

SBAB! Year-end Report

1 January – 31 December 2014 | SBAB Bank AB (publ)

Strong profit trend and good volume growth in the fourth quarter

Fourth quarter 2014 (Third quarter 2014)

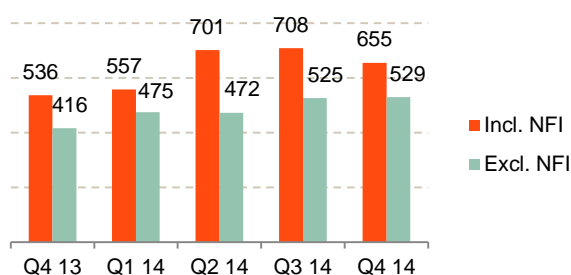
- Operating profit totalled SEK 441 million (361)
- Operating profit, excluding net result from financial instruments and restructuring costs, amounted to SEK 318 million (353)
- Net interest income amounted to SEK 549 million (552)
- Expenses totalled SEK 223 million (347), of which restructuring costs accounted for SEK 3 million (175)
- The net effect of loan losses was a gain of SEK 8 million (gain 1)
- Return on equity was 12.8% (10.9), and 9.3% (10.7), excluding net result from financial instruments and restructuring costs
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 29.8% (26.1)

January–December 2014 (Jan–Dec 2013)

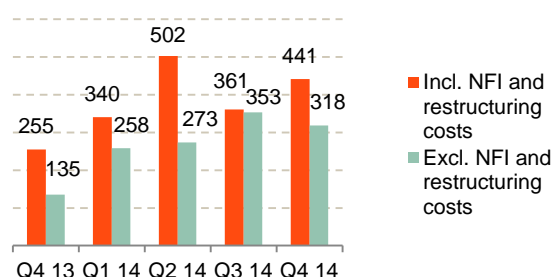
- Operating profit totalled SEK 1,644 million (1,085)
- Operating profit, excluding net result from financial instruments and restructuring costs, amounted to SEK 1,202 million (1,046)
- Net interest income amounted to SEK 2,111 million (1,963)
- Expenses totalled SEK 1,008 million (815), of which restructuring costs accounted for SEK 178 million (-)
- The net effect of loan losses amounted to a gain of SEK 30 million (gain 7)
- Return on equity was 12.1% (9.5), and 9.0% (9.1), excluding net result from financial instruments and restructuring costs
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 29.8% (23.3)

- New lending for the quarter amounted to SEK 15.7 billion (11.4). Total lending increased to SEK 261.4 billion (257.4).
- Deposits rose by SEK 3.4 billion (1.8) in the quarter to SEK 60.6 billion (57.3).

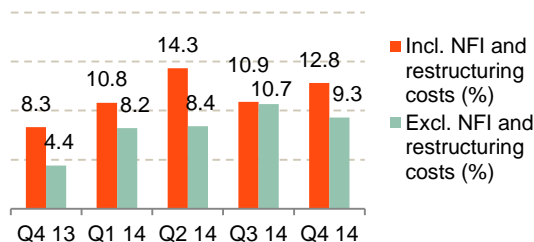
Operating income, incl. and excl. net result from financial instruments (SEK million)



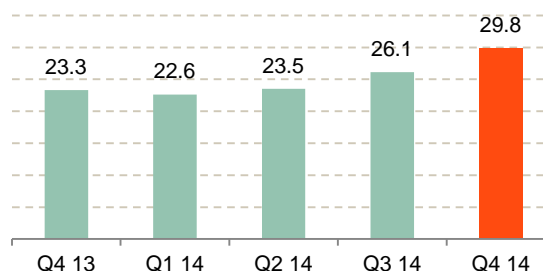
Operating profit, incl. and excl. net result from financial instruments and restructuring costs (SEK million)



Return on equity, incl. and excl. net result from financial instruments and restructuring costs (%)



Common Equity Tier 1 capital ratio without transitional regulations (%)



Statement by the CEO

The healthy business climate continued in the final quarter. New lending, both retail and corporate, increased compared to the third quarter. Due to increased marketing efforts and a highly successful Christmas campaign with particularly advantageous terms and conditions for five-year loans, our total lending at year-end reached a record level at SEK 261.4 billion.

In December, Svenskt Kvalitetsindex (SKI) informed us that we have the most satisfied residential mortgage customers in Sweden. This pleased us immensely. The fact that we have the happiest residential mortgage customers is proof of how considerate we are. In order to grow and attract even more customers, we also need to be innovative thinkers and develop our customer offering. We will regard residential mortgages as a living, exciting and dynamic product, full of potential with ample opportunities to create a unique product. We will not only listen to our customers but surprise them as well. An increased focus on sustainable business creates exciting business development opportunities, where our aim will be to integrate sustainability in our residential mortgage offering.



2014 was a challenging and demanding year with changes in management and within the organisation, a new strategic direction and cost efficiency programmes. However, I am already seeing distinctly positive results in the form of a new energy in the organisation, increased customer focus and a stronger inflow of new customers. 2014 was also very positive from an operational development standpoint, with greater volumes, improved margins and stronger profitability. Our finances are strong and our capital adequacy is high. We note continued excellent growth on the deposit side, and our market funding has been met by strong demand on terms that are favourable to us. We met the profitability objective of at least 10% return on equity set by our owner, the Swedish Government, and a dividend will be proposed for the first time since 2004.

In 2015 and 2016, we will lay the foundation that will keep SBAB strong and competitive in the long term, by becoming more cost-efficient with the ability to grow at low marginal costs. At the same time, increased regulation in the banking sector has led to resource-intensive adjustment activities that have an impact on costs.

The knowledge, expertise, professionalism and care for our customers that I have noted in my colleagues are impressive. Together with the strength, confidence and understanding that have been incorporated into our brand over the years, they provide us with a fantastic foundation on which to create and build growth. I would like to conclude by extending a warm welcome to our new colleagues in the Executive Management: Robert Burén, CIO, and Elizabet Sulj Jönsson, Head of Communications.

