

# SBAB! Interim Report

1 January – 31 March 2013 | SBAB Bank AB (publ)

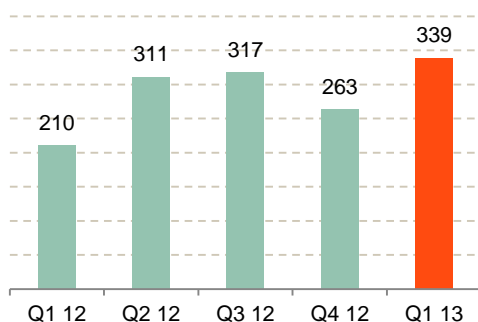
”Higher net interest and continued low loan losses”

## First quarter of 2013 (Fourth quarter of 2012)

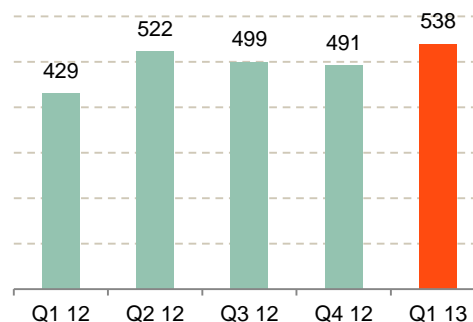
- Profit, excluding net result from financial instruments, amounted to SEK 339 million (263)
- Net interest income amounted to SEK 538 million (491)
- Expenses totalled SEK 184 million (194)
- Net result from financial instruments amounted to an expense of SEK 14 million (income: 10)
- Operating profit totalled SEK 325 million (273)
- Return on equity was 11.4 percent (9.0)
- The loan loss level was negative 0.02 percent (0.03)
- The Core Tier 1 capital ratio was 21.2 percent (16.4) without taking the transitional regulations into account and 6.9 percent (6.9) taking the transitional regulations into account

- The next stage in building the banking business was launched with introduction of the mutual fund offering
- Stable trend in the lending operations – the total residential mortgage stock increased by SEK 0.6 billion

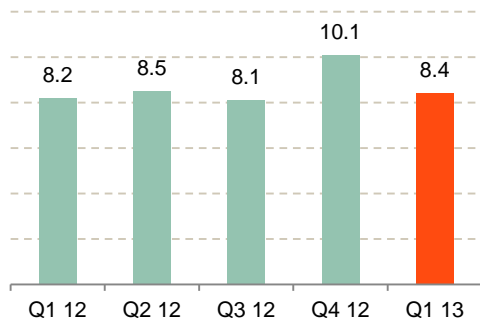
Profit, excluding net result from financial instruments (SEK million)



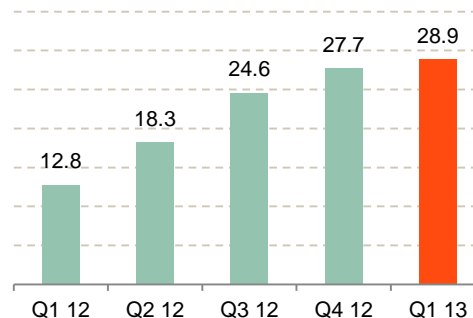
Net interest income (SEK million)



New lending (SEK billion)



Deposits (SEK billion)



## CEO's comments

SBAB's operating profit for the first quarter of 2013 rose by 19 percent compared with the preceding quarter, driven in particular by higher net interest income and continued low loan losses. The return on equity was 11.4 percent. During the quarter, we continued our efforts to build an everyday bank with the launch of a mutual fund offering, while we are also seeing stable growth in our core business, residential mortgages.



### Further steps towards improved customer experience

An important event in the first quarter was the launch of our mutual fund offering: three savings funds with different risk profiles for different kinds of savers. In April, this was also complemented with SBAB Fri – a mutual fund that is completely free of charges and that has the objective of shadowing the development of the 30 most traded companies on the Stockholm Stock Exchange. Together with our straightforward savings accounts with attractive interest rates, we now have a great offer within our Savings product area.

### New website and graphic profile

We have also developed a new responsive website which makes it easier to use our digital services, and a new graphic profile reflecting SBAB's challenger spirit. We are going to be what a bank should be – easy to understand, offering products that are value for money, and applying a business model that is sustainable in the long term.

### Stable growth in residential mortgages

It is also satisfying to see a continued stable trend in our lending. New lending for the quarter amounted to approximately SEK 8.4 billion, and the residential mortgage stock grew by approximately SEK 0.6 billion. At SBAB, there is no need for customers to haggle – they can always be certain of getting the best price we can offer. In addition, we have recently introduced a process whereby customers have the opportunity of being in contact with a single loan officer throughout the purchasing of their homes.

In the first quarter, we have, on the whole, taken several important steps to enhance the customer's experience. We are continuing this process with a clear vision: to create a new era in banking.

Carl-Viggo Östlund  
CEO

## Quarterly overview

Group	2013	2012	2012	2012	2012
SEK million	Q1	Q4	Q3	Q2	Q1
Net interest income	538	491	499	522	429
Net result from financial instruments measured at fair value (Note 2)	-14	10	-130	-91	-390
Other operating income	-27	-17	-26	-25	-24
<b>Total operating income</b>	<b>497</b>	<b>484</b>	<b>343</b>	<b>406</b>	<b>15</b>
Costs	-184	-194	-158	-175	-201
Loan losses, net (Note 3)	12	-17	2	-11	6
<b>Operating profit/loss</b>	<b>325</b>	<b>273</b>	<b>187</b>	<b>220</b>	<b>-180</b>
<b>Operating profit excl. net result from financial instruments</b>	<b>339</b>	<b>263</b>	<b>317</b>	<b>311</b>	<b>210</b>
Tax	-72	-80	-49	-59	48
<b>Profit/loss for the period</b>	<b>253</b>	<b>193</b>	<b>138</b>	<b>161</b>	<b>-132</b>
Equity	9,024	8,768	8,577	8,435	8,269
Return on equity, % <sup>1)</sup>	11.4	9.0	6.5	7.8	-6.4
Loan loss rate, % <sup>2)</sup>	-0.02	0.03	-0.00	0.02	-0.01
Core Tier 1 capital ratio, % <sup>3)</sup>	21.2	16.4	16.2	15.6	14.4

<sup>1)</sup> Return on equity calculated on a full-year basis.

<sup>2)</sup> Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

<sup>3)</sup> Without taking the transitional regulations into account.

