



Press release 5 February 2010

SBAB's January-December operating profit increased to SEK 1,289 million (585)

SBAB's operating profit increased compared with the preceding year and amounted to SEK 1,289 million (585). SBAB's total lending rose 23% to SEK 226.0 billion (184.0). SBAB's market share in the lending segment continued to rise and amounted to 9.5% (8.6). SBAB's deposit volume also increased and amounted to SEK 4.7 billion (3.5). The loan loss rate remained very low at 0.06% (0.01).

"We had a substantial inflow of customers during the year and experienced considerable demand in our lending business at the same time as it is gratifying to state that our loan losses were very low," says Eva Cederbalk, CEO of SBAB.

Healthy earnings trend

SBAB's operating profit increased compared with the preceding year and amounted to SEK 1,289 million (585). Net interest income continued to rise and amounted to SEK 1,519 million (931). The factors underlying the favourable earnings were considerable demand for SBAB's lending operations and improved conditions for funding in the international market. The item "Net income/expense from financial instruments measured at fair value" amounted to income of SEK 495 million (expense: 26).

Net interest income was adversely affected by costs of SEK 214 million (0) connected to issuances under the Swedish government's guarantee programme and by stability fees of SEK 46 million (0) in net commission income.

Expenses increased to SEK 578 million (520), which was mainly due to a rise of 31 in the average number of employees in order to deal with the increased business volumes, and to a provision of SEK 28 million (8) for the incentive programme including social security expenses. Due to the considerable demand, the need for marketing activities decreased during the year and amounted to SEK 45 million (55). The loan loss rate was only 0.06% (0.01). Loan losses remained very low and amounted to SEK 107 million (22), net.

Continued increased inflow of customers

Because confidence in SBAB remains high, the inflow of new customers was substantial during the year. New lending totalled SEK 64.6 billion (32.4). Lending to the retail market totalled SEK 135.8 billion (116.8), with new lending amounting to SEK 36.4 billion (19.2). In this segment, SBAB's market share increased to 8.0% (7.5).

Demand was also high for lending to the corporate market and tenant-owner associations. Lending to the corporate market and tenant-owner associations totalled SEK 90.1 billion (67.1), with new lending amounting to SEK 28.2 billion (13.3). In this segment, SBAB's market share increased to 13.4% (11.4).

***SBAB** offers residential mortgages and savings via the Internet and telephone, and also grants loans to the corporate sector. SBAB's mission is to operate a profitable business that contributes to sharpening competition in the Swedish residential mortgage market.*

For further information, visit us at www.sbab.se.



Increased stability for funding activities

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products. The fourth quarter of 2009 was characterised by continued increased stability in global money and capital markets.

Early during the year, SBAB and SCBC were affiliated to the Swedish Government's guarantee programme for medium-term funding. Issues under the Government guarantee programme were only conducted in SBAB and the outstanding issue volume under the programme totalled SEK 21.4 billion (-). In 2009, SBAB repurchased government-guaranteed securities with a nominal value of SEK 6.5 billion. Due to the improved functioning of financial markets, SBAB and SCBC opted not to extend their participation in the guarantee programme.

The total value of the outstanding securities in issue in the SBAB Group was SEK 249.1 billion (198.6).

SBAB's incentive programme

SBAB's incentive programme complies with the guidelines established by the owner. SBAB's Board of Directors will make a decision concerning payment from the 2009 incentive programme later during the spring of 2010. The SBAB Board will conduct a review of the incentive programme in view of the Swedish Financial Supervisory Authority's new regulations and general guidelines regarding remuneration policies in credit institutions, securities companies and fund management companies (FFFS 2009:6).

Application for bank permit

On 18 December 2009, SBAB submitted an application to the Swedish Financial Supervisory Authority requesting permission to conduct banking operations.

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