Klas Danielsson, CEO

Overview of earnings

Group	2014	2014	2013	2014	2013
SEK million	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Net interest income	549	552	443	2,111	1,963
Net commission income	-20	-27	-27	-110	-109
Net result from financial instruments measured at fair value (Note 2)	126	183	120	620	39
Total operating income	655	708	536	2,621	1,893
Expenses	-223	-347	-252	-1,008	-815
- of which restructuring costs	-3	-175	-	-178	-
Profit/loss before loan losses	432	361	284	1,613	1,078
Loan losses, net (Note 3)	8	1	-29	30	7
Participations in joint ventures	1	-1	-	1	-
Operating profit/loss	441	361	255	1,644	1,085
Operating profit excl. net result from financial instruments and restructuring costs	318	353	135	1,202	1,046
Tax	-97	-78	-57	-388	-212
Profit/loss for the period	344	283	198	1,256	873
New lending, SEK billion	15.7	11.4	11.1	48.3	37.4
Total lending, SEK billion	261.4	257.4	258.7	261.4	258.7
Change in deposits, SEK billion	3.4	1.8	10.0	14.7	18.2
Total deposits, SEK billion	60.6	57.3	45.9	60.6	45.9
Cost/Income ratio	34%	49%	47%	38%	43%
Return on equity ¹⁾	12.8%	10.9%	8.3%	12.1%	9.5%
Return on equity excl. net result from financial instruments and restructuring costs ¹⁾	9.3%	10.7%	4.4%	9.0%	9.1%
Common Equity Tier 1 capital ratio ²⁾	29.8%	26.1%	23.3%	29.8%	23.3%

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Without taking transitional rules into account.

Market development and volumes

Development in the fourth quarter of 2014 compared with the third quarter of 2014

Retail

SBAB offers savings and loan products to private individuals. Residential mortgages are also offered through partnerships with banks and estate agents. In the fourth quarter, SBAB entered into a new partnership with Mäklarhuset, with cooperation beginning in January 2015.

The housing market remained characterised by strong demand and weak supply in the fourth quarter. Price increases accelerated while time-to-sale became shorter and bidding (the difference between the starting price and the final price) increased. Underlying structural factors, such as demography, residential construction, income growth and employment rates, as well as tax systems and sets of rules and regulations, drive the housing markets. The continued fall in interest rates as of late and a belief in continued price increases have fuelled the increase. Changed amortisation rules in 2015 may moderate the trend in house prices.

In the fourth quarter, SBAB increased its marketing efforts and in November and December, the interest rate on loans with a fixed-interest period of 5 years was reduced significantly. This resulted in increased lending in the fourth quarter. The share of total lending with a 3-month fixed-interest period decreased to 59.4% (65.2) in the fourth quarter, while the share with a 5-year fixed-interest period increased to 13.0% (5.6).

New lending to retail customers amounted to SEK 13.1 billion (9.3) for the quarter. Total lending to retail customers amounted to SEK 183.4 billion (178.7). In residential mortgages to private individuals, SBAB's market share amounted to 7.30 percent (7.25) and for consumer loans it was 0.83 percent (0.77).

SBAB's savings accounts, which are characterised by attractive interest rates and clear product terms, continued to draw new customers. SBAB's retail deposits rose by SEK 1.9 billion (1.0) in the quarter to a total of SEK 47.9 billion (46.0). The market share within retail deposits amounted to 3.53% (3.45).

Corporate clients and tenant-owner associations

SBAB offers residential financing to property companies and tenant-owner associations and deposits to corporate clients and tenant-owner associations.

The commercial property market showed strong performance in 2014, both with regard to value growth and transaction volume. Property turnover amounted to approximately SEK 160 billion, which is the second highest volume ever. In the corporate market, transactions were dominated by domestic buyers. The new production of residential properties, mainly tenant-owned apartment buildings, also contributed to the strong performance.

New lending to corporate clients and tenant-owner associations increased to SEK 2.6 billion (2.0) in the fourth quarter. The total lending volume decreased to SEK 78.2 billion (78.7) due to increased redemption as a result of some previously known agreements. The market share of loans to tenant-owner associations decreased to 13.82% (14.09).

Deposits from corporate clients and tenant-owner associations rose by SEK 1.4 billion in the quarter (0.9) to a total of SEK 12.7 billion (11.3). The market share amounted to 1.53 percent (1.53).

Financial performance

Development in the fourth quarter of 2014 compared with the third quarter of 2014

Operating profit

SBAB's operating profit amounted to SEK 441 million (361). Excluding net result from financial instruments and restructuring costs, profit amounted to SEK 318 million (353).

The difference in profit between the quarters is primarily due to reduced restructuring costs, which amounted to SEK 3 million (175), and a lower net result from financial instruments, SEK 126 million (183).

Net interest and net commission

SBAB's net interest income for the period was SEK 549 million (552), which was in line with the previous quarter. Net commission for the period amounted to an expense of SEK 20 million (expense 27), including a fee of SEK 24 million (30) for the government stability fund.

Expenses

SBAB's expenses amounted to SEK 223 million (347), which was a reduction compared with the previous quarter. This was primarily due to lower restructuring costs, which amounted to SEK 3 million in the fourth quarter compared with SEK 175 million in the previous quarter. Excluding restructuring costs, expenses were SEK 48 million higher in the fourth quarter compared with the third quarter. This was primarily caused by development costs driven by a planned quicker pace in system development, marketing costs and the cost of adjusting the holiday pay liability. Furthermore, expenses are normally lower in the third quarter, which also contributes to the difference between the quarters.

Loan losse

The net effect of loan losses was a gain of SEK 8 million (gain 1) in the fourth quarter. For further information, please see Note 3.

Net income/expense from financial instruments measured at fair value

The net income from financial instruments measured at fair value amounted to SEK 126 million (183) for the period. The greatest factor impacting earnings was unrealised market value changes on basis swaps. Basis swaps are used to minimise interest-rate and currency risks that arise in conjunction with funding in foreign currency. For further information regarding how changes in market values affected profit for the period, please see Note 2.

