SBAB! Interim Report

1 January – 30 September 2013 | SBAB Bank AB (publ)

Stable result and strong growth in deposits

Third quarter of 2013 (second quarter 2013)

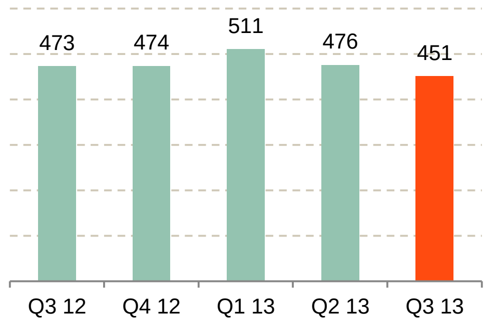
- Profit, excluding net result from financial instruments, amounted to SEK 291 million (281)
- NII amounted to SEK 480 million (502)
- Expenses totalled SEK 167 million (212)
- Loan losses amounted to a positive SEK 7 million (positive 17), corresponding to a loan loss level of negative 0.01 percent (negative 0.03)
- Operating profit totalled SEK 246 million (259)
- Return on equity was 8.3 percent (10.0)
- The Core Tier 1 capital ratio was 25.8 percent (23.8) without taking the transitional regulations into account and 7.3 percent (7.0) taking the transitional regulations into account

January–September 2013 (Jan-Sept 2012)

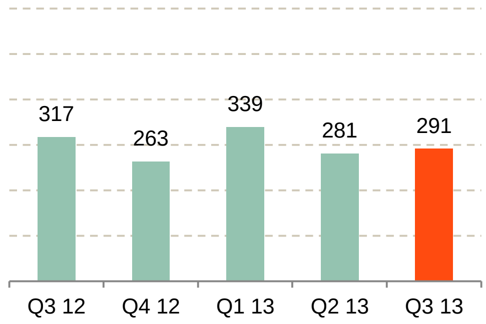
- Profit, excluding net result from financial instruments, amounted to SEK 911 million (838)
- NII amounted to SEK 1,520 million (1,450)
- Expenses totalled SEK 563 million (534)
- Loan losses amounted to a positive SEK 36 million (3), corresponding to a loan loss level of negative 0.02 percent (0.00)
- Operating profit totalled SEK 830 million (227)
- Return on equity was 9.9 percent (2.6)
- The Core Tier 1 capital ratio was 25.8 percent (16.2) without taking the transitional regulations into account and 7.3 percent (6.7) taking the transitional regulations into account

- New lending for the quarter amounted to SEK 8.6 billion (9.8) and the total volume of deposits was SEK 35.9 billion (31.6).
- Total volume of lending amounted to SEK 257.5 billion (257.6).

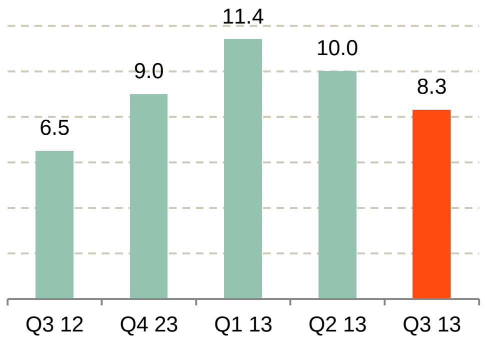
Operating income, excluding net result from financial instruments (SEK million)



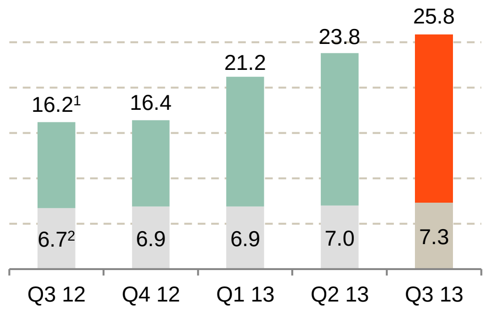
Operating profit excluding net result from financial instruments (SEK million)



Return on equity (percent)



Core Tier 1 capital ratio without[1] and with[2] transitional regulations (percent)



CEO's comments

SBAB's operating profit amounted to SEK 246 million for the third quarter of 2013 and to SEK 830 million for the first nine months of the year. Excluding net result from financial instruments, profit amounted to SEK 291 million and SEK 911 million respectively. Net interest decreased as a consequence of increasing competition in the mortgage market. For the nine-month period, the return on equity was 9.9 percent and the Core Tier 1 capital ratio continued to strengthen.

Strong growth in deposits

SBAB's savings accounts continue to attract additional customers. In the third quarter, deposits increased by SEK 4.3 billion to a total of SEK 35.9 billion. Since the beginning of the year, the growth is nearly 30 percent. We currently hold slightly more than 2 percent of the deposit market, but fully 16 percent of new deposits.

People are interested in mortgages

The total lending volume was stable during the quarter, while increased competition within residential mortgages is being felt through a continued pressure on margins. People are clearly interested in the subject of mortgages and the general debate is being focused on strengthening customers' position in relation to the banks. Among current issues, it is to become easier to switch banks during the commitment period and there is to be greater transparency regarding how interest is set. I welcome these customer-driven changes and hope they will also have a positive impact on the low level of confidence in the banks that prevails.

