



Press Release, 22 October 2015

Interim report 1 January – 30 September 2015

“Our market share within retail continued to grow, both within lending and deposits, which is highly gratifying and in line with our ambition to grow.”

SBAB’s CEO, Klas Danielsson, comments:

It is very exciting to manage SBAB. Our company is currently transforming into a sustainable growth company with a focus on housing and housing finances. We continuously strive to create the most efficient digital residential mortgage process on the market, while developing housing services for the future at sbab.se.

The strong performance in the two first quarters of the year continued in the third quarter. Our market share within retail continued to grow, both within lending and deposits, which is highly gratifying and in line with our ambition to grow. New lending and net growth within residential mortgages to private individuals reached an all-time high in the third quarter – clear proof that our customers agree with us about the attractiveness of our offering.

We continue to offer an interest rate on our savings accounts that is considerably higher than the rates offered by the major banks. Deposits are part of how we and other banks fund our lending. Accordingly, the difference between the residential mortgage interest rate and the savings account interest rate – which we refer to as the payment factor – indicates how much the bank actually charges. In other words, a low payment factor benefits a bank’s customers. With a payment factor of no more than 0.66 percent, we are by far the best in the market. The second-best major bank charges more than twice as much for your money.

The situation in the Swedish housing market is highly distressing. Soaring housing prices increase the risk level for our customers, for us as a company and for the economy and society at large. This trend is not sustainable in the long term. The housing shortage is becoming increasingly pressing as housing prices continue to skyrocket. In some areas of Sweden, housing prices are increasing at a rate that in all likelihood, extends far beyond any long-term realism. High demand for housing at rising prices combined with the Riksbank’s extreme interest rate policy leads to high demand for residential mortgages. What are we doing to manage the increased risk inherent in rising housing prices and increased indebtedness? During the summer, we introduced a compulsory maximum debt ceiling of 6.5 times the income. We recently introduced new mandatory amortisation rules for all new loans where a home is mortgaged by more than 70 percent of the market value. For a residential mortgage with our maximum loan-to-value ratio, 85 percent, our new amortisation rules entail an amortisation rate that is even higher than the mandatory amortisation rules of two percent per year that were previously proposed by the Swedish Financial Supervisory Authority. If the housing price trend does not abate, we cannot exclude additional measures.



I would like to conclude by telling you about something that is close to our hearts, some corporate social responsibility projects where we work in accordance with our mission – contributing to better housing and improved housing finances. We strive to help the homeless and prevent homelessness by cooperating with and contributing to the operations of the charitable organisations Stockholms Stadsmission and Situation Stockholm. Due to the refugee crisis, many people need help with housing. When Stockholms Stadsmission recently opened a home for refugees, we helped by arranging all the beds and bedding needed, in less than 24 hours. Such things make us proud.

Third quarter of 2015 (Second quarter of 2015)

- Total lending increased to SEK 284.0 billion (274.1).
- Deposits increased to SEK 71.5 billion (67.2).
- Operating profit totalled SEK 378 million (262). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 396 million (384).
- Net interest income amounted to SEK 603 million (637).
- Expenses totalled SEK 176 million (204), of which restructuring costs accounted for SEK 0 million (2).
- The net effect of loan losses was a loss of SEK 3 million (loss: 23).
- Return on equity was 10.5% (7.3), and 11.1% (10.6) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 25.6 (26.8).

January–September 2015 (January–September 2014)

- Operating profit totalled SEK 1,090 million (1,203). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 1,116 million (884).
- Net interest income amounted to SEK 1,795 million (1,562).
- Expenses totalled SEK 574 million (785), of which restructuring costs accounted for SEK 3 million (175).
- The net effect of loan losses amounted to a loss of SEK 29 million (gain: 22).
- Return on equity was 10.1% (12.0), and 10.4% (8.9) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 25.6% (26.1).

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

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