## Market development

### Development in the first quarter of 2013 compared with the fourth quarter of 2012

#### Retail Market and Collaboration Market

SBAB offers savings and loans products to private individuals and the reach of SBAB's residential mortgage products is extended through partnerships with banks, estate agents and others. During the period, the trend in the residential mortgage market strengthened according to SBAB's quarterly survey among estate agents. In both the markets for tenant-owned properties and small houses in Stockholm, Gothenburg and Malmö, demand has increased, prices have risen, sales times have shortened and bidding processes have intensified. SBAB experienced healthy demand for residential mortgages during the period. New lending to retail customers amounted to SEK 7.0 billion (7.8) for the quarter. In residential mortgages to private individuals, SBAB's market share amounted to 7.3 percent and for private loans it was 0.4 percent.

SBAB's savings accounts, which are characterised by competitive interest rates and straightforward product terms and conditions, continue to attract new customers. SBAB's retail deposits rose by SEK 0.9 billion (2.3) to a total SEK 23.3 billion (22.5) in the quarter. The market share within deposits to the retail market amounted to 1.9 percent.

#### Tenant-owner Associations Market

SBAB offers savings and loans products to tenant-owner associations. New lending to tenant-owner associations amounted to SEK 1.2 billion (1.8) and the total lending volume was SEK 55.2 billion (55.2). SBAB's market share with regard to loans to tenant-owner associations was 15.8 percent.

SBAB's deposits from tenant-owner associations rose by SEK 0.2 billion (0.3) during the quarter. At the close of the quarter, deposits from tenant-owner associations amounted to approximately SEK 1.8 billion (1.6).

#### Corporate Market

SBAB offers savings and loans products to companies. According to a decision made in 2012, the corporate market portfolio is to be phased out, granting SBAB the opportunity to further strengthen its focus on the retail market. New lending to the corporate market amounted to SEK 0.1 billion (0.5) and the total lending volume was SEK 36.9 billion (38.2).

SBAB's deposits from the corporate market rose by SEK 0.2 billion (0.5) during the quarter. At the close of the quarter, deposits from the corporate market amounted to SEK 3.7 billion (3.5).

## Financial performance

### Performance January-March 2013 compared with January-March 2012

#### Operating results

Operating profit, excluding net result from financial instruments increased by 61 percent to SEK 339 million (210). The improvement in profit derived mainly from higher net interest income and lower costs. SBAB's operating profit amounted to SEK 325 million (loss: 180). The change is primarily attributable to the change in net result from financial instruments measured at fair value.

#### Net interest income and net commission income

SBAB's net interest income for the period was SEK 538 million (429). The higher net interest income is mainly explained by lower funding costs than in the comparison period. In the first quarter of 2012, SBAB prefunded a large proportion of its funding needs for 2012 with long maturities while, at the same time, the average maturity was extended. This affected net interest income negatively since the prefunding was invested at a lower interest rate than the current interest rate on funding. Net commission income for the period amounted to an expense of SEK 27 million (24), including a fee of SEK 23 million (29) for the government stability fund.

## Expenses

SBAB's expenses amounted to SEK 184 million (201), of which personnel costs accounted for SEK 89 million (88). The decrease in expenses is mainly attributable to lower costs for consultants compared with the year-earlier period.

## Loan losses

Loan losses remained low. The outcome for the period was positive in the amount of SEK 12 million (6). This outcome is explained by reversals made within individual provisions attributable to corporate market loans and the redemption of collective provisions for retail market loans.

## Net result from financial instruments measured at fair value

Net result from financial instruments measured at fair value amounted to an expense of SEK 14 million (390) for the period. The single greatest factor impacting earnings was unrealised market value changes on basis swaps, which are used to minimise interest-rate and currency risks that arise in conjunction with funding in foreign currency. The result from basis swaps was negative, although net income was improved by positive market measurement in hedge accounting and the liquidity portfolio. For further information on fair-value recognition of derivative instruments, see Note 2.

## Lending and deposits

New lending for the period amounted to SEK 8.4 billion (8.2) and the total lending volume amounted to SEK 257.6 billion (254.3), compared to SEK 255.9 billion at the beginning of the year. New deposits for the period amounted to SEK 1.3 billion (3.0) and the total deposit volume amounted to SEK 28.9 billion (12.8), compared to SEK 27.7 billion at the beginning of the year.

## Funding

In the first quarter of 2013, SBAB was primarily active in the Swedish funding market. Among other things, a new Swedish five-year covered bond was introduced (loan SCBC 134). Growth in deposits is resulting in a better balance between the various liability items in the balance sheet, a lower funding requirement and, consequently, reduced dependency on various capital markets.

The total value of debt securities in issue declined SEK 3.1 billion during the quarter to SEK 250.8 billion (273.2). During the quarter securities valued at SEK 44.3 billion were issued. At the same time, securities valued at SEK 11.1 billion were repurchased, while securities for SEK 33.3 billion matured. Revaluations of liabilities due, among other causes, to the stronger SEK, contributed to a reduction in the securities issued by SEK 3.1 billion.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation) "SCBC". Outstanding covered debt totalled SEK 155.0 billion (157.2), compared to SEK 152.9 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 capital adequacy ratio under Pillar 1, with consideration for transitional regulations, amounted to 11.5 percent (10.2), compared to 11.5 percent at the beginning of the year. The corresponding Core Tier 1 capital ratio was 6.9 percent (6.3), compared to 6.9 percent at the beginning of the year. For information concerning other capital ratios, refer to the table on page 11.

The internally calculated capital requirement was SEK 8,142 million (8,725), compared to SEK 9,239 billion at the beginning of the year.

## Liquidity reserve *(Refer to page 5 for footnotes)*

SBAB's liquidity reserve mainly comprises securities<sup>1)</sup>. At 31 March 2013, the collective market value of these securities was SEK 37.8 billion (42.9). Taking the Riksbank's haircuts into account, the value of the assets was SEK 37.7 billion (40.8).

For SBAB, the number of MCO<sup>2)</sup> days amounts to 74 (117). The decrease can be attributed to maturity of secured bond SCBC-125. SBAB assesses the number of MCO days as satisfactory.

As of 1 January 2013, the liquidity coverage ratio<sup>3)</sup> is calculated in accordance with the Swedish Financial Supervisory Authority's regulation, FFFS 2012:6. At 31 December 2013, the liquidity

coverage ratio was 133 percent for all currencies combined, 738 percent for the EUR and 166 percent for the USD, which exceeds the minimum requirement of 100 percent.