Lending and deposits

New lending for the period amounted to SEK 15.7 billion (11.4) and the total lending volume rose to SEK 261.4 billion (257.4), compared with SEK 258.7 billion at the start of the year. Deposits increased by SEK 3.4 billion (1.8) to SEK 60.6 billion (57.3), compared with SEK 45.9 billion at the beginning of the year.

Funding

In the last quarter, the lending activity increased somewhat compared with the previous quarters of the year.

The total value of outstanding covered debt securities in issue rose by SEK 5.9 billion during the quarter to SEK 243.2 billion (237.3). During the quarter, securities amounting to SEK 34.2 billion (23.4) were issued, securities amounting to SEK 9.0 billion (2.4) were repurchased and securities amounting to SEK 21.9 billion (20.0) matured.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation), "SCBC". In the quarter, SCBC issued a new covered bond: loan 141. Total outstanding covered debt totalled SEK 175.0 billion (160.4), compared with SEK 152.7 billion at the beginning of the year.

Capital adequacy

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational and market risk in accordance with the standardised approach. SBAB's total capital ratio under Pillar 1, without transitional rules, amounted to 44.7% (39.5) at 31 December 2014, compared to 35.6% at the beginning of the year. Without consideration for transitional rules, the Common Equity Tier 1 capital ratio amounted to 29.8% (26.1) compared with 23.3% at the beginning of the year. This meets the external regulatory requirements by a good margin. In December 2014, the Board of Directors of SBAB resolved to raise the Common Equity Tier 1 capital ratio target from 18-20% to 22%. The period's profit was considered in the calculation of own funds. For information concerning other capital ratios, refer to the table on page 14.

Liquidity reserve

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 58.6 billion (48.0). The size of the liquidity portfolio roughly corresponds to one year's maturity of capital market funding. Taking the Riksbank's haircuts into account, the value of the assets was SEK 55.4 billion (45.2).

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 contractual payment obligations without access to capital market funding and net outflows from lending/deposits. This is made by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. For SBAB, the survival horizon amounts to 234 (194) days, which SBAB considers satisfactory.

The Liquidity Coverage Ratio is calculated in accordance with the Swedish Financial Supervisory Authority's regulation, FFFS 2012:6. In the beginning of the year, the Liquidity Coverage Ratio was 732% for all currencies combined, 14,751% for the EUR and 349% for the USD, which exceeds the minimum requirement of 100%. In SEK, the Liquidity Coverage Ratio amounted to 350%. Liquidity Coverage Ratio is a ratio affected by the amount of maturities within 30 days.

For further information on the liquidity reserve, the calculation of survival horizon and the Liquidity Coverage Ratio, see Note 9.

Quarterly overview

Group SEK million	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4
Net interest income	549	552	514	496	443
Net commission income	-20	-27	-42	-21	-27
Net result from financial instruments measured at fair value (Note 2)	126	183	229	82	120
Total operating income	655	708	701	557	536
Expenses	-223	-347	-219	-219	-252
- of which restructuring costs	-3	-175	-	-	-
Profit/loss before loan losses	432	361	482	338	284
Loan losses, net (Note 3)	8	1	20	1	-29
Participations in joint ventures	1	-1	0	1	-
Operating profit/loss	441	361	502	340	255
Operating profit excl. net result from financial instruments	315	178	273	258	135
Tax	-97	-78	-139	-74	-57
Profit/loss for the periods	344	283	363	266	198
New lending, SEK billion	15.7	11.4	11.7	9.5	11.1
Total lending, SEK billion	261.4	257.4	259.0	258.0	258.7
Change in deposits, SEK billion	3.4	1.8	3.5	6.1	10.0
Total deposits, SEK billion	60.6	57.3	55.5	52.0	45.9
Cost/Income ratio	34%	49%	31%	39%	47%
Return on equity ¹⁾	12.8%	10.9%	14.3%	10.8%	8.3%
Return on equity excl. net result from financial instruments and restructuring costs ¹⁾	9.3%	10.7%	8.4%	8.2%	4.4%
Common Equity Tier 1 capital ratio ²⁾	29.8%	26.1%	23.5%	22.6%	23.27%

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Without taking transitional rules into account.

Performance for January–December 2014 compared with January–December 2013

Operating profit for the period totalled SEK 1,644 million (1,085). Income amounted to SEK 2,621 million (1,893), with the increase primarily due to an improved net result from financial instruments. Net interest income amounted to SEK 2,111 million (1,963). The net income from financial instruments measured at fair value amounted to SEK 620 million (39) and was mainly affected by changed market values of basis swaps and the sale of RMBSs¹ in the third quarter.

Costs for the period amounted to SEK 1,008 million (815). The increase was mainly attributable to restructuring costs of SEK 178 million and increased personnel and IT costs.

SBAB's loan losses amounted to a positive SEK 30 million (positive 7). The outcome is attributable above all to the lower redemption of collective provisions for retail loans. Confirmed loan losses remained low.

New strategy and cost efficiency programme

In the third quarter, a change in strategies was adopted, involving a focus on the core business of residential mortgages to private individuals and residential financing to property companies and tenant-owner associations. For this reason, the development of bank services, such as payment solutions, current accounts and card services was discontinued and the fund offering was wound up. A cost efficiency programme was initiated in the third quarter.

This change in strategies involved restructuring costs in 2014 of SEK 178 million in total; SEK 125 million concerned the depreciation of software and bank services systems and SEK 53 million were winding up costs and redundancy costs. In the fourth quarter, restructuring costs amounted to SEK 3 million.

¹ Residential Mortgage-Backed Securities

Other significant information

Retail

During the year, the partnership with Sparbanken Öresund regarding the mediation of residential mortgages was terminated due to Swedbank's acquisition of Sparbanken Öresund. It is intended that the lending volume will be transferred to Swedbank in coming years. This will have a negative impact on SBAB's lending volumes and market shares, but the impact will be largely offset by an increase in new lending. New lending from existing partnerships (including the new partnership with Mäklarhuset) is expected to increase.