Bank building process continues

During the quarter, we put our unit for the financing of multi-family dwellings in place, generating favourable conditions to be able to offer companies and tenant-owner associations a straightforward, customer-driven offering in both loans and savings. At the same time, efforts continue to develop an everyday bank with the objective of being able to offer a palette of loan, savings and payment services to consumers in 2014. A superior customer experience is our point of departure in building the bank and this leads us towards our vision of creating a new era in banking.

Carl-Viggo Östlund, CEO

Results overview

Group SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep
Net interest income	480	502	499	1,520	1,450
Net commission income	-29	-26	-26	-82	-77
Net result from financial instruments measured at fair value (Note 2)	-45	-22	-130	-81	-611
Other operating income	-	-	-	-	2
Total operating income	**406**	**454**	**343**	**1,357**	**764**
Costs	-167	-212	-158	-563	-534
Loan losses, net (Note 3)	7	17	2	36	-3
Operating profit/loss	**246**	**259**	**187**	**830**	**227**
Operating profit excl. net result from financial instruments	***291***	***281***	***317***	***911***	***838***
Tax	-53	-30	-49	-155	-60
Profit/loss for the period	**193**	**229**	**138**	**675**	**167**
New lending, SEK billion	8.6	9.8	8.1	26.8	24.8
Total deposits, SEK billion	35.9	31.6	24.6	35.9	24.6
Cost/Income ratio excl. loan losses	41%	47%	46%	41%	70%
Return on equity[1)]	8.3%	10.0%	6.5%	9.9%	2.6%
Loan loss rate[2)]	-0.01%	-0.03%	-0,00%	-0.02%	0.00%
Core Tier 1 capital ratio[3)]	25.8%	23.8%	16.2%	25.8%	16.2%

[1)] *Return on equity calculated on a full-year basis.*
[2)] *Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.*
[3)] *Without taking the transitional regulations into account.*

Market development and volumes

Development in the third quarter of 2013 compared with the second quarter of 2013

Retail Market and Collaboration Market

SBAB offers savings and loans products to private individuals. SBAB's residential mortgage products are also offered through partnerships with banks, estate agents and others.

Strong demand and relatively weak supply resulted in housing prices continuing to rise in major cities in the third quarter, according to SBAB's quarterly survey of estate agents. The tenant-owner market continues to develop more strongly than the small house market, although the difference has decreased. SBAB experienced stable demand for residential mortgages during the period, while the competitive situation in the market has intensified. New lending to retail customers amounted to SEK 7.3 billion (7.8) for the quarter. In residential mortgages to private individuals, SBAB's market share amounted to 7.3 percent (7.4) and for private loans it was 0.5 percent (0.5).

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 3.7 billion (2.4) to a total SEK 29.5 billion (25.8) in the quarter. The market share within retail deposits amounted to 2.3 percent (2.0).

Tenant-owner and Corporate Market

SBAB offers savings and loans products to tenant-owner associations and companies.

New lending to tenant-owner associations amounted to SEK 1.2 billion (1.4) and the total lending volume was SEK 55.1 billion (55.3). The market share with regard to loans to tenant-owner associations amounted to 15.5 percent (15.7). New lending to the corporate market amounted to SEK 0.1 billion (0.7) and the total lending volume was SEK 32.9 billion (34.3).

SBAB's deposits from tenant-owner associations rose by SEK 0.2 billion (0.0) to a total of SEK 2.0 billion (1.8) during the quarter. SBAB's deposits from companies rose by SEK 0.4 billion (0.3) to a total of SEK 4.4 billion (4.0) in the quarter.

Financial performance

Development in the third quarter of 2013 compared with the second quarter of 2013

Operating profit

Operating profit, excluding net result from financial instruments increased by 4 percent to SEK 291 million (281). Operating profit totalled SEK 246 million (259). Profit was mainly affected by lower costs and decreased net interest income and net result of financial instruments.

Net interest income and net commission income

SBAB's net interest income for the period was SEK 480 million (502). The lower net interest income is mainly due to a lower margin on lending than in the comparative period. Net commission income for the period amounted to an expense of SEK 29 million (26), including a fee of SEK 29 million (34) for the government stability fund.

Expenses

SBAB's expenses amounted to SEK 167 million (212), of which personnel costs accounted for SEK 74 million (90). Beyond reduced personnel costs, lower costs for marketing and consultants also contributed to the overall outcome.

Loan losses

SBAB's loan losses amounted to a positive SEK 7 million (positive 17). The outcome is attributable above all to the redemption of collective provisions for retail loans during the period.

Net result from financial instruments measured at fair value

The net expense from financial instruments measured at fair value amounted to SEK 45 million (22) for the period. The 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. For further information on fair-value recognition of derivative instruments, see Note 2.

Lending and deposits

New lending for the period amounted to SEK 8.6 billion (9.8) and the total lending volume amounted to SEK 257.5 billion (257.6), compared with SEK 255.9 billion at the start of the year. New deposits for the period amounted to SEK 4.3 billion (2.6) and the total deposit volume amounted to SEK 35.9 billion (31.6), compared with SEK 27.7 billion at the start of the year.