Liquidity Reserve SEK million	31 Mar 2013	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	14,153	4,829	7,787	792	745
Securities issued or guaranteed by municipalities or non-governmental public sector entities	3,591	3,319	-	272	-
Covered bonds issued by others	16,052	12,431	3,312	309	-
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	3,975	-	3,677	93	205
Other securities	-	-	-	-	-
<b>Total</b>	<b>37,771</b>	<b>20,579</b>	<b>14,776</b>	<b>1,466</b>	<b>950</b>
Bank and loan facilities	-	-	-	-	-
<b>Total</b>	<b>37,771</b>	<b>20,579</b>	<b>14,776</b>	<b>1,466</b>	<b>950</b>
Distribution by currency		54%	39%	4%	3%

SBAB's liquidity portfolio primarily comprises liquid, fixed income securities with a high rating and it is an integral 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. RMBSs are reported in the table above at market value, in accordance with the Swedish Banking Association's template for the disclosure of a bank's liquidity reserve. Since the secondary market for RMBSs is no longer as liquid as when the assets were acquired, it has been concluded that the liquidity value of these securities is no longer sufficient to warrant their inclusion in the liquidity reserve used in internal measurements of liquidity risk. These assets are excluded from the calculation of internal and regulatory liquidity measurements.

## Development in the first quarter of 2013 compared with the fourth quarter of 2012

Operating profit for the first quarter amounted to SEK 325 million (273). Income amounted to SEK 497 million (484), with the increase being explained by higher net interest income. Net result from financial instruments measured at fair value amounted to an expense of SEK 14 million (income: 10) and was mainly affected by changed market values of basis swaps.

Net interest income amounted to SEK 538 million (491). The improvement was mainly explained by lower funding costs.

Expenses for the first quarter amounted to SEK 184 million (194). The decrease is mainly attributable to lower costs for consultants and marketing.

Loan losses remained low. The outcome for the quarter was positive in the amount of SEK 12 million (negative 17). The outcome is explained by reversals made within individual provisions attributable to corporate market loans and the redemption of collective provisions for retail market loans.

<sup>1)</sup> During the period, a portion of the securities assets comprised RMBSs. The reason for the inclusion of the RMBSs in the liquidity reserve is that SBAB adheres to the Swedish Banking Association's template for the disclosure of a bank's liquidity reserve. These securities are backed by underlying property assets in Spain, the UK, the Netherlands and Australia. Unlike other securities assets in the liquidity reserve, which are recognised at market value, RMBSs are recognised at amortised cost. For further information, refer to "Reclassified assets" in Note 7.

<sup>2)</sup> SBAB measures and stress-tests liquidity risk by totalling the maximum need of liquidity for each of the upcoming 365 days, MCO (Maximum Cumulative Outflow). MCO 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.

<sup>3)</sup> 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 the theoretical flows based on historical data, for example, withdrawals of the bank's deposits. The weightings of the theoretical flows are fixed and are determined by supervisory authorities.

## Other

### Rating

No changes of rating occurred in the first quarter of 2013.

Rating	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>SBAB Bank AB (publ)</b>			
<i>Long-term funding</i>			
-Standard & Poor's	A	A+	A
-Moody's	A2	A2	A2
<i>Short-term funding</i>			
-Standard & Poor's	A-1	A-1	A-1
-Moody's	P-1	P-1	P-1
<b>SCBC</b>			
<i>Long-term funding</i>			
-Standard & Poor's	AAA	AAA	AAA
-Moody's	Aaa	Aaa	Aaa

### Parent Company performance in January-March 2013 compared with January-March 2012

Operating profit for the period amounted to SEK 112 million (loss: 62). The operating profit was primarily attributable to higher net interest income of SEK 80 million (expense: 95). Net result from financial transactions declined to SEK 52 million (117). Expenses totalled SEK 209 million (226). The net effect of loan losses was a gain of SEK 6 million (loss: 1). Lending to the public amounted to SEK 48.6 billion (43.6). The Parent Company has favourable capital adequacy. Taking the transitional regulations into account, the Core Tier 1 capital ratio and the capital adequacy ratio amounted to 25.3 percent (22.2) and 45.1 percent (38.6), respectively.

### Risks and uncertainties for the Group and Parent Company

Although the worsened European macroeconomic situation has affected SBAB's earnings, it has had no significant impact on the company's financial position. The functioning of the capital market has remained favourable despite the partial discontinuation of the ECB's support measures. However, future macroeconomic development in Europe remains uncertain.

The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity and the quality of its assets since the operation 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 stable growth, inflation remains low in part due to supportive measures, interest rates are low, while stock market and property prices are rising. The labour market, however, is showing weak development with relatively high unemployment figures.

For more information on SBAB's risks and risk management, refer to the Risk management section and note 2 in the Annual Report for 2012.

### Events after the balance-sheet date

#### Financial targets

In conjunction with the Annual General Meeting on 18 April 2013, new financial targets were adopted for SBAB. As the target for capital structure, it was decided that the Core Tier 1 Capital Ratio should be 18-20 percent. As the profitability target, it was decided that the return on equity should be at least 10 percent. The dividend policy adopted was that ordinary dividends should be at least 40 percent of profit for the year after tax, taking the Group's capital structure into account. The financial targets are long-term and apply over a business cycle. For further information on the targets, refer to the Group's website.

### Changes in the Board of Directors

In conjunction with the Annual General Meeting on 18 April 2013, a new Board of Directors for SBAB was elected. Since the Annual General Meeting, the Board of Directors consists of Bo Magnusson (Chairman, newly elected), Kristina Ekengren (newly elected), Per Anders Fasth, Jakob Grinbaum (Deputy Chairman), Ebba Lindsö, Jane Lundgren Ericsson (newly elected), Karin Moberg, and Christer Åberg. Helen Vallin and Anders Heder were appointed as employee representatives.

### Change of auditor

In conjunction with the Annual General Meeting on 18 April 2013, KPMG AB was elected as the auditor for SBAB. The firm of auditors has appointed Authorised Public Accountant Hans Åkervall as the auditor-in-charge.

