

SBAB BANK

Press release, 27 April 2012

Interim report 1 January – 31 March 2012

Strong growth in deposits, but financial items burdened results

SBAB Bank's CEO, Carl-Viggo Östlund, comments:

SBAB Bank displayed a strong performance in the first quarter, with increases in net interest income and in earnings from underlying business operations compared with the corresponding period in 2011. This increase was mainly due to stronger demand, higher average volumes and improved earnings in the lending operations. However, the market value of financial instruments resulted in unrealised negative effects on operating profit, which, along with development costs, was the main reason for the loss we reported.

In January and February, the market for retail deposits rose SEK 6.5 billion, with SBAB Bank accounting for 29 percent of this increase. In March, SBAB Bank's retail deposits rose SEK 1.4 billion. These highly robust figures demonstrate that our strategy of offering straightforward and clear savings accounts and a competitive savings rate has been successful.

The recent discussions regarding the transparency of margins on mortgage rates are relevant. Funding costs for banks have increased sharply since the financial crisis in 2008 and, as a result, there no longer exists the same correlation between the repo rate and mortgage rates. Accordingly, we will now work to determine how we can contribute to increased transparency by presenting our pricing procedures for residential mortgages in a clear and straightforward manner.

The first quarter of 2012 compared with the fourth quarter of 2011

- Net interest income amounted to SEK 429 million (458).
- Net expense from financial instruments measured at fair value amounted to SEK 390 million (income: 190).
- Expenses totalled SEK 201 million (217).
- The net effect of loan losses was a positive SEK 6 million (neg: 28).
- SBAB Bank reported an operating loss of SEK 180 million (profit: 397).
- The net loss for the period was SEK 132 million (profit: 292).
- New lending amounted to SEK 8.2 billion (10.1) and deposits increased SEK 4.0 billion (1.7).
- The lending volume rose to SEK 254.3 billion (248.1).
- The deposit volume increased to SEK 12.8 billion (8.8).
- The core Tier 1 capital ratio amounted to 14.4 percent (15.0) without taking the transitional regulations into account and 6.3 percent (6.7) taking the transitional regulations into account.
- The capital adequacy ratio was 23.4 percent (23.9) without taking the transitional regulations into account and 10.2 percent (10.7) taking the transitional regulations into account.

For balance sheet items and information concerning capital adequacy, all comparative figures in parentheses refer to the figures at the preceding year-end.

SBAB Bank offers residential mortgages and saving products through the Internet and telephone, and also grants loans to the corporate sector and housing associations. By offering products and services that challenge and simplify, SBAB Bank contributes to increased competition in the Swedish market. The company was founded in 1984 and is wholly owned by the Swedish Government. In 2011, the company's lending volume amounted to SEK 248.1 billion and the deposit volume to SEK 8.8 billion. SBAB Bank has about 410 employees, of whom approximately 120 work at the headquarters in Stockholm. Learn more at www.sbab.se/english

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

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