Funding

The total value of debt securities in issue declined SEK 1.9 billion during the quarter to SEK 241.7 billion (243.6). During the quarter securities valued at SEK 28.1 billion (32.3) were issued. At the same time, securities valued at SEK 5.8 billion (5.7) were repurchased, while securities for SEK 22.1 billion (37.5) matured. Revaluations of liabilities (both up and down) of liabilities due to changes in premiums/discounts and changes in exchange rates for the SEK have contributed to the decline.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation) “SCBC”. Total outstanding covered debt totalled SEK 150.2 billion (147.4), compared with SEK 152.9 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 capital adequacy ratio under Pillar 1, with consideration for transitional regulations, amounted to 11.1 percent (10.8) at 30 September 2013, compared with 11.5 percent at the beginning of the year. The corresponding Core Tier 1 capital ratio was 7.3 percent (7.0), compared with 6.9 percent at the beginning of the year. For information concerning other capital ratios, refer to the tables on page 10-11.

SBAB’s current capitalisation covers by a good margin the capital adequacy rules being introduced by the upcoming Basel III regulations.

The internally calculated capital requirement was SEK 8,571 million (8,620), compared to SEK 9,239 million at the beginning of the year.

Liquidity reserve

SBAB’s liquidity reserve mainly comprises securities[1)]. The market value of these assets amounted to SEK 34.4 billion (31.6), excluding RMBSs. Taking the Riksbank’s haircuts into account, the value of the assets was SEK 32.3 billion (29.7).

For SBAB, the number of MCO days amounts to 178 (102). SBAB considers the number of MCO days to be satisfactory.

As of 1 January 2013, the liquidity coverage ratio is calculated in accordance with the Swedish Financial Supervisory Authority’s regulation, FFFS 2012:6. The liquidity coverage ratio was 314 percent for all currencies combined, 16,458 percent for the EUR and 332 percent for the USD, which exceeds the minimum requirement of 100 percent.

For further information on the liquidity reserve, the calculation of MCO days and the liquidity coverage ratio see Note 10.

[1)]During the period, a portion of the securities assets comprised RMBSs (Residential Mortgage Backed Securities). The reason for the inclusion of the RMBSs in the accounting of the liquidity reserve in Note 10 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 and the Netherlands. Unlike other securities assets in the liquidity reserve, which are recognised at market value, RMBSs are recognised at amortised cost. On 30 September 2013, the difference between the RMBSs book value and fair value was SEK 0.3 billion. For further information, refer to “Reclassified assets in Note 7.

Quarterly overview

Group SEK million	2013 Q3	2013 Q2	2013 Q1	2012 Q4	2012 Q3
Net interest income	480	502	538	491	499
Net commission income	-29	-26	-27	-18	-26
Net result from financial instruments measured at fair value (Note 2)	-45	-22	-14	10	-130
Other operating income	-	-	-	1	-
Total operating income	**406**	**454**	**497**	**484**	**343**
Costs	-167	-212	-184	-194	-158
Loan losses, net (Note 3)	7	17	12	-17	2
Operating profit/loss	**246**	**259**	**325**	**273**	**187**
Operating profit excl. net result from financial instruments	***291***	***281***	***339***	***263***	***317***
Tax	-53	-30	-72	-80	-49
Profit/loss for the period	**193**	**229**	**253**	**193**	**138**
New lending, SEK billion	8.6	9.8	8.4	10.1	8.1
Total deposits, SEK billion	35.9	31.6	28.9	27.7	24.6
Cost/Income ratio excl. loan losses	41%	47%	37%	40%	46%
Return on equity[1)]	8.3%	10.0%	11.4%	9.0%	6.5%
Loan loss rate[2)]	-0.01%	-0.03%	-0.02%	0.03%	-0.00%
Core Tier 1 capital ratio[3)]	25.8%	23.8%	21.2%	16.4%	16.2%

[1)] *Return on equity calculated on a full-year basis.*
[2)] *Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.*
[3)] *Without taking the transitional regulations into account.*

Performance for January-September 2013 compared with January-September 2012

Operating profit for the period totalled SEK 830 million (227) Income amounted to SEK 1,357 million (764), with the increase being explained by improved net result from financial instruments and higher net interest income. Net interest income amounted to SEK 1,520 million (1,450). The improvement was mainly explained by lower funding costs. The net result from financial instruments measured at fair value amounted to an expense of SEK 81 million (611) and was mainly affected by changed market values of basis swaps and the sale of RMBSs.

Costs for the period amounted to SEK 563 million (534). The increase was mainly due to higher IT costs.

SBAB's loan losses amounted to a positive SEK 36 million (loss 3). The outcome is attributable above all to the redemption of collective provisions for retail loans, but also to a certain extent within corporate loans. An underlying reason for the reduced collective provisions is a reduction in non-performing receivables. Reversals made within individual provisions attributable to corporate loans have also contributed to the outcome.

Other significant information

Credit rating

On 19 July 2013, Standard & Poor's placed SBAB's credit rating of A/A1 on CreditWatch Negative. The basis for the decision lay in a global study in which the institute took the view that the Scandinavian financial sector stood out negatively in terms of financing and liquidity due to factors including a greater dependency on the capital market.