### Financial calendar

Interim report January–June	19 July 2013
Interim report January–September	28 October 2013
Year-end Report	February 2014

The CEO affirms that this interim 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, 24 April 2013

Carl-Viggo Östlund  
CEO

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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 25 April 2013 at 9.00 a.m. (CET).*

*While every care has been taken in the translation of this report, readers are reminded that the Swedish version is the original version which has been reviewed by the auditors.*

## Income statement

Group SEK million	2013 Q1	2012 Q4	2012 Q1	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Interest income	2,075	2,280	3,383	2,075	3,383	10,485
interest expense	-1,537	-1,789	-2,954	-1,537	-2,954	-8,544
<b>Net interest income</b>	<b>538</b>	<b>491</b>	<b>429</b>	<b>538</b>	<b>429</b>	<b>1,941</b>
Commission income	10	19	13	10	13	55
Commission expense	-37	-37	-37	-37	-37	-150
Net result from financial instruments meas. at fair value (Note 2)	-14	10	-390	-14	-390	-601
Other operating income	-	1	-	-	-	3
<b>Total operating income</b>	<b>497</b>	<b>484</b>	<b>15</b>	<b>497</b>	<b>15</b>	<b>1,248</b>
Personnel costs	-89	-91	-88	-89	-88	-342
Other expenses	-88	-97	-106	-88	-106	-362
Amortisation and depreciation of fixed assets	-7	-6	-7	-7	-7	-24
<b>Total expenses before loan losses</b>	<b>-184</b>	<b>-194</b>	<b>-201</b>	<b>-184</b>	<b>-201</b>	<b>-728</b>
<b>Profit/loss before loan losses</b>	<b>313</b>	<b>290</b>	<b>-186</b>	<b>313</b>	<b>-186</b>	<b>520</b>
Loan losses, net (Note 3)	12	-17	6	12	6	-20
<b>Operating profit/loss</b>	<b>325</b>	<b>273</b>	<b>-180</b>	<b>325</b>	<b>-180</b>	<b>500</b>
Tax	-72	-80	48	-72	48	-140
<b>Profit/loss for the period</b>	<b>253</b>	<b>193</b>	<b>-132</b>	<b>253</b>	<b>-132</b>	<b>360</b>

## Statement of comprehensive income

Group SEK million	2013 Q1	2012 Q4	2012 Q1	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
<b>Profit/loss for the period</b>	<b>253</b>	<b>193</b>	<b>-132</b>	<b>253</b>	<b>-132</b>	<b>360</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	4	2	6	4	6	20
Tax attributable to Components that will be reversed against the income statement	-1	-1	-2	-1	-2	-6
<i>Components that will not be reversed against the income statement</i>						
Revaluation effects of defined benefit pension plans, before tax	-	-6	-	-	-	-6
Tax attributable to components that will not be reversed against the income statement	-	3	-	-	-	3
<b>Other comprehensive income, net after tax</b>	<b>3</b>	<b>-2</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>11</b>
<b>Total comprehensive income for the period</b>	<b>256</b>	<b>191</b>	<b>-128</b>	<b>256</b>	<b>-128</b>	<b>371</b>



## Balance sheet

Group SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	11,865	1,381	12,860
Lending to credit institutions	25,205	25,694	18,269
Lending to the public (Note 4)	257,627	254,283	255,946
Change in value of interest-rate-hedged items in portfolio hedges	1,034	768	1,617
Bonds and other interest-bearing securities	27,786	41,176	31,452
Derivative instruments (Note 5)	10,960	13,025	12,745
Shares and participations	154	-	150
Deferred tax assets	50	250	34
Intangible fixed assets	143	64	122
Tangible fixed assets	39	32	33
Other assets	635	1,688	238
Prepaid expenses and accrued income	1,064	1,202	962
<b>TOTAL ASSETS</b>	<b>336,562</b>	<b>339,563</b>	<b>334,428</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	20,916	22,231	17,538
Deposits from the public	28,915	12,811	27,654
Debt securities in issue	250,836	273,163	253,897
Derivative instruments (Note 5)	14,934	11,685	15,383
Other liabilities	329	581	361
Accrued expenses and prepaid income	4,586	4,682	3,698
Provisions	73	74	77
Subordinated debt	6,949	6,067	7,052
<b>Total liabilities</b>	<b>327,538</b>	<b>331,294</b>	<b>325,660</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Other reserves	-24	-34	-27
Retained earnings	6,837	6,477	6,477
Profit/loss for the period	253	-132	360
<b>Total equity</b>	<b>9,024</b>	<b>8,269</b>	<b>8,768</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>336,562</b>	<b>339,563</b>	<b>334,428</b>

The comparison figures have been recalculated with regard to new accounting regulations regarding IAS 19 which are being applied retroactively.

## Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	Profit/loss for the period	Total equity
Opening balance, 1 January 2013	1,958	-27	6,837		8,768
Total comprehensive income for the period		3		253	256
Closing balance, 31 March 2013	1,958	-24	6,837	253	9,024

	Share capital	Other reserves	Retained earnings	Profit/loss for the period	Total equity
Opening balance, 1 January 2012	1,958	-51	6,477		8,384
Changed accounting policy, IAS 19		13			13
Adjusted opening balance at 1 January 2012	1,958	-38	6,477		8,397
Total comprehensive income for the period		4		-132	-128
Closing balance, 31 March 2012	1,958	-34	6,477	-132	8,269

	Share capital	Other reserves	Retained earnings	Profit/loss for the period	Total equity
Opening balance, 1 January 2012	1,958	-51	6,477		8,384
Changed accounting policy, IAS 19		13			13
Adjusted opening balance at 1 January 2012	1,958	-38	6,477		8,397
Total comprehensive income for the period		11		360	371
Closing balance, 31 December 2012	1,958	-27	6,477	360	8,768

## Cash-flow statement

Group SEK million	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
<b>Cash and cash equivalents at the beginning of the period</b>	<b>17,536</b>	<b>18,939</b>	<b>18,939</b>
Cash flow from operating activities	7,396	6,012	-2,293
Cash flow from investing activities	-35	-35	-110
Cash flow from funding activities	-	-	1,000
<b>Increase/Decrease in cash and cash equivalents</b>	<b>7,361</b>	<b>5,977</b>	<b>-1,403</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>24,897</b>	<b>24,916</b>	<b>17,536</b>

