1,500	1,500
- Of which classified as liabilities under applicable accounting standards	1,500	1,500	1,500
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	994	994	994
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>2,494</b>	<b>2,494</b>	<b>2,494</b>
<b>Additional Tier 1 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>2,494</b>	<b>2,494</b>	<b>2,494</b>
<b>Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>10,261</b>	<b>9,953</b>	<b>10,407</b>
<b>Tier 2 capital: Instruments and provisions</b>			
Capital instruments and the related share premium accounts	5,447	5,447	2,000
Amount for qualifying items referred to in Article 484(5) and the related share premium accounts subject to phase out from Tier 2 capital	-	-	91
<b>Tier 2 capital before regulatory adjustments</b>	<b>5,447</b>	<b>5,447</b>	<b>2,091</b>
<b>Tier 2 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>5,447</b>	<b>5,447</b>	<b>2,091</b>
<b>Total capital (Total capital = Tier 1 capital + Tier 2 capital)</b>	<b>15,708</b>	<b>15,400</b>	<b>12,498</b>
<b>Total risk-weighted assets</b>	<b>32,592</b>	<b>33,295</b>	<b>29,657</b>
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of risk exposure amount)	23.8	22.4	26.7
Tier 1 (as a percentage of total risk exposure amount)	31.5	29.9	35.1
Total capital (as a percentage of total risk exposure amount)	48.2	46.3	42.1
Institution specific buffer requirement (Common Equity Tier 1 capital requirement in accordance with Article 92(1)(a) plus capital conservation buffer and countercyclical capital buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII buffer and O-SII buffer) expressed as a percentage of risk exposure amount, %	8.0	8.0	7.0
- of which: Common Equity Tier 1 capital, minimum requirement, %	4.5	4.5	4.5
- of which: capital conservation buffer requirement, %	2.5	2.5	2.5
- of which: countercyclical buffer requirement, %	1.0	1.0	-
- of which: systemic risk buffer requirement, %	-	-	-
- of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer, %	-	-	-
Common Equity Tier 1 capital, available to meet buffers (as a percentage of risk exposure amount), %	19.3	17.9	22.2
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	1,796	2,096	2,096
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-
Current cap on T2 instruments subject to phase-out arrangements	780	910	910

## CAPITAL REQUIREMENTS

Parent Company, SEK million	31 March 2016		31 December 2015		31 March 2015	
	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	502	6,282	484	6,052	185	2,319
Retail exposures	323	4,035	500	6,247	367	4,582
- of which: exposures to SME	35	432	52	648	35	434
- of which: retail exposures secured by immovable property	288	3,603	448	5,599	332	4,148
<b>Total exposures in accordance with IRB approach</b>	<b>825</b>	<b>10,317</b>	<b>984</b>	<b>12,299</b>	<b>552</b>	<b>6,901</b>
<b>Credit risk reported in accordance with standardised approach</b>						
Exposures to governments and central banks	3	36	10	129	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions <sup>1)</sup>	150	1,871	95	1,190	109	1,360
- of which: derivatives according to CRR, Appendix 2	121	1,515	95	1,186	97	1,218
- of which: repos	7	83	-	-	11	137
Exposures to corporates	1	15	1	15	162	2,023
Retail exposures	171	2,137	168	2,106	154	1,923
Exposures in default	1	9	1	7	1	10
Exposures in the form of covered bonds	293	3,670	237	2,957	58	731
Exposures to institutions and corporates with a short-term credit assessment	21	266	2	19	10	121
Equity exposures	831	10,386	824	10,300	824	10,300
Other items	8	95	8	105	10	127
<b>Total exposures in accordance with standardised approach</b>	<b>1,479</b>	<b>18,485</b>	<b>1,346</b>	<b>16,828</b>	<b>1,328</b>	<b>16,595</b>
<b>Market risk</b>	<b>83</b>	<b>1,042</b>	<b>120</b>	<b>1,498</b>	<b>279</b>	<b>3,489</b>
- of which: position risk	70	869	105	1,314	259	3,239
- of which: currency risk	13	173	15	184	20	250
<b>Operational risk</b>	<b>118</b>	<b>1,478</b>	<b>137</b>	<b>1,709</b>	<b>137</b>	<b>1,709</b>
<b>Credit valuation adjustment risk</b>	<b>102</b>	<b>1,270</b>	<b>77</b>	<b>961</b>	<b>77</b>	<b>963</b>
<b>Total capital requirements and risk exposure amount</b>	<b>2,607</b>	<b>32,592</b>	<b>2,664</b>	<b>33,295</b>	<b>2,373</b>	<b>29,657</b>
<b>Capital requirements for capital conservation buffer</b>	<b>815</b>		<b>832</b>		<b>741</b>	
<b>Capital requirements for countercyclical buffer</b>	<b>323</b>		<b>330</b>		-	
<b>Total capital requirements</b>	<b>3,745</b>		<b>3,826</b>		<b>3,114</b>	

<sup>1)</sup> The risk-weighted exposure amount for counterparty risk according to CRR, Article 92(3)(f), amounts to SEK 1,598 million (1,186).

## CAPITAL ADEQUACY

Parent Company, SEK million	31 March 2016	31 Dec 2015	31 March 2015
Common Equity Tier 1 capital	7,767	7,459	7,913
Tier 1 capital	10,261	9,953	10,407
<b>Total capital</b>	<b>15,708</b>	<b>15,400</b>	<b>12,498</b>
<b>Without transition rules</b>			
Risk exposure amount	32,592	33,295	29,657
Common Equity Tier 1 capital ratio, %	23.8	22.4	26.7
Excess <sup>1)</sup> Common Equity Tier 1 capital	6,300	5,961	6,579
Tier 1 capital ratio, %	31.5	29.9	35.1
Excess <sup>1)</sup> Tier 1 capital	8,305	7,955	8,628
Total capital ratio, %	48.2	46.3	42.1
Excess <sup>1)</sup> total capital	13,101	12,737	10,126
<b>With transition rules</b>			
Own funds	15,744	15,449	12,543
Risk exposure amount	37,525	50,414	32,140
Total capital ratio, %	42.0	30.6	39.0

<sup>1)</sup> 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 29,159 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 14,920 million at the end of 2015. 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.

## Financial calendar

Interim report January–June 2016	19 July 2016
Interim report January–September 2016	28 October 2016
Year-end report 2016	8 February 2017

*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 29 April 2016 at 8:00 a.m. (CET).*

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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.

Solna, 28 April 2016

Klas Danielsson  
CEO