



Press release, 23 July 2010

SBAB's operating profit for 1 January – 30 June 2010 amounted to SEK 350 million (549)

SBAB's operating profit for the first half of 2010 declined compared with the year-earlier period to SEK 350 million (549). SBAB's total lending increased to SEK 242.2 billion (226.0). SBAB's total market share in the lending segment continued to rise to 9.8% (9.5). The loan loss rate remained very low and corresponded to 0.04% (0.06).

"The trend for the first six months of the year was favourable, with strong net interest income, low loan losses, increasing market shares and growth in the deposit portfolio," says Eva Cederbalk, CEO of SBAB.

SBAB's operating profit declined to SEK 350 million (549). The decline was attributable to unrealised earnings effects charged to "Net income/expense from financial instruments measured at fair value" during the first half of the year. These effects arose in SBAB's recognition of earnings primarily as a result of the company's management of currency and interest-rate risk. Not taking these unrealised earnings effects into consideration, SBAB's operations performed well, with high net interest income growth, a limited increase in expenses and continued low loan losses, thereby resulting in increased profit.

Positive net interest income trend

Net interest income was highly positive at SEK 949 million (655) and was significantly higher than in the year-earlier period. The increase was primarily attributable to a favourable volume of business, as well as the stabilisation of the interest margin in the residential mortgage market. Net income/expense from financial instruments amounted to an expense of SEK 221 million (income: 231). Loan losses declined to SEK 44 million (51), net. The loan loss rate remained very low and corresponded to 0.04% (0.06). Expenses totalled SEK 311 million (293) and were primarily attributable to an increase in personnel costs because SBAB recruited more employees as a result of the company's continued high volume of business and inflow of customers.

Continued high demand for residential mortgages

SBAB continued to experience high demand in its lending operations. New lending totalled SEK 29.8 billion (28.6) and total lending to the public amounted to SEK 242.2 billion (226.0), up 7%.

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.



Lending to the retail market rose to SEK 143.9 billion (135.8), up 6%. New lending amounted to SEK 17.6 billion (16.4). SBAB's market share in this segment increased to 8.2% (8.0).

Demand for lending to the corporate market and tenant-owner associations was also high. Lending to the corporate market and tenant-owner associations amounted to SEK 98.3 billion (90.1), up 9%. SBAB's share of the market for lending to the corporate market and tenant-owner associations rose to 14.0% (13.4).

Increased deposits

Deposits from the retail market, corporate market and tenant-owner associations increased to SEK 5.2 billion (4.7) at the end of the period.

Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products.

Although SBAB was affiliated with the Swedish Government's guarantee programme for medium-term funding during 2009, the company discontinued its participation in the programme in November 2009. At the end of the period, the volume outstanding under the Government-guaranteed programme totalled SEK 16.2 billion (21.4). Repurchases during the quarter amounted to SEK 2.0 billion.

SBAB has long taken a proactive approach to extending the remaining term of its funding by reducing the proportion of short-term loans and extending its funding through repurchases and the issuance of bonds with longer terms.

SBAB maintained a favourable liquidity situation, with a liquidity reserve corresponding to 74 days (73) measured in Maximum Cumulative Outflow (MCO).

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