Rating

In January 2014, Moody's placed SBAB's credit rating on negative review. SBAB was removed from negative review in June, and the A2/P-1 rating was confirmed. Negative outlook remains as previously.

Standard & Poor's long-term and short-term ratings of SBAB remained unchanged over the year, A and A-1 respectively.

Current ratings are stated below.

Rating	31/12/2014	31/12/2013
SBAB Bank AB (publ)		
<i>Long-term funding</i>		
-Standard & Poor's	A	A
-Moody's	A2	A2
<i>Short-term funding</i>		
-Standard & Poor's	A-1	A-1
-Moody's	P-1	P-1
SCBC		
<i>Long-term funding</i>		
-Moody's	Aaa	Aaa

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 the 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 is showing a stable trend, underpinned by low inflation, low interest-rates and rising stock market and property prices. The Swedish economy is sensitive to global economic developments and to conditions on the international financial markets. The risks associated with these factors have subsided in recent years. A strained housing market and high household indebtedness among retail customers result in the economy also being sensitive to changes in interest rates and house prices. The risks associated with these factors are expected to increase as long as housing prices and indebtedness continue to rise faster than incomes. The many regulatory changes relating to the residential mortgage market constitute further uncertainties. For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the 2013 Annual Report.

Annual General Meeting and Annual Report

SBAB's Annual General Meeting will be held on 22 April 2015 in Stockholm. Further information will be published at sbab.se in March 2015. The Annual Report for 2014 will be published at sbab.se at the end of March 2015.

Dividends

SBAB's dividend policy, which was adopted at the 2013 AGM, states that ordinary dividends should be at least 40% of the profit for the year after tax, taking the Group's capital structure into account. The

Board of Directors proposes a dividend of 40% for 2014, which means that SEK 502 million will be distributed to the owner.

Change in Group structure

The owners of FriSpar Kreditkonsult AB (formerly Frispar Bolån AB), a joint venture between SBAB, Sparbanken Öresund AB (publ) – which has been acquired by Swedbank – and Sparbanken Syd, concluded in 2013 that there was no justification for continuing to pursue the partnership between the owners in the form of a company. For this reason, the company was wound up on 19 December 2014.

Changes in the Executive Management and the organisation

On 14 August, Klas Danielsson took up the position of CEO of SBAB. On 27 August, the Board of Directors adopted a new organisation. The purpose of the change is to support the adopted strategic direction. This change took effect from 1 October 2014.

In the fourth quarter, Robert Burén was recruited as the new CIO. In January 2015, Elizabet Sulj Jönsson was recruited as the new Head of Communications. Robert Burén and Elizabet Sulj Jönsson will assume their positions in the first quarter of 2015. The following functions are included in the Executive Management: CFO (Mikael Inglander), CRO (Peter Svensén), Head of Retail (Sarah Bucknell), Head of Corporate Clients and Tenant-owner associations (Per O. Dahlstedt), Head of HR (Catharina Kandel), acting Head of Operations/COO (Bror-Göran Pettersson), Chief Legal Counsel (Christine Ehnström), CIO (Robert Burén), Head of Communications (Elizabet Sulj Jönsson) and also, for a transitional period, Head of Retail Market (Håkan Höijer).

Financial calendar

Year-end report 2014	6 February 2015
Interim report January–March 2015	23 April 2015
Interim report January–June 2015	17 July 2015
Interim report January–September 2015	22 October 2015
Year-end report 2015	5 February 2016

SBAB's Annual General Meeting will be held on 22 April 2015 in Stockholm.

The CEO affirms that this year-end 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.

Stockholm, 5 February 2015

Klas Danielsson
Chief Executive Officer

This report has been reviewed by the company's auditor. The review report is given on page 26.

For further information, contact CEO Klas Danielsson, +46 8 614 43 01, klas.danielsson@sbab.se or CFO Mikael Inglander, +46 8 614 43 28, mikael.inglander@sbab.se.

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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 6 February 2015 at 8.00 a.m. (CET).

While every care has been taken in the translation of this report, readers are reminded that the original report, signed by the CEO, is in Swedish.

Income statement

Group SEK million	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Interest income	1,604	1,791	1,999	7,261	8,147
Interest expense	-1,055	-1,239	-1,556	-5,150	-6,184
Net interest income	549	552	443	2,111	1,963
Commission income	12	17	12	47	40
Commission expense	-32	-44	-39	-157	-149
Net result from financial instruments meas. at fair value (Note 2)	126	183	120	620	39
Total operating income	655	708	536	2,621	1,893
Personnel costs	-93	-102	-93	-414	-346
Other expenses	-123	-110	-112	-434	-400
Amortisation and depreciation of fixed assets	-7	-135	-47	-160	-69
Total expenses before loan losses	-223	-347	-252	-1,008	-815
Profit/loss before loan losses	432	361	284	1,613	1,078
Loan losses, net (Note 3)	8	1	-29	30	7
Participations in joint ventures	1	-1	-	1	-
Operating profit/loss	441	361	255	1,644	1,085
Tax	-97	-78	-57	-388	-212
Profit/loss for the period	344	283	198	1,256	873

Statement of comprehensive income

Group SEK million	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Profit/loss for the period	344	283	198	1,256	873
OTHER COMPREHENSIVE INCOME					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	-	29	2	32	17
Changes related to financial assets available before sale, before tax	-5	-	-	-5	-
Changes related to cash flow hedges, before tax	156	-28	-	128	-
Tax attributable to components that will be reversed against the income statement	-33	-2	-0	-36	-3
<i>Components that have not or will not be reversed against the income statement</i>					
Revaluation effects of defined benefit pension plans, before tax	-3	-68	34	-71	34
Tax attributable to components that will not be reversed against the income statement	1	15	-8	16	-8
Other comprehensive income, net after tax	116	-54	28	64	40
Total comprehensive income for the period	460	229	226	1,320	913