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

## Capital base

Group SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>Core Tier 1 capital</b>			
Equity	9,024	8,256	8,761
Proposed dividend from FriSpar Bolån AB	-	-33	-
Unrealised value changes of loan and accounts receivable previously classified as	33	47	37
Non-controlling interest	731	706	731
Intangible fixed assets	-143	-64	-122
Deferred tax assets	-50	-255	-36
Net reserves for IRB exposures and net pension liabilities	-57	-135	-69
<b>Core Tier 1 capital</b>	<b>9,538</b>	<b>8,522</b>	<b>9,302</b>
<b>Tier 1 capital contribution</b>			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
<b>Tier 1 capital</b>	<b>12,532</b>	<b>11,516</b>	<b>12,296</b>
<b>Tier 2 capital</b>			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	3,277	2,484	3,300
Net reserves for IRB exposures and net pension liabilities	-58	-135	-70
<b>Tier 2 capital</b>	<b>3,219</b>	<b>2,349</b>	<b>3,230</b>
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
<b>Amount for capital base net after deductible items and limit value</b>	<b>15,751</b>	<b>13,865</b>	<b>15,526</b>

\* Encompassed by transitional rules to FFFS 2007:1

## Capital requirements

Group SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>Credit risk recognised in accordance with IRB approach</b>			
Exposures to corporates	982	2,467	2,173
Retail exposures	1,176	899	908
Positions in securitisations	419	221	423
<b>Total exposures in accordance with IRB approach</b>	<b>2,577</b>	<b>3,587</b>	<b>3,504</b>
<b>Credit risk reported in accordance with standardised approach</b>			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	428	548	387
Exposures to corporates	167	126	169
Retail exposures	103	55	76
Past due items	1	0	1
Exposures to CIUs	12	-	12
Other items	11	9	9
<b>Total exposures in accordance with standardised approach</b>	<b>722</b>	<b>738</b>	<b>654</b>
<b>Risk in commercial portfolio</b>	<b>147</b>	<b>197</b>	<b>162</b>
<b>Operational risk</b>	<b>154</b>	<b>211</b>	<b>211</b>
<b>Currency risk</b>	-	-	-
<b>Raw material risk</b>	-	-	-
<b>Total minimum capital requirements</b>	<b>3,600</b>	<b>4,733</b>	<b>4,531</b>
Addition to transitional rules	7,383	6,107	6,279
<b>Total capital requirements according to transition rules</b>	<b>10,983</b>	<b>10,840</b>	<b>10,810</b>

In February 2013, SBAB received permission from Finansinspektionen (the Swedish Financial Supervisory Authority) to include tenant-owner associations with a turnover of less than EUR 50 million and with full collateral in the retail exposure category, and to apply an internal method for the calculation of Loss Given Default (LGD) for those exposures. Since this portfolio is secured, internal LGD is lower than that prescribed, resulting in a reduction in the minimum capital requirement without taking transitional regulations into account.

## Capital adequacy

Group SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
Core Tier 1 capital	9,538	8,522	9,302
Tier 1 capital	12,532	11,516	12,296
Total capital	15,751	13,865	15,526
<b>Without transition rules</b>			
Risk-weighted assets	44,994	59,165	56,638
Core Tier 1 capital ratio	21.2%	14.4%	16.4%
Tier 1 capital ratio	27.9%	19.5%	21.7%
Capital adequacy ratio	35.0%	23.4%	27.4%
Capital quotient	4.38	2.93	3.43
<b>With transition rules</b>			
Risk-weighted assets	137,284	135,501	135,124
Core Tier 1 capital ratio	6.9%	6.3%	6.9%
Tier 1 capital ratio	9.1%	8.5%	9.1%
Capital adequacy ratio	11.5%	10.2%	11.5%
Capital quotient	1.43	1.28	1.44

## 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 2012, the IAS 19 accounting policy has been changed for the group. In addition, a number of disclosure requirements have been changed, affecting the appearance and contents of the interim and annual reports for 2013.

One of these is IAS 1 Presentation of Financial Statements. The components in other comprehensive income are divided into two groups. The division is made according to whether or not the components can be assumed to be subject to future reversal via the income statement. The tax accruing to each of the groups is to be separated.

The changes to IAS 19 Employee Benefits mean the disappearance of the compensatory effect that the corridor method entailed. This will result in increased volatility in the balance sheet and other comprehensive income. The transitional effect arising from the discontinuation of the corridor method for unrecognised accumulated actuarial gains amounted to SEK 18 million on 1 January 2012 including special employer's contributions and excluding corporate income tax (SEK 13 million including corporate income tax), which implies a corresponding positive effect on equity. The new regulations also had an adverse impact of SEK 3 million on profit during 2012.

IFRS 13 Fair Value Measurement entails a new uniform standard for the assessment of fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard does not stipulate that any new items be measured at fair value. Beyond this, IFRS 13 contains extensive disclosure requirements that, as a consequence of an addition to IAS 34 Interim Financial Reporting, shall also, to a large extent, be provided in the interim reports.

Additional disclosure requirements have been added to IFRS 7 regarding the offsetting of financial assets and liabilities. The disclosure requirements apply to all recognised financial instruments that are offset in accordance with item 42 in IAS 32, but also to recognised financial instruments covered by a legally binding framework agreement on offsetting or any similar agreement, regardless of whether or not they are offset in accordance with item 42 in IAS 32. During 2013, these disclosures shall also be made in the interim reports.

In other regards, the accounting policies and calculation methods are unchanged compared with the 2012 Annual Report.

According to SBAB's preliminary assessment, new or changed international accounting policies which have not yet been applied will have a limited effect on the financial reports.

### Note 2 Net result from financial instruments measured at fair value

Group	2013	2012	2012	2013	2012	2012
SEK million	Q1	Q4	Q1	Jan-Mar	Jan-Mar	Jan-Dec
<b>Gains/losses on interest-bearing financial instruments</b>						
- Securities measured at fair value through profit or loss	-111	204	180	-111	180	950
- Change in value of hedged items in hedge accounting	614	47	104	614	104	-742
- Realised expense from financial liabilities	-34	-17	-79	-34	-79	-192
- Derivative instruments	-501	-250	-591	-501	-591	-697
- Loan receivables	20	24	19	20	19	90
<b>Currency translation effects</b>	-6	2	-23	-6	-23	-10
<b>Gains/losses on shares and participations measured at fair value through the income statement</b>	4	0	-	4	-	0
<b>Total</b>	<b>-14</b>	<b>10</b>	<b>-390</b>	<b>-14</b>	<b>-390</b>	<b>-601</b>

Changes in the market value of basis swaps are attributable to "Derivative instruments". All derivative instruments represent financial hedges of interest-rate risk and/or currency risk in funding or lending.