SBAB intends to reduce its dependency on short-term borrowing and to further strengthen its liquidity reserve. The focus is primarily on strengthening the proportion of deposits from the public. On 25 September, SBAB was removed from the watch-list for down-rating and the A/A1 credit rating was confirmed. Negative outlook remains as previously.

Rating	30/09/2013	30/09/2012	31/12/2012
SBAB Bank AB (publ)			
Long-term funding			
-Standard & Poor's	A	A+	A
-Moody's	A2	A2	A2
Short-term funding			
-Standard & Poor's	A-1	A-1	A-1
-Moody's	P-1	P-1	P-1
SCBC			
Long-term funding			
-Standard & Poor's	AAA	AAA	AAA
-Moody's	Aaa	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 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, 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. Risks regarding these factors are assessed to have decreased slightly. A strained housing market and high household indebtedness result in the economy also being sensitive to changes in interest rates and house prices. Risks regarding these factors are assessed to have increased slightly.

For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the Annual Report for 2012.

Merger of sales units for corporate market and tenant-owner associations

SBAB has a long history of financing multi-family dwellings, with a leading position in both the corporate and tenant-owner association markets. In order to build a strong and efficient unit for the financing of multi-family dwellings, in June SBAB therefore decided to merge these two sales units. In connection with this, SBAB has also decided to discontinue the earlier process to sell its corporate portfolio and to retain its lending operations to property companies as part of SBAB's housing financing offer. The organizational change entered force on 1 September 2013.

Financial calendar

Year-end report 2013	7 February 2014
Annual General Meeting	24 April 2014
Interim report January–March 2014	25 April 2014
Interim report January–June 2014	18 July 2014
Interim report January–September 2014	22 October 2014
Year-end report 2014	February 2015

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, 28 October 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 28 October 2013, 9.00 A.M. (CET).

Income statement

Group SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Interest income	2,039	2,034	2,569	6,148	8,205	10,485
interest expense	-1,559	-1,532	-2,070	-4,628	-6,755	-8,544
Net interest income	**480**	**502**	**499**	**1,520**	**1,450**	**1,941**
Commission income	8	10	11	28	36	55
Commission expense	-37	-36	-37	-110	-113	-150
Net result from financial instruments meas. at fair value (Note 2)	-45	-22	-130	-81	-611	-601
Other operating income	-	-	-	-	2	3
Total operating income	**406**	**454**	**343**	**1,357**	**764**	**1,248**
Personnel costs	-74	-90	-79	-253	-251	-342
Other expenses	-85	-115	-73	-288	-265	-362
Amortisation and depreciation of fixed assets	-8	-7	-6	-22	-18	-24
Total expenses before loan losses	**-167**	**-212**	**-158**	**-563**	**-534**	**-728**
Protit/loss before loan losses	**239**	**242**	**185**	**794**	**230**	**520**
Loan losses, net (Note 3)	7	17	2	36	-3	-20
Operating profit/loss	**246**	**259**	**187**	**830**	**227**	**500**
Tax	-53	-30	-49	-155	-60	-140
Profit/loss for the period	**193**	**229**	**138**	**675**	**167**	**360**

Statement of comprehensive income

Group SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Profit/loss for the period	**193**	**229**	**138**	**675**	**167**	**360**
OTHER COMPREHENSIVE INCOME						
Components that will be reversed against the income statement						
Change in reclassified financial assets, before tax	6	5	6	15	18	20
Tax attributable to Components that will be reversed against the income statement	-1	-1	-2	-3	-5	-6
Components that will not be reversed against the income statement						
Revaluation effects of defined benefit pension plans, before tax	-	-	-	-	-	-6
Tax attributable to components that will not be reversed against the income statement	-	-	-	-	-	3
Other comprehensive income, net after tax	**5**	**4**	**4**	**12**	**13**	**11**
Total comprehensive income for the period	**198**	**233**	**142**	**687**	**180**	**371**

Balance sheet

Group SEK million	30/09/2013	30/09/2012	31/12/2012
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	8,079	2,077	12,860
Lending to credit institutions	20,667	19,734	18,269
Lending to the public (Note 4)	257,451	256,630	255,946
Change in value of interest-rate-hedged items in portfolio hedges	625	1,671	1,617
Bonds and other interest-bearing securities	29,127	32,930	31,452
Derivative instruments (Note 5)	6,437	14,465	12,745
Shares and participations	214	150	150
Deferred tax assets	-	35	34
Intangible fixed assets	183	99	122
Tangible fixed assets	37	29	33
Other assets	1,107	2,937	238
Prepaid expenses and accrued income	674	765	962
TOTAL ASSETS	**324,601**	**331,522**	**334,428**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	16,498	23,571	17,538
Deposits from the public	35,860	24,648	27,654
Debt securities in issue	241,742	247,041	253,897
Derivative instruments (Note 5)	10,468	16,982	15,383
Other liabilities	720	1,014	361
Accrued expenses and prepaid income	3,648	3,453	3,698
Provisions	351	72	77
Subordinated debt	5,859	6,164	7,052
Total liabilities	**315,146**	**322,945**	**325,660**
Equity			
Share capital	1,958	1,958	1,958
Other reserves	-15	-25	-27
Retained earnings	6,837	6,477	6,477
Profit/loss for the period	675	167	360
Total equity	**9,455**	**8,577**	**8,768**
TOTAL LIABILITIES AND EQUITY	**324,601**	**331,522**	**334,428**