Balance sheet

Group SEK million	12/31/2014	12/31/2013
ASSETS		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	15,557	8,183
Lending to credit institutions	7,437	20,267
Lending to the public (Note 4)	261,445	258,739
Change in value of interest-rate-hedged items in portfolio hedges	937	757
Bonds and other interest-bearing securities	42,335	38,736
Derivative instruments (Note 5)	9,408	6,449
Shares and participations	253	217
Deferred tax assets	104	-
Intangible fixed assets	52	165
Tangible fixed assets	27	37
Other assets	461	595
Prepaid expenses and accrued income	969	913
TOTAL ASSETS	338,985	335,058
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	7,284	15,191
Deposits from the public	60,610	45,869
Debt securities in issue	243,168	243,870
Derivative instruments (Note 5)	7,263	10,363
Other liabilities	424	306
Accrued expenses and prepaid income	3,200	3,502
Provisions	89	485
Subordinated debt	5,946	5,791
Total liabilities	327,984	325,377
Equity		
Share capital	1,958	1,958
Other reserves	77	13
Retained earnings	7,710	6,837
Profit/loss for the year	1,256	873
Total equity	11,001	9,681
TOTAL LIABILITIES AND EQUITY	338,985	335,058

Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2014	1,958	13	7,710		9,681
Total comprehensive income for the year		64		1,256	1,320
Closing balance, 31 December 2014	1,958	77	7,710	1,256	11,011
	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2013	1,958	-27	6,837		8,768
Total comprehensive income for the year		40		873	913
Closing balance, 31 December 2013	1,958	13	6,837	873	9,681

Cash flow statement

Group SEK million	12/31/2014	12/31/2013
Cash and cash equivalents at the beginning of the year	19,238	17,536
Cash flow from operating activities	-11,892	2,818
Cash flow from investing activities	76	-116
Cash flow from funding activities	-	-1,000
Increase/Decrease in cash and cash equivalents	-11,816	1,702
Cash and cash equivalents at the end of the year	7,422	19,238

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

Own funds

Group SEK million	31/12/2014	31/12/2013*
Common Equity Tier 1 capital		
Shareholders' equity according to the Group's balance sheet	11,001	9,681
Estimated dividend	-502	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23
Cash flow hedge reserve	-100	-
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-2	-
Value adjustment	-70	-
Non-controlling interest	-	100
Intangible fixed assets	-43	-165
Net reserves for IRB exposures	-85	-38
Net pension assets	-	-18
Common Equity Tier 1 capital	10,199	9,583
Additional Tier 1 capital		
Additional Tier 1 instruments	2,395	2,994
Tier 1 capital	12,594	12,577
Tier 2 capital		
Time-limited subordinated debentures	2,713	2,123
Net reserves for IRB exposures	-	-38
Net pension assets	-	-18
Tier 2 capital	2,713	2,067
Total own funds	15,307	14,644

*According to earlier rules (Basel II)

Capital requirement

Group SEK million	31/12/2014		31/12/2013*	
	Capital requirement	Risk exposure	Capital requirement	Risk exposure
Credit risk recognised in accordance with IRB approach				
Exposures to corporates	558	6,975	736	9,199
Retail exposures	1,028	12,851	1,124	14,051
- of which exposures to SME	139	1,737	211	2,638
- of which retail exposures secured by immovable property	889	11,114	913	11,413
Positions in securitisations	-	-	270	3,380
Total exposures in accordance with IRB approach	1,586	19,826	2,130	26,630
Credit risk reported in accordance with standardised approach				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions **	111	1,388	397	4,965
- of which, derivatives according to CRR, Appendix 2	103	1,291	88	1,106
- of which, repos	7	85	241	3,011
Exposures to corporates	146	1,829	196	2,454
Retail exposures	143	1,783	99	1,231
Exposures in default	1	10	1	11
Exposures in the form of covered bonds	59	744	-	-
Exposures to institutions and corporates w with a short-term credit assessment	7	86	-	-
Exposures to CIU:s	20	253	17	217
Other items	86	1,070	10	127
Total exposures in accordance with standardised approach	573	7,163	720	9,005
Market risk	337	4,210	287	3,591
- of which, position risk	279	3,491	287	3,591
- of which, currency risk	58	719	-	-
Operational risk	164	2,047	154	1,923
CVA risk	80	1,001	-	-
Total capital requirements and risk exposure amount	2,740	34,247	3,291	41,149
Applicable capital buffer (Capital conservation buffer)	856	-	-	-
Total capital requirement (including capital conservation buffer)	3,596			

* According to earlier rules (Basel II)

** The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 1,376 million

Capital adequacy

Group SEK million	31/12/2014	31/12/2013*
Common Equity Tier 1 capital	10,199	9,583
Tier 1 capital	12,594	12,577
Total own funds	15,307	14,644
Without transition rules		
Risk exposure amount	34,247	41,149
Common Equity Tier 1 capital ratio	29.8%	23.3%
Excess Common Equity Tier 1 capital	8,658	7,732
Tier 1 capital ratio	36.8%	30.6%
Excess Tier 1 capital	10,539	10,108
Total capital ratio	44.7%	35.6%
Excess total capital	12,567	11,352
With transition rules		
Own funds	15,392	14,644
Risk exposure amount	142,975	139,600
Total capital ratio	10.8%	10.5%

* According to earlier rules (Basel II)

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

Compared with 2013, the accounting principle regarding Joint arrangements, IFRS 11, affected the Group. The regulations in IFRS 11 have entailed that SBAB's joint venture FriSpar will, effective from 2014, be consolidated using the equity method rather than the proportional method. Since FriSpar wound up its operations in 2014 and, even in 2013, had limited operations in relation to the Group's overall performance and position, the new regulations are of limited significance for the Group. The comparison figures have therefore not been recalculated with regard to this new accounting principle.