#### Fair-value recognition of derivative instruments

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), with changes in fair value included in net result from financial instruments measured at fair 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 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	2013	2012	2012	2013	2012	2012
SEK million	Q1	Q4	Q1	Jan-Mar	Jan-Mar	Jan-Dec
<b>CORPORATE MARKET</b>						
<b>INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-0	-	-	-0	-	-0
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	-	-	-	-
Provision for probable loan losses for the period	-0	-0	-0	-0	-0	-26
Recoveries in respect of confirmed loan losses in prior years	-	0	-	-	-	0
Reversal of prior year provisions for probable loan losses no longer required	8	0	2	8	2	26
Guarantees	0	-	-0	0	-0	-0
<b>Net income for the period for individual provisions for corporate market loans</b>	<b>8</b>	<b>-0</b>	<b>2</b>	<b>8</b>	<b>2</b>	<b>-0</b>
<b>COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS</b>						
Allocations to/redemption of collective provisions	-5	1	-2	-5	-2	4
Guarantees	5	2	1	5	1	-6
<b>Net income/cost for the period for collective provisions for corporate market loans</b>	<b>0</b>	<b>3</b>	<b>-1</b>	<b>0</b>	<b>-1</b>	<b>-2</b>
<b>RETAIL MARKET</b>						
<b>INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-4	-2	-1	-4	-1	-9
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	5	0	1	5	1	5
Provision for probable loan losses for the period	-2	-5	-1	-2	-1	-9
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	0
Guarantees	-	-	-	-	-	-
<b>Net cost for the period for individual provisions for retail market loans</b>	<b>-1</b>	<b>-7</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-13</b>
<b>COLLECTIVE PROVISION FOR RETAIL MARKET LOANS</b>						
Write-off of confirmed loan losses for the period	-3	-6	-6	-3	-6	-27
Recoveries in respect of confirmed loan losses in prior years	1	2	0	1	0	3
Allocation to/redemption of collective provisions	8	-4	13	8	13	19
Guarantees	-1	-5	-1	-1	-1	0
<b>Net income/cost for the period for collective provisions for retail market loans</b>	<b>5</b>	<b>-13</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>-5</b>
<b>NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES</b>	<b>12</b>	<b>-17</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>-20</b>

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	31 Mar 2013		31 Mar 2012		31 Dec 2012	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	101,373	-164	97,983	-159	100,227	-170
Tenant-owner rights	63,418	-94	58,551	-115	61,677	-98
Tenant-owner associations	55,214	-11	53,799	-29	55,199	-12
Private multi-family dwellings	25,826	-47	29,432	-36	26,496	-49
Municipal multi-family dwellings	4,626	-	5,926	-	4,796	-
Commercial properties	6,629	-	8,441	-	7,128	-
Other	864	-7	493	-3	759	-7
Provision for probable loan losses	-323	-	-342	-	-336	-
<b>Total</b>	<b>257,627</b>	<b>-323</b>	<b>254,283</b>	<b>-342</b>	<b>255,946</b>	<b>-336</b>

Doubtful and non-performing loan receivables	31 Mar 2013	31 Mar 2012	31 Dec 2012
a) Doubtful loan receivables	53	77	67
b) Non-performing loan receivables* included in doubtful loan receivables	17	17	21
c) Non-performing loan receivables* not included in doubtful loan receivables	310	347	452
d) Individual provisions for loan receivables	44	48	54
e) Collective provisions for corporate market loans	32	33	27
f) Collective provisions for retail market loans	247	261	255
g) Total provisions (d+e+f)	323	342	336
h) Doubtful loan receivables after individual provisions (a-d)	9	29	13
i) Provision ratio for individual provisions (d/a)	83%	62%	81%

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

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

Loan portfolio SEK million	31 Mar 2013		31 Mar 2012		31 Dec 2012	
	SBAB incl. all of		SBAB incl. all of		SBAB incl. all of	
	SBAB**	FriSpar	SBAB**	FriSpar	SBAB**	FriSpar
Retail lending	165,390	165,637	156,750	157,538	162,388	163,055
- new lending	7,034	7,733	5,700	6,419	26,295	29,374
Corporate lending (incl. tenant-owner assn.)	92,237	92,250	97,533	97,575	93,558	93,574
- new lending	1,358	1,358	2,526	2,526	8,583	8,583
<b>Total</b>	<b>257,627</b>	<b>257,887</b>	<b>254,283</b>	<b>255,113</b>	<b>255,946</b>	<b>256,629</b>
- new lending	8,392	9,091	8,226	8,945	34,878	37,957

\*\* In the SBAB Group, 51 percent of the partly owned FriSpar Bolån AB (a partnership with Sparbanken Öresund AB (publ) and Sparbanken Syd) is consolidated in accordance with the proportional method.

## Note 5 Derivative instruments

Group SEK million	31 Mar 2013		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related		7,512	293,540
Currency related	3,448	9,884	132,656
<b>Total</b>	<b>10,960</b>	<b>14,934</b>	<b>426,196</b>

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

## Note 6 Operating segments

Risk-adjusted income statement  Group SEK million	Jan-Mar 2013						Jan-Mar 2012					
	Tenant-owner						Tenant-owner					
	Retail market	Assn. market	Collab. market	Corp. Market	Other	Total	Retail market	Assn. market	Collab. market	Corp. Market	Other	Total
Risk-adjusted income	235	87	94	77	-	493	189	64	62	77	-	392
Net result from financial instruments meas. at fair value	4	-	0	-	-18	-14	-	-	-	-	-390	-390
Risk-adjusted expenses	-125	-32	-29	-27	-	-213	-123	-34	-26	-37	0	-220
Tax	-25	-12	-14	-11	4	-58	-17	-8	-9	-11	45	0
<b>Risk-adjusted profit after tax</b>	<b>89</b>	<b>43</b>	<b>51</b>	<b>39</b>	<b>-14</b>	<b>208</b>	<b>49</b>	<b>22</b>	<b>27</b>	<b>29</b>	<b>-345</b>	<b>-218</b>
Risk-adjusted Return on Capital, after tax	16.1%	17.9%	17.0%	16.9%	i.u.	16.8%	10.6%	8.6%	11.1%	8.9%*	i.u.	i.u.