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	P/L for the period	Total equity
Opening balance, 1 January 2013	**1,958**	**-27**	**6,837**		**8,768**
Total comprehensive income for the period		12		675	687
Closing balance, 30 September 2013	**1,958**	**-15**	**6,837**	**675**	**9,455**

	Share capital	Other reserves	Retained earnings	P/L 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		13		167	180
Closing balance, 30 September 2012	**1,958**	**-25**	**6,477**	**167**	**8,577**

	Share capital	Other reserves	Retained earnings	P/L 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-Sep	2012 Jan-Sep	2012 Jan-Dec
Cash and cash equivalents at the beginning of the period	**17,536**	**18,939**	**18,939**
Cash flow from operating activities	3,907	545	-2,293
Cash flow from investing activities	-88	-77	-110
Cash flow from funding activities	-1,000	-	1,000
Increase/Decrease in cash and cash equivalents	**2,819**	**468**	**-1,403**
Cash and cash equivalents at the end of the period	**20,355**	**19,407**	**17,536**

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	30/09/2013	30/09/2012	31/12/2012
Core Tier 1 capital			
Equity	9,455	8,565	8,761
Unrealised value changes of loan and accounts receivable previosly classified as assets available-for-sale	24	38	37
Non-controlling interest	755	731	731
Intangible fixed assets	-183	-99	-122
Deferred tax assets	-	-39	-36
Net reserves for IRB exposures and net pension liabilities	-41	-78	-69
Core Tier 1 capital	**10,010**	**9,118**	**9,302**
Tier 1 capital contribution			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
Tier 1 capital	**13,004**	**12,112**	**12,296**
Tier 2 capital			
Time-limited subordinated debentures	2,262	2,505	3,300
Net reserves for IRB exposures and net pension liabilities	-41	-78	-70
Tier 2 capital	**2,221**	**2,427**	**3,230**
Amount for capital base net efter deductible items and limit value	**15,225**	**14,539**	**15,526**

** Encompassed by transitional rules to FFFS 2007:1*

Capital requirements

Group SEK million	30/09/2013	30/09/2012	31/12/2012
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	835	2,383	2,173
Retail exposures	1,011	834	908
Positions in securitisations	175	202	423
Total exposures in accordance with IRB approach	**2,021**	**3,419**	**3,504**
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	403	412	387
Corporate exposures	174	184	169
Retail exposures	98	77	76
Past due items	1	0	1
Exposures to CIUs	17	12	12
Other items	10	9	9
Total exposures in accordance with standardised approach	**703**	**694**	**654**
Risk in commercial portfolio	**230**	**166**	**162**
Operational risk	**154**	**211**	**211**
Currency risk	**-**	**-**	**-**
Total minimum capital requirements	**3,108**	**4,490**	**4,531**
Addition to transitional rules	7,883	6,355	6,279
Total capital requirements according to transition rules	**10,991**	**10,845**	**10,810**

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	30/09/2013	30/09/2012	31/12/2012
Core Tier 1 capital	10,010	9,118	9,302
Tier 1 capital	13,004	12,112	12,296
Total capital	15,225	14,539	15,526
Without transitional regulations			
Risk-w eighted assets	38,843	56,119	56,638
Core Tier 1 capital ratio	25.8%	16.2%	16.4%
Tier 1 capital ratio	33.5%	21.6%	21.7%
Capital adequacy ratio	39.2%	25.9%	27.4%
Capital quotient	4.90	3.24	3.43
Without transitional regulations			
Risk-w eighted assets	137,386	135,563	135,124
Core Tier 1 capital ratio	7.3%	6.7%	6.9%
Tier 1 capital ratio	9.5%	8.9%	9.1%
Capital adequacy ratio	11.1%	10.7%	11.5%
Capital quotient	1.39	1.34	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.

A number of disclosure requirements have been changed, affecting the appearance and content of the interim reports for 2013. Compared with 2012, one accounting policy, IAS 19, has been changed for the group.

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.

In IFRS 7, Financial Instruments: Additional disclosure requirements have been added 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.

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 has not resulted in any change in how SBAB established fair value and does not result in any new items to 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.

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 standards that have not yet been applied will have a limited effect on the financial reports.