In the third quarter, SBAB started to report transactions according to the cash flow hedging method. In case of cash flow hedging, the hedging instrument is valued at fair value. The effective part of the total change in value is reported as a component in other comprehensive income and accumulated in a special reserve in equity. The accumulated amount is reversed in the income statement in periods where the hedged item affects the profit or loss. The ineffective part of the change in value is transferred to the income statement under the item "Net income/expense from financial instruments measured at fair value," where the realised gain or loss arising at the end of the hedge relationship is recognised.

In the fourth quarter, SBAB began to recognise assets classified as "Available-for-sale financial assets." Here, financial assets are recognised for which there is an active market, but which assets are not held for trading and are not intended to be held until maturity. These assets are valued at fair value, and any changes in value are recognised under "reserves" in equity, and therefore constitute a component in other comprehensive income. Changes in fair value not reported in the income statement until the asset has been realised or an impairment is recognised. Impairment testing is performed when there is an indication of impairment. Changes in value that are attributable to exchange rate changes are recognised in the income statement. Fair-value hedging is applied to "Available-for-sale financial assets." The result of value changes related to hedged risks in fair-value hedging is recognised directly in the income statement. In the fourth quarter, SBAB also began to recognise assets classified as "Investments held to maturity." Interest-bearing assets that the Group has the intention and ability to hold to maturity are recognised in this category. These are valued at amortised cost and tested for impairment when there is an indication of impairment.

In other regards, the accounting policies and calculation methods are unchanged compared with the 2013 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 IFRS 9, which will become mandatory on 1 January 2018, no complete assessment has as yet been made.

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

Group	2014	2013	2013	2014	2013
SEK million	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Gains/losses on interest-bearing financial instruments					
- Securities measured at fair value through profit or loss	205	273	155	1,401	-248
- Change in value of hedged items in hedge accounting	-433	-141	137	-1,581	1,419
- Realised expense from financial liabilities	-58	-40	-49	-122	-144
- Derivative instruments	380	69	-156	807	-1,097
- Loan receivables	27	22	23	89	87
Currency translation effects	2	-4	7	-2	6
Gains/losses on shares and participations measured at fair value through the income statement	3	4	3	28	16
Total	126	183	120	620	39

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 thus 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	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
CORPORATE MARKET					
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS					
Write-off of confirmed loan losses for the period	-	-0	-1	-0	-2
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	0	-	1
Provision for probable loan losses for the period	-0	-0	-3	-0	-3
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	7	8
Guarantees	-	-	1	-	1
Net income/cost for the period for individual provisions for corporate market loans	0	0	-3	7	5
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS					
Allocations to/redemption of collective provisions	-0	1	-4	8	1
Guarantees	2	-1	-2	0	0
Net income/cost for the period for collective provisions for	2	0	-6	8	1
RETAIL MARKET					
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS					
Write-off of confirmed loan losses for the period	-2	-2	-3	-7	-15
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	1	1	5	11
Provision for probable loan losses for the period	-1	1	-4	-4	-9
Reversal of prior year provisions for probable loan losses no longer required	3	1	0	4	0
Guarantees	-	-	0	-	0
Net income/cost for the period for individual provisions for retail market loans	-0	1	-6	-2	-13
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS					
Write-off of confirmed loan losses for the period	-5	-4	-6	-22	-21
Recoveries in respect of confirmed loan losses in prior years	0	0	1	12	3
Allocation to/redemption of collective provisions	10	4	-7	31	38
Guarantees	1	-0	-2	-4	-6
Net income/cost for the period for collective provisions for retail market loans	6	0	-14	17	14
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	8	1	-29	30	7

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	31/12/2014		31/12/2013	
	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	107,425	-124	103,497	-150
Tenant-owner rights	74,307	-70	67,278	-82
Tenant-owner associations	52,704	-15	54,839	-13
Private multi-family dwellings	21,232	-25	23,465	-41
Municipal multi-family dwellings	606	-	3,728	-
Commercial properties	3,693	-	5,034	-
Other	1,720	-8	1,189	-5
Provision for probable loan losses	-242	-	-291	-
Total	261,445	-242	258,739	-291
Doubtful and non-performing loan receivables			31/12/2014	31/12/2013
a) Doubtful loan receivables			48	62
b) Non-performing loan receivables* included in doubtful loan receivables			2	20
c) Non-performing loan receivables* not included in doubtful loan receivables**			322	367
d) Individual provisions for loan receivables			36	47
e) Collective provisions for corporate market loans			19	26
f) Collective provisions for retail market loans			187	218
g) Total provisions (d+e+f)			242	291
h) Doubtful loan receivables after individual provisions (a-d)			12	15
i) Provision ratio for individual provisions (d/a)			75%	76%

* Where payment notices (one or more) are more than 60 days past due.

** The comparison figure has been recalculated to take a new method of calculation into account.

In certain partnerships on the lending side, it is possible for the partner to acquire brokered loans.

Loan portfolio

SEK million	31/12/2014	31/12/2013
Retail lending	183,250	171,728
- new lending	40,457	30,061
Corporate lending (incl. tenant-owner assn.)	78,195	87,011
- new lending	7,840	7,306
Total	261,445	258,739
- new lending	48,297	37,367

Note 5 Derivative instruments

Group SEK million	31/12/2014		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	6,236	3,710	206,099
Currency related	3,172	3,553	86,098
Share-related	-	0	-45
Total	9,408	7,263	292,152