\*The calculation of average economic capital has changed year-on-year, raising the key figure for Corporate Market by 0.3 percent for the period Jan-Mar 2012.

### Changes regarding the identification of operating segments

On 1 February 2013, a new organisation was established within SBAB. The former Retail business area was dissolved and replaced by three sales departments: Retail Market, Tenant-owner Associations Market and Collaboration Market. No changes have been made to the Corporate segment which remains from the earlier organisation.

In principle, the item Net income/expense from financial instruments measured at fair value has not been distributed and is included in the Other column.

The comparison figures have been recalculated for the three new segments Retail Market, Tenant-owner Associations Market and Collaboration Market.

Operating-segment disclosures are risk adjusted. In the risk-adjusted follow-up of profit and loss, recognised equity is replaced by "Economic capital".

"Economic capital" comprises the capital that SBAB regards to be required to cover unexpected losses during the coming year.

At 31 December 2012, "Economic capital" was lower than recognised equity.

Recognised loan losses have been replaced by "Expected losses" in risk-adjusted expense. For further information on "Expected losses" and "Economic capital", refer to page 45 of the 2012 Annual Report.

## Reconciliation

The following reconciliation is between SBAB's risk-adjusted income statement (as above) and SBAB's external result.

Group SEK million	2013	2012
	Jan-Mar	Jan-Mar
Risk-adjusted income	493	392
Adjustment to return on recognised equity	18	13
Net expense from financial investments measured at fair value	-14	-390
<b>Total net interest income and other operating income</b>	<b>497</b>	<b>15</b>
Risk-adjusted expense	-213	-220
Adjustment to recognised loan losses	41	25
<b>Expenses and loan losses</b>	<b>-172</b>	<b>-195</b>
Risk-adjusted profit before tax	266	-218
Tax for the period according to risk-adjusted income statement	-58	0
<b>Risk-adjusted profit after tax</b>	<b>208</b>	<b>-218</b>
<b>Risk-adjusted items</b>		
Adjustment to return on recognised equity	18	13
Adjustment to recognised loan losses	41	25
Reversal of tax according to risk-adjusted income statement	58	-0
<b>Operating result</b>	<b>325</b>	<b>-180</b>
Recognised tax	-72	48
<b>Profit for the period after tax</b>	<b>253</b>	<b>-132</b>

## Note 7 Classification of financial instruments

Group Financial assets SEK million	31 Mar 2013					Total fair value
	Hedge-accounted derivative instruments	Loan receivables in hedge accounting	Assets measured at fair value through profit or loss	Other receivables	Total	
Cash and balances at central banks				0	0	0
Chargeable treasury bills and other eligible bills			11,865		11,865	11,865
Lending to credit institutions				25,205	25,205	25,205
Lending to the public		92,752		164,875	257,627	259,989
Change in value of interest-rate-hedged items in portfolio hedges		1,034			1,034	-
Bonds and other interest-bearing securities			23,354	4,432	27,786	27,402
Derivative instruments	9,092		1,868		10,960	10,960
Shares and participations			154		154	154
Other assets				635	635	635
Prepaid expenses and accrued income		92	666	306	1,064	1,064
<b>Total</b>	<b>9,092</b>	<b>93,878</b>	<b>37,907</b>	<b>195,453</b>	<b>336,330</b>	<b>337,274</b>

Group Financial liabilities SEK million	31 Mar 2013					Total fair value
	Hedge-accounted derivative instruments	Liabilities covered by hedge accounting	Liabilities measured at fair value through profit or loss	Other financial liabilities	Total	
Liabilities to credit institutions				20,916	20,916	20,916
Deposits from the public				28,915	28,915	28,915
Debt securities in issue		155,126		95,710	250,836	250,877
Derivative instruments	10,184		4,750		14,934	14,934
Other liabilities				329	329	329
Accrued expenses and prepaid income		4,016		570	4,586	4,586
Subordinated debt		5,649		1,300	6,949	6,952
<b>Total</b>	<b>10,184</b>	<b>164,791</b>	<b>4,750</b>	<b>147,740</b>	<b>327,465</b>	<b>327,509</b>

### 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.

Since the assets in the RMBS portfolio are classified as "Loan receivables and accounts receivable," these assets have to be recognised at accrued cost and a credit-risk assessment must be performed according to the same principles as for the risk assessment of SBAB Bank's credit portfolio.

Following the reclassification of the RMBS assets, no need to impair these assets has arisen, which is why the company has not recognised any impairment losses under the "Impairment of financial assets" item.

**The RMBS portfolio**

Group SEK million	31 Mar 2013	
	Carrying amount	Fair value
<b>Country of asset</b>		
Australia	388	385
Spain	2,372	1,931
United Kingdom	874	869
The Netherlands	798	790
<b>Total</b>	<b>4,432</b>	<b>3,975</b>

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective rate used in the reclassification was 6.3 percent. At the same date, the fair value reserve attributable to these assets had a negative value of SEK 200 million, net after tax. At 31 March 2013, the fair value of the assets would have amounted to SEK 4.0 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 31 March 2013 was SEK 4.4 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.3 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 34 million, net after tax, at 31 March 2013. After the reclassification date, SEK 202 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 29 million before tax on the value of the reserve.

**Note 8 Information about fair value**

Group SEK million	31 Mar 2013			Total
	Quoted market prices (Level 1)	Other observable data (Level 2)	Unobservable data (Level 3)	
<b>Assets</b>				
Securities in the category trade	35,373	-	-	35,373
Derivatives in the category trade	12	1,856	-	1,868
Derivatives in hedge accounting	-	9,092	-	9,092
<b>Total</b>	<b>35,385</b>	<b>10,948</b>	<b>-</b>	<b>46,333</b>
<b>Liabilities</b>				
Derivatives in the category trade	13	4,737	-	4,750
Derivatives in hedge accounting	-	10,184	-	10,184
<b>Total</b>	<b>13</b>	<b>14,921</b>	<b>-</b>	<b>14,934</b>

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.

**Quoted market prices (Level 1)**

Measurement at quoted prices in a market for identical assets and liabilities. The measurement method is used for all holdings of quoted interest-bearing securities 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.

For more information about methods and assessments for measurements at fair value, please refer to note 38 in the annual report for 2012.

**Note 9 Information about offsetting**

Information per type of instrument.