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

Group SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Gains/losses on interest-bearing financial instruments						
- Securities measured at fair value through profit or loss	66	-358	379	-403	746	950
- Change in value of hedged items in hedge accounting	107	560	-344	1,281	-789	-742
- Realised expense from financial liabilities	-50	-11	-67	-95	-175	-192
- Derivative instruments	-206	-233	-111	-940	-447	-697
- Loan receivables	21	23	23	64	66	90
Currency translation effects	8	-3	-10	-1	-12	-10
Gains/losses on shares and participations measured at fair value through the income statement	9	0	-0	13	-0	0
Total	**-45**	**-22**	**-130**	**-81**	**-611**	**-601**

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

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 income/expense 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 SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	0	-1	-0	-1	-0	-0
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	1	-	1	-	-
Provision for probable loan losses for the period	-0	-0	-26	-0	-26	-26
Recoveries in respect of confirmed loan losses in prior years	-	-	-	-	-	0
Reversal of prior year provisions for probable loan losses no longer required	0	0	10	8	26	26
Guarantees	0	0	-	0	-0	-0
Net income for the period for individual provisions for corporate market loans	**0**	**0**	**-16**	**8**	**-0**	**-0**
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocations to/redemption of collective provisions	3	7	15	5	3	4
Guarantees	0	-3	-2	2	-8	-6
Net income/cost for the period for collective provisions for corporate market loans	**3**	**4**	**13**	**7**	**-5**	**-2**
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-5	-3	-2	-12	-7	-9
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	3	2	1	10	5	5
Provision for probable loan losses for the period	-1	-2	-2	-5	-4	-9
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	0
Guarantees	-	0	-	0	-	-
Net cost for the period for individual provisions for retail market loans	**-3**	**-3**	**-3**	**-7**	**-6**	**-13**
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-6	-6	-8	-15	-21	-27
Recoveries in respect of confirmed loan losses in prior years	1	0	1	2	1	3
Allocation to/redemption of collective provisions	14	23	14	45	23	19
Guarantees	-2	-1	1	-4	5	0
Net income/cost for the period for collective provisions for retail market loans	**7**	**16**	**8**	**28**	**8**	**-5**
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	**7**	**17**	**2**	**36**	**-3**	**-20**

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	30/09/2013		30/09/2012		31/12/2012	
SEK million	**Lending**	**Provision**	**Lending**	**Provision**	**Lending**	**Provision**
Single-family dwellings and holiday homes	102,625	-148	99,620	-166	100,227	-170
Tenant-owner rights	65,992	-72	60,410	-96	61,677	-98
Tenant-owner associations	55,087	-8	54,706	-20	55,199	-12
Private multi-family dwellings	23,607	-39	28,370	-41	26,496	-49
Municipal multi-familiy dwellings	4,120	-	5,056	-	4,796	-
Commercial properties	5,189	-	8,127	-	7,128	-
Other	1,103	-5	670	-6	759	-7
Provision for probable loan losses	-272		-329		-336	
Total	**257,451**	**-272**	**256,630**	**-329**	**255,946**	**-336**

Doubtful and non-performing loan receivables	**30/09/2013**	**30/09/2012**	**31/12/2012**
a) Doubtful loan receivables	48	62	67
b) Non-performing loan receivables* included in doubtful loan receivables	12	17	21
c) Non-performing loan receivables* not included in doubtful loan receivables	369	496	452
d) Individual provisions for loan receivables	40	49	54
e) Collective provisions for corporate market loans	22	28	27
f) Collective provisions for retail market loans	210	252	255
g) Total provisions (d+e+f)	272	329	336
h) Doubtful loan receivables after individual provisions (a-d)	8	13	13
i) Provision ratio for individual provisions (d/a)	83%	79%	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	30/09/2013 SBAB**	30/09/2013 SBAB incl. all of FriSpar	30/09/2012 SBAB**	30/09/2012 SBAB incl. all of FriSpar	31/12/2012 SBAB**	31/12/2012 SBAB incl. all of FriSpar
Retail lending	169,495	169,740	160,432	160,762	162,388	163,055
- new lending	*22,092*	*24,202*	*18,518*	*20,743*	*26,295*	*29,374*
Corporate lending (incl. tenant-owner assn.)	87,956	87,965	96,198	96,225	93,558	93,574
- new lending	*4,685*	*4,685*	*6,285*	*6,285*	*8,583*	*8,583*
Total	**257,451**	**257,705**	**256,630**	**256,987**	**255,946**	**256,629**
- new lending	*26,777*	*28,887*	*24,803*	*27,028*	*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 porportional method.*

Note 5 Derivative instruments

Group SEK million	30/09/2013 Assets measured at fair value	30/09/2013 Liabilities measured at fair value	30/09/2013 Total nominal amount
Interest-rate related	4,436	2,701	219,880
Currency related	2,001	7,767	116,711
Total	**6,437**	**10,468**	**336,591**

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

Note 6 Operating segments

Segment income statement Group SEK million	Jan-Sep 2013 Retail market	Jan-Sep 2013 Collab. market	Jan-Sep 2013 Corp./ Tenant-owner	Jan-Sep 2013 Other	Jan-Sep 2013 Total*	Jan-Sep 2012 Retail market	Jan-Sep 2012 Collab. market	Jan-Sep 2012 Corp./ Tenant-owner	Jan-Sep 2012 Other	Jan-Sep 2012 Total*
Income[1]	663	269	487	19	**1,438**	665	237	473		**1,375**
Net result from financial instruments meas. at fair value	13			-94	**-81**	-1			-610	**-611**
Total operating income	**676**	**269**	**487**	**-75**	**1,357**	**664**	**237**	**473**	**-610**	**764**
Expenses[2]	-340	-74	-149		**-563**	-306	-64	-164		**-534**
Loan losses, net	7	5	24		**36**	-11	-7	15		**-3**
Profit/loss before tax	**343**	**200**	**362**	**-75**	**830**	**347**	**166**	**324**	**-610**	**227**
Tax	-76	-44	-79	44	**-155**	-91	-44	-85	160	-60
Profit/loss after tax	**267**	**156**	**283**	**-31**	**675**	**256**	**122**	**239**	**-450**	**167**
Return on equity	**11%**	**11%**	**12%**		**10%**	**11%**	**9%**	**8%**		**3%**