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

Note 6 Operating segments

Segment income statement Group SEK million	Jan-Dec 2014 Corp./ Retail market					Jan-Dec 2013 Corp./ Retail market				
	Collab. market	Tenant-owner	Other	Total*	Collab. market	Tenant-owner	Other	Total*		
Income ¹⁾	948	455	583	15	2,001	853	348	630	0	1,854
Net result from financial instruments meas. at fair value	0	0	0	620	620	16	0	0	23	39
Total operating income	948	455	583	635	2,621	869	348	630	46	1,893
Expenses ²⁾	-507	-131	-193	-177	-1,008	-497	-105	-213	0	-815
Loan losses, net	7	5	18	-	30	-6	-3	16	0	7
Participations in joint ventures	-	1	-	-	1	-	-	-	-	-
Profit/loss before tax	448	330	408	458	1,644	366	240	433	46	1,085
Standardised tax (22%)	-99	-72	-90	-101	-362	-81	-53	-95	-10	-239
Profit/loss after tax (ROE segment)	349	258	318	357	1,282	285	187	338	36	846
Adjustment for actual tax	-7	-5	-7	-7	-26	10	6	10	1	27
Profit/loss after tax	342	253	311	350	1,256	295	193	348	37	873
Internally calculated ROE	9.3%	9.0%	10.1%	12.7%	11.3%	11.8%	14.7%	12.2%		

¹⁾ Net interest income, net commission income and other operating income are included in the distributed income

²⁾ Personnel costs, other expenses and amortisation and depreciation of fixed assets are included in the distributed expenses

*The total is consistent with the Group's income statement

Changes regarding the identification of operating segments

Since the second quarter of 2014, SBAB has, in its internal control and monitoring, transitioned to internal calculation of return on equity, based on standardised tax and calculated equity. The comparison figures have been recalculated.

Note 7 Classification of financial instruments

Group	31/12/2014						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	Total	
Financial assets							
SEK million							
Cash and balances at central banks				0		0	0
Chargeable treasury bills and other eligible bills	13,250		2,307			15,557	15,557
Lending to credit institutions				7,437		7,437	7,437
Lending to the public				261,445		261,445	263,991
Change in value of interest-rate-hedged items in portfolio hedges				937		937	-
Bonds and other interest-bearing securities	33,842		3,518		4,975	42,335	42,341
Derivative instruments	616	8,792				9,408	9,408
Shares and participations	253					253	253
Other assets				461		461	461
Prepaid expenses and accrued income	523		110	274	62	969	969
Total	48,484	8,792	5,935	270,554	5,037	338,802	340,417

Group	31/12/2014					Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	Total	
Financial liabilities						
SEK million						
Liabilities to credit institutions			7,284	7,284	7,284	7,284
Deposits from the public			60,610	60,610	60,610	60,610
Debt securities in issue			243,168	243,168	243,168	245,024
Derivative instruments	3,639	3,624		7,263	7,263	7,263
Other liabilities			424	424	424	424
Accrued expenses and prepaid income			3,200	3,200	3,200	3,200
Subordinated debt			5,946	5,946	5,946	5,957
Total	3,639	3,624	320,632	327,895	329,762	329,762

Fair value measurement of financial instruments

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are given in the accounting policies in Note 1 of the 2013 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 2. Debt securities in issue are measured at the Group's current borrowing rate, Level 2.

Reclassified assets

During autumn 2008, financial institutions were given the opportunity to reclassify holdings of "Financial assets available for sale" to "Loan receivables and accounts receivable." The assets were reclassified due to SBAB's perception that the downturn in the global financial markets during autumn 2008 was of sufficient magnitude to justify reclassification. The reclassification was implemented on 1 July 2008. The value that was assigned to the assets at the time was the prevailing market value. In September 2014, all remaining reclassified assets were divested.

Not 8 Information about fair value

Group SEK million	31/12/2014			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
Assets				
Securities in the category trade	53,803	-	-	53,803
Derivatives in the category trade	1	615	-	616
Derivatives in hedge accounting	-	8,792	-	8,792
Total	53,804	9,407	-	63,211
Liabilities				
Derivatives in the category trade	2	3,637	-	3,639
Derivatives in hedge accounting	-	3,624	-	3,624
Total	2	7,261	-	7,263

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are given in the accounting policies in Note 1 of the 2013 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 2014.

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, fund units 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 for any assets or liabilities.

Not 9 Liquidity reserve

Liquidity Reserve SEK million	31/12/2014	Distribution by currency			
		SEK	EUR	USD	Other
Cash and balances from central banks	-	-	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	21,195	10,515	9,882	798	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	6,225	5,023	-	1,202	-
Covered bonds issued by others	31,174	24,724	4,894	1,345	211
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	-	-	-	-	-
Other securities	-	-	-	-	-
Total assets	58,594	40,262	14,776	3,345	211
Bank and loan facilities	-	-	-	-	-
Total	58,594	40,262	14,776	3,345	211
Distribution by currency		69%	25%	6%	0%

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

Calculation of survival horizon

SBAB measures and stress-tests liquidity risk by calculating the survival horizon. This is made 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 theoretical flows, for example, withdrawals of the bank's deposits. The weightings of the theoretical flows are fixed and are determined by supervisory authorities.

Parent company

Parent Company performance in January-December 2014 compared with January-December 2013

Operating profit for the period amounted to SEK 560 million (176). The change in operating profit was mainly due to higher other operating incomes, i.e. the outsourcing fee from SCBC. Net result from financial transactions was SEK 300 million (128). Expenses totalled SEK 900 million (871). The net effect of loan losses was a gain of SEK 1 million (loss 14). Lending to the public amounted to SEK 43.9 billion (48.8). Without transitional rules, the Common Equity Tier 1 capital ratio amounted to 28.4% (35.3).

