

SBAB!

Press release, 6 February 2015

Interim report 1 January – 31 December 2014

Strong profit trend and good volume growth in the fourth quarter

SBAB's CEO, Klas Danielsson, comments:

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.

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Fourth quarter of 2014 compared with the third quarter of 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 compared with January–December 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)

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

For further information, please contact:

Klas Danielsson, CEO
Telephone: +46 8-614 43 01, klas.danielsson@sbab.se

Mikael Inglander, CFO SBAB
Telephone: +46 8-614 43 28, mikael.inglander@sbab.se