[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
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. In September 2013, the sales departments for the corporate and tenant-owner association markets were merged. 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 Private Market, Collaboration Market and Corporate/Tenant-owner Associations Market.

The segments were previously divided in accordance with RAROC – in connection with the organisational change on 1 September the division was changed to be made according to SBAB's external results.

Note 7 Classification of financial instruments

Group Financial assets SEK million	30/09/2013 Assets measured at fair value through P/L	Hedge-accounted derivative instru-ments	Loan receivables	Total	Total fair value
Cash and balances at central banks			0	0	0
Chargeable treasury bills and other eligible bills	8,079			8,079	8,079
Lending to credit institutions			20,667	20,667	20,667
Lending to the public			257,451	257,451	259,037
Change in value of interest-rate-hedged items in portfolio hedges			625	625	-
Bonds and other interest-bearing securities	26,588		2,539	29,127	29,127
Derivative instruments	936	5,501		6,437	6,437
Shares and participations	214			214	214
Other assets			1,107	1,107	1,107
Prepaid expenses and accrued income	312		362	674	674
Total	**36,129**	**5,501**	**282,751**	**324,381**	**325,342**

Group Financial liabilities SEK million	30/09/2013 Liabilities measured at fair value through P/L	Hedge-accounted derivative instru-ments	Other financial liabilities	Total	Total fair value
Liabilities to credit institutions			16,498	16,498	16,498
Deposits from the public			35,860	35,860	35,860
Debt securities in issue			241,742	241,742	241,663
Derivative instruments	3,254	7,214		10,468	10,468
Other liabilities			720	720	720
Accrued expenses and prepaid income			3,648	3,648	3,648
Subordinated debt			5,859	5,859	5,858
Total	**3,254**	**7,214**	**304,327**	**314,795**	**314,715**

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’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.

RMBS portfolio

Group SEK million	30/09/2013 Carrying amount	Fair value
Country of asset		
Spain	2,089	1,790
The Netherlands	450	443
Total	**2,539**	**2,233**

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 30 September 2013, the fair value of the assets would have amounted to SEK 2.2 billion had the assets continued to be recognised as “Available-for-sale financial assets.” The carrying amount at 30 September 2013 was SEK 2.5 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.2 billion, net after tax, had the assets continued to be recognised as “Available-for-sale financial assets.” The reserve amounted to a negative SEK 24 million, net after tax, at 30 September 2013. After the reclassification date, SEK 222 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 21 million before tax on the value of the reserve.

Note 8 Information about fair value

Group SEK million	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
	30/09/2013			
Assets				
Securities in the category trade	34,881	-	-	34,881
Derivatives in the category trade	12	924	-	936
Derivatives in hedge accounting	-	5,501	-	5,501
Total	**34,893**	**6,425**	**-**	**41,318**
Liabilities				
Derivatives in the category trade	13	3,241	-	3,254
Derivatives in hedge accounting	-	7,214	-	7,214
Total	**13**	**10,455**	**-**	**10,468**

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.

Note 9 Information about offsetting

	30/09/2013				
	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			
Group SEK million	**Amount recognised in the balance sheet**	**Financial instruments**	**Provided (+)/ Received (-) collateral - securities**	**Provided (+)/ Received (-) cash collateral**	**Net amount**
Assets					
Derivative instruments	6,437	-4,748	-	-966	723
Repos	16,515	-11,663	-4,853	0	0
Liabilities					
Derivative instruments	-10,468	4,748	-	3,066	-2,654
Repos	-15,367	11,663	3,694	11	0
Total	**-2,883**	**0**	**-1,159**	**2,111**	**-1,931**

Note 10 Liquidity reserve

Liquidity Reserve		Distribution by currency			
SEK million	30/09/2013	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	12,772	4,608	7,507	657	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,537	3,554	-	983	-
Covered bonds issued by others	17,097	12,716	3,213	1,168	-
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	2,234	-	2,234	-	-
Other securities	-	-	-	-	-
Total	**36,640**	**20,878**	**12,954**	**2,808**	**-**
Bank and loan facilities	-	-	-	-	-
Total	**36,640**	**20,878**	**12,954**	**2,808**	
Distribution by currency		57%	35%	8%	

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 also excluded from regulatory liquidity measurements.

Calculation of MCO days

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.

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 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.