Group SEK million	Amount recognised in the balance sheet	31 March 2013			Net amount
		Financial assets and liabilities covered by a legally binding agreement regarding netting or a similar agreement but that are not offset in the balance sheet			
		Related amounts that are not offset in the balance sheet			
		Financial instruments	Provided (+)/ Received (-) collateral - securities	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>					
Derivative instruments	10,960	-7,733	0	-2,002	1,225
Repos	19,578	-14,302	-5,276	0	0
<b>Liabilities</b>					
Derivative instruments	-14,934	7,733	0	4,506	-2,695
Repos	-18,503	14,302	4,195	6	0
<b>Total</b>	<b>-2,899</b>	<b>0</b>	<b>-1,081</b>	<b>2,510</b>	<b>-1,470</b>



## Income statement

Parent Company SEK million	2013 Q1	2012 Q4	2012 Q1	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
Interest income	799	955	1,047	799	1,047	4,162
Interest expenses	-719	-861	-1,142	-719	-1,142	-4,032
<b>Net interest income</b>	<b>80</b>	<b>94</b>	<b>-95</b>	<b>80</b>	<b>-95</b>	<b>130</b>
Dividends received	19	-	-	19	-	17
Commission income	32	42	31	32	31	136
Commission expenses	-19	-16	-18	-19	-18	-70
Net result of financial transactions	52	35	117	52	117	213
Other operating income	151	111	130	151	130	515
<b>Total operating income</b>	<b>315</b>	<b>266</b>	<b>165</b>	<b>315</b>	<b>165</b>	<b>941</b>
Personnel costs	-95	-93	-92	-95	-92	-354
Other expenses	-109	-115	-131	-109	-131	-434
Amortisation and depreciation of fixed assets	-5	-4	-3	-5	-3	-15
<b>Total expenses before loan losses</b>	<b>-209</b>	<b>-212</b>	<b>-226</b>	<b>-209</b>	<b>-226</b>	<b>-803</b>
<b>Profit before loan losses</b>	<b>106</b>	<b>54</b>	<b>-61</b>	<b>106</b>	<b>-61</b>	<b>138</b>
Loan losses, net	6	-12	-1	6	-1	-34
<b>Operating profit</b>	<b>112</b>	<b>42</b>	<b>-62</b>	<b>112</b>	<b>-62</b>	<b>104</b>
Taxes	-21	2	17	-21	17	-11
<b>Profit for the period</b>	<b>91</b>	<b>44</b>	<b>-45</b>	<b>91</b>	<b>-45</b>	<b>93</b>

## Statement of comprehensive income

Parent Company SEK million	2013 Q1	2012 Q4	2012 Q1	2013 Jan-Mar	2012 Jan-Mar	2012 Jan-Dec
<b>Profit for the period</b>	<b>91</b>	<b>44</b>	<b>-45</b>	<b>91</b>	<b>-45</b>	<b>93</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<i>Components that will be reversed against the income statement</i>						
Change in reclassified financial assets, before tax	4	2	6	4	6	20
Tax attributable to components that will be reversed against the income statement	-1	-1	-2	-1	-2	-6
<b>Other comprehensive income, net after tax</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>14</b>
<b>Total comprehensive income for the period</b>	<b>94</b>	<b>45</b>	<b>-41</b>	<b>94</b>	<b>-41</b>	<b>107</b>

## Capital adequacy

Parent Company SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
Core Tier 1 capital	7,994	7,341	7,920
Tier 1 capital	10,988	10,335	10,914
Total capital	14,231	12,759	14,179
<b>Without transition rules</b>			
Risk-weighted assets	23,993	25,543	26,688
Core Tier 1 capital ratio	33.3%	28.7%	29.7%
Tier 1 capital ratio	45.8%	40.5%	40.9%
Capital adequacy ratio	59.3%	50.0%	53.1%
Capital quotient	7.41	6.24	6.64
<b>With transition rules</b>			
Risk-weighted assets	31,545	33,034	30,719
Core Tier 1 capital ratio	25.3%	22.2%	25.8%
Tier 1 capital ratio	34.8%	31.3%	35.5%
Capital adequacy ratio	45.1%	38.6%	46.2%
Capital quotient	5.64	4.83	5.77

## Balance sheet

Parent Company SEK million	31 Mar 2013	31 Mar 2012	31 Dec 2012
<b>ASSETS</b>			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	11,865	1,381	12,860
Lending to credit institutions (Note 10)	46,606	52,645	48,435
Lending to the public	48,571	43,572	46,360
Bonds and other interest-bearing securities	27,786	41,176	31,452
Derivative instruments	9,547	9,936	11,499
Shares and participations	154	-	150
Shares and participations in joint ventures	830	733	830
Shares and participations in Group companies	9,600	9,600	9,600
Deferred tax assets	-	45	-
Intangible fixed assets	13	8	14
Tangible fixed assets	39	32	33
Other assets	134	2,180	76
Prepaid expenses and accrued income	816	900	719
<b>TOTAL ASSETS</b>	<b>155,961</b>	<b>162,208</b>	<b>162,028</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	2,297	6,925	2,443
Deposits from the public	28,915	12,811	27,654
Debt securities in issue	96,551	116,700	101,782
Derivative instruments	11,866	10,169	13,909
Other liabilities	234	691	356
Accrued expenses and prepaid income	1,072	1,061	835
Provisions	51	-	65
Subordinated debt	6,949	6,067	7,052
<b>Total liabilities</b>	<b>147,935</b>	<b>154,424</b>	<b>154,096</b>
<b>Equity</b>			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Fair value reserve	-34	-47	-37
Retained earnings	5,619	5,526	5,526
Profit for the period	91	-45	93
<b>Total equity</b>	<b>8,026</b>	<b>7,784</b>	<b>7,932</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>155,961</b>	<b>162,208</b>	<b>162,028</b>
<b>Memorandum items</b>			
Assets pledged for own liabilities	1,902	6,288	2,117
Commitments	64,204	55,580	59,587

### Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 35,814 million (39,602) relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC). 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

### **Auditor's review report on the condensed interim financial information (interim report)**

#### **Introduction**

We have reviewed the interim report of SBAB Bank AB (publ) as of 31 March 2013 and for the three-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 of Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

#### **Scope of Review**

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be 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.

#### **Conclusion**

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 of Credit Institutions and Securities Companies for the parent company.

Stockholm, 24 April 2013

KPMG AB

Hans Åkervall  
Authorized Public Accountant