Income statement

Parent Company SEK million	2014 Q4	2014 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Interest income	516	689	829	2,758	3,243
Interest expenses	-458	-574	-782	-2,423	-2,960
Net interest income	58	115	47	335	283
Dividends received	-	-	-	20	19
Commission income	14	19	28	55	124
Commission expenses	-9	-22	-20	-73	-74
Net result of financial transactions	0	107	64	300	128
Other operating income	324	152	189	822	581
Total operating income	387	371	308	1,459	1,061
Personnel costs	-92	-105	-100	-424	-371
Other expenses	-123	-109	-131	-454	-480
Amortisation and depreciation of fixed assets	-5	-6	-5	-22	-20
Total expenses before loan losses	-220	-220	-236	-900	-871
Profit before loan losses	167	151	72	559	190
Loan losses, net	-3	-6	-20	1	-14
Operating profit	164	145	52	560	176
Taxes	-36	-31	142	-153	154
Profit for the period	128	114	194	407	330

Statement of comprehensive income

Parent Company SEK million	2014 Q4	2013 Q3	2013 Q4	2014 Jan-Dec	2013 Jan-Dec
Profit for the period	128	114	194	407	330
OTHER COMPREHENSIVE INCOME					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	-	29	2	32	17
Change relating to available-for-sale financial assets, before tax	-5	-8	-0	-5	-3
Tax attributable to components that will be reversed against the income statement	1	-	-	-8	-
Other comprehensive income, net after tax	-4	21	2	19	14
Total comprehensive income for the period	124	135	196	426	344

Balance sheet

Parent Company SEK million	31/12/2014	31/12/2013
ASSETS		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	15,557	8,183
Lending to credit institutions (Note 10)	35,823	49,183
Lending to the public	43,866	48,758
Change in value of interest-rate-hedged items in portfolio hedges	11	1
Bonds and other interest-bearing securities	42,335	38,736
Derivative instruments	7,800	4,981
Shares and participations	253	217
Shares and participations in joint ventures	-	113
Shares and participations in Group companies	10,300	10,300
Deferred tax assets	18	-
Intangible fixed assets	13	14
Tangible fixed assets	27	37
Other assets	138	477
Prepaid expenses and accrued income	794	695
TOTAL ASSETS	156,935	161,695
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	3,250	557
Deposits from the public	60,610	45,869
Debt securities in issue	68,182	91,316
Derivative instruments	9,103	7,909
Other liabilities	407	996
Accrued expenses and prepaid income	735	848
Provisions	-	133
Subordinated debt	5,946	5,791
Total liabilities	148,233	153,419
Equity		
Share capital	1,958	1,958
Statutory reserve	392	392
Fair value reserve	-4	-23
Retained earnings	5,949	5,619
Profit for the period	407	330
Total equity	8,702	8,276
TOTAL LIABILITIES AND EQUITY	156,935	161,695
Memorandum items		
Assets pledged for own liabilities	23	9
Commitments	79,152	48,298

Own funds

SBAB Bank AB (publ) SEK million	31/12/2014	31/12/2013*
Common Equity Tier 1 capital		
Shareholders' equity according to the Group's balance sheet	8,702	8,276
Estimated dividend	-502	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-2	-
Value adjustment	-70	-
Intangible fixed assets	-13	-14
Net reserves for IRB exposures	-49	-17
Common Equity Tier 1 capital	8,066	8,268
Additional Tier 1 capital		
Additional Tier 1 instruments	2,395	2,994
Tier 1 capital	10,461	11,262
Tier 2 capital		
Time-limited subordinated debentures	2,713	2,123
Net reserves for IRB exposures	-	-17
Tier 2 capital	2,713	2,106
Total own funds	13,174	13,368

* According to earlier rules (Basel II)

Capital requirement

SBAB Bank AB (publ)	31/12/2014		31/12/2013*	
	Capital requirement	Risk exposure	Capital requirement	Risk exposure
SEK million				
Credit risk recognised in accordance with IRB approach				
Exposures to corporates	188	2,341	298	3,716
Retail exposures	343	4,292	411	5,135
- of which exposures to SME	35	436	75	938
- of which retail exposures secured by immovable property	308	3,856	336	4,197
Positions in securitisations	-	-	270	3,381
Total exposures in accordance with IRB approach	531	6,633	979	12,232
Credit risk reported in accordance with standardised approach				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions**	74	925	184	2,299
- of which, derivatives according to CRR, Appendix 2	71	886	46	575
- of which, repos	2	31	72	894
Exposures to corporates	145	1,817	194	2,428
Retail exposures	142	1,770	98	1,219
Exposures in default	1	10	1	11
Exposures in the form of covered bonds	59	744	-	-
Exposures to institutions and corporates with a short-term credit assessment	7	84	-	-
Exposures to CIU:s	20	254	17	217
Equity exposures	824	10,300	-	-
Other items	7	90	7	90
Total exposures in accordance with standardised approach	1,279	15,994	501	6,264
Market risk	299	3,733	287	3,591
- of which, position risk	279	3,491	287	3,591
- of which, currency risk	20	242	-	-
Operational risk	112	1,402	107	1,330
CVA risk	48	601	-	-
Total capital requirements and risk exposure amount	2,269	28,363	1,874	23,417
Applicable capital buffer (Capital conservation buffer)	709	-	-	-
Total capital requirement (including capital conservation buffer)	2,978			

* According to earlier rules (Basel II)

** The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 917 million

Capital adequacy

SBAB Bank AB (publ) SEK million	31/12/2014	31/12/2013*
Common Equity Tier 1 capital	8,066	8,268
Tier 1 capital	10,461	11,262
Total own funds	13,174	13,368
Without transition rules		
Risk exposure amount	28,363	23,417
Common Equity Tier 1 capital ratio	28.4%	35.3%
Excess Common Equity Tier 1 capital	6,790	7,215
Tier 1 capital ratio	36.9%	48.1%
Excess Tier 1 capital	8,760	9,857
Total capital ratio	46.4%	57.1%
Excess total capital	10,905	11,495
With transition rules		
Own funds	13,223	13,368
Risk exposure amount	29,938	32,507
Total capital ratio	44.2%	41.1%

* According to earlier rules (Basel II)

Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 31,181 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 40,115 million at the end of 2013. 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.

Review Report

To the Board of Directors of SBAB Bank AB (publ)
Corp. ID No. 556253-7513

Introduction

We have reviewed the interim report of the interim financial information (the interim report) for SBAB Bank AB (publ) as of 31 December 2014 and for the twelve-month period then ended. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

The direction and extent of the review

We have performed this review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another direction and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies for the parent company.

Stockholm, 5 February 2015

KPMG AB

Hans Åkervall
Authorised Public Accountant