Parent Company

Parent Company performance for January-September 2013 compared with January-September 2012

Operating profit for the period amounted to SEK 124 million (62) The operating profit was primarily attributable to higher net interest income of SEK 236 million (36). Net income from financial transactions declined to SEK 64 million (178). Expenses totalled SEK 635 million (591). The net effect of loan losses was positive SEK 6 million (loss 22). Lending to the public amounted to SEK 49.7 billion (47.1). 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 25.5 percent (24.5) and 42.0 percent (41.5), respectively.

Income statement

Parent Company SEK million	2013 Q3	2013 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Interest income	818	797	1,114	2,414	3,207	4,162
Interest expenses	-742	-717	-977	-2,178	-3,171	-4,032
Net interest income	**76**	**80**	**137**	**236**	**36**	**130**
Dividends received	-	-	-	19	17	17
Commission income	31	33	32	96	94	136
Commission expenses	-19	-16	-19	-54	-54	-70
Net result of financial transactions	35	-23	82	64	178	213
Other operating income	91	150	135	392	404	515
Total operating income	**214**	**224**	**367**	**753**	**675**	**941**
Personnel costs	-80	-96	-81	-271	-261	-354
Other expenses	-102	-138	-84	-349	-319	-434
Amortisation and depreciation of fixed assets	-5	-5	-4	-15	-11	-15
Total expenses before loan losses	**-187**	**-239**	**-169**	**-635**	**-591**	**-803**
Profit before loan losses	**27**	**-15**	**198**	**118**	**84**	**138**
Loan losses, net	-1	1	-13	6	-22	-34
Operating profit	**26**	**-14**	**185**	**124**	**62**	**104**
Taxes	-5	38	-50	12	-13	-11
Profit for the period	**21**	**24**	**135**	**136**	**49**	**93**

Statement of comprehensive income

Parent Company SEK million	2013 Q3	2012 Q2	2012 Q3	2013 Jan-Sep	2012 Jan-Sep	2012 Jan-Dec
Profit for the period	**21**	**24**	**135**	**136**	**49**	**93**
OTHER COMPREHENSIVE INCOME						
Components that will be reversed against the income statement						
Change in reclassified financial assets, before tax	6	5	6	15	18	20
Tax attributable to components that will be reversed against the income statement	-1	-1	-2	-3	-5	-6
Other comprehensive income, net after tax	**5**	**4**	**4**	**12**	**13**	**14**
Total comprehensive income for the period	**26**	**28**	**139**	**148**	**62**	**107**

Balance sheet

Parent Company SEK million	30/09/2013	30/09/2012	31/12/2012
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	8,079	2,077	12,860
Lending to credit institutions (Note 11)	48,151	58,268	48,435
Lending to the public	49,700	47,100	46,360
Bonds and other interest-bearing securities	29,127	32,930	31,452
Derivative instruments	5,191	12,457	11,499
Shares and participations	214	150	150
Shares and participations in joint ventures	866	759	830
Shares and participations in Group companies	9,600	9,600	9,600
Intangible fixed assets	12	11	14
Tangible fixed assets	37	29	33
Other assets	885	2,073	76
Prepaid expenses and accrued income	445	499	719
TOTAL ASSETS	**152,307**	**165,953**	**162,028**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	613	8,909	2,443
Deposits from the public	35,860	24,648	27,654
Debt securities in issue	92,284	102,292	101,782
Derivative instruments	7,299	13,687	13,909
Other liabilities	711	1,019	356
Accrued expenses and prepaid income	1,437	1,242	835
Provisions	164	105	65
Subordinated debt	5,859	6,164	7,052
Total liabilities	**144,227**	**158,066**	**154,096**
Equity			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Fair value reserve	-25	-38	-37
Retained earnings	5,619	5,526	5,526
Profit for the period	136	49	93
Total equity	**8,080**	**7,887**	**7,932**
TOTAL LIABILITIES AND EQUITY	**152,307**	**165,953**	**162,028**
Memorandum items			
Assets pledged for own liabilities	415	8,404	2,117
Commitments	60,993	60,603	59,587

Capital adequacy

Parent Company SEK million	30/09/2013	30/09/2012	31/12/2012
Core Tier 1 capital	8,072	7,877	7,920
Tier 1 capital	11,066	10,871	10,914
Total capital	13,308	13,340	14,179
Without transitional regulations			
Risk-w eighted assets	21,129	24,543	26,688
Core Tier 1 capital ratio	38.2%	32.1%	29.7%
Tier 1 capital ratio	52.4%	44.3%	40.9%
Capital adequacy ratio	63.0%	54.4%	53.1%
Capital quotient	7.87	6.79	6.64
Without transitional regulations			
Risk-w eighted assets	31,671	32,155	30,719
Core Tier 1 capital ratio	25.5%	24.5%	25.8%
Tier 1 capital ratio	34.9%	33.8%	35.5%
Capital adequacy ratio	42.0%	41.5%	46.2%
Capital quotient	5.25	5.19	5.77

Note 11 Lending to credit institutions

Of the Parent Company’s lending to credit institutions, SEK 39,796 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 39,602 million at the start of the year. 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

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 30 September 2013 and for the nine-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 Swedish Standard on Review Engagements SÖG 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 Auditing Standard in Sweden (RS) 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 for 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, 28 October 2013

KPMG AB

Hans Åkervall
Authorised Public Accountant