INTERIM REPORT

1 January–30 June 2018 | SBAB Bank AB (publ)

1 2 3 4

THE QUARTER IN BRIEF

We are pleased and proud to have launched Green Mortgages during the quarter. Our Green Mortgages provide our customers with an incentive for investing in more sustainable and energy-efficient housing.

KLAS DANIELSSON, CEO OF SBAB

Q2 2018

- Healthy volume growth. Lending to the public increased SEK 7.5 billion to SEK 351.5 billion during the quarter. Deposits from the public rose SEK 1.7 billion to SEK 117.0 billion.
- Stable net interest income trend and strong KPIs. Net interest income rose SEK 19 million and totalled SEK 850 million. Return on equity amounted to 12.6% and the C/I ratio was 31.6%.
- Green Mortgages launched, with discounted interest rates for customers with houses with an energy rating of A, B or C.
- Finansinspektionen's (the Swedish FSA) annual mortgage survey was published. SBAB performed well in terms of several important KPIs.
- On 18 June 2018, the SNDO announced that the principle for subordinated debt should also apply for SBAB Bank AB (publ), which is allowed to gradually build up the volume of subordinated debt required to meet the minimum requirement for own funds and eligible liabilities (MREL) in the period leading up to 2022.

SUMMARY

Group	2018 Q2	2018 Q1	Δ	2018 Jan–Jun	2017 Jan–Jun	Δ
Total lending, SEK bn	351.5	344.0	2.2%	351.5	315.6	11.4%
Total deposits, SEK bn	117.0	115.3	1.5%	117.0	102.7	13.9%
Net interest income, SEK million	850	831	2.3%	1,681	1,556	8.0%
Expenses, SEK million	–264	–242	9.1%	–506	–476	6.3%
Loan losses, SEK million	8	10	–SEK 2 mn	18	5	+SEK 13 mn
Operating profit, SEK million	575	576	–0.2%	1,151	1,088	5.8%
Return on equity, %[1]	12.6	13.0	–40 bps	12.8	12.7	10 bps
C/I ratio, %	31.6	30.0	160 bps	30.8	30.6	20 bps
CET1 capital ratio, %	30.3	31.1	–80 bps	30.3	31.4	–110 bps

[1] When calculating the return on equity for Q1 2018, Q2 2018 and Jan–Jun 2018, average equity has been adjusted for the dividend of SEK 684 million for 2017.

THIS IS SBAB

SBAB's business idea is to apply innovation and consideration to offer loans and savings products to private individuals, tenant-owner associations and property companies in Sweden.

Vision
To offer the best residential mortgages in Sweden

Mission
To help improve housing quality and household finances

Our operations

SBAB Bank AB (publ) has two business areas: Retail and Corporate Clients & Tenant-Owners' Associations.

Retail
The Retail business area offers savings and loan products, and home and housing services to consumers. The core product is residential mortgages. We have no traditional bank branches, which means that our products and services are offered online or by telephone. Our retail customers are primarily located in areas around Stockholm, Gothenburg, Malmö, and other university cities and growth regions.

Corporate Clients & Tenant-Owners' Associations
The Corporate Clients & Tenant-Owners' Associations business area offers savings and housing financing primarily to property companies and tenant-owners' associations. Our credit granting in the Corporate Clients & Tenant-Owners' Associations business area is concentrated to growth regions surrounding our three offices in Stockholm, Gothenburg and Malmö.

Our owner

We started our operations in 1985 and are wholly owned by the Swedish state.

STATEMENT FROM THE CEO

We are pleased and proud to have launched Green Mortgages during the quarter. Our Green Mortgages provide our customers with an incentive for investing in more sustainable and energy-efficient housing. In our operations, we take responsibility and contribute to collectively reaching the Sustainable Development Goals in Agenda 2030.

Our customer offering continues to attract many new customers, which means business is going well for SBAB. Our total lending increased 2.2% to SEK 351.5 billion during the quarter. Our total deposits rose 1.5% to SEK 117.0 billion. The underlying earnings trend remained healthy. The operating profit totalled SEK 575 million (576) and the return on equity amounted to 12.6% (13.0). The Common Equity Tier 1 (CET1) capital ratio was 30.3% (31.1). Sound finances together with growth, profitability and capital strength are prerequisites for being able to complete the investments necessary for an even stronger customer offering aimed at strengthening SBAB's long-term competitiveness.

Competition and conditions

The digitalisation of the banking and financial sector is increasingly clear and accelerating. Digitalisation enables new services and changes customers' behaviour and expectations. Established players are working intensively to retain, defend and strengthen their positions. Many banks and new players have entered the competition for residential mortgage customers. Some new players only offer mortgages to certain categories of customers and with the help of new types of financing solutions.

I would like to highlight the importance of responsibility. The long-term responsibility toward customers and for the confidence of the general public. Offering a mortgage is offering the opportunity to realize the dream of a home. Taking a mortgage of perhaps several million kronor is one of life's biggest decisions. This means that mortgage providers are subject to stringent requirements in terms of transparency, consideration and availability, which are the same as SBAB's value proposition to customers, and which forms the foundation of the high level of confidence we have built over many years. The advent of new providers and new financing solutions also highlight how important it is that the Swedish FSA ensures that the market sets the same requirements for banks and other providers, thus enabling competition on equal terms.

Essentially, increased competition is very positive — it leads to more customers obtaining better and fairer terms. Statistics from SBAB's interest-rate comparison service "Räntematchen," which allows consumers to compare their existing mortgages with the interest terms that SBAB can offer, indicate that many customers of major banks are still paying excessively high mortgage interest rates, sometimes by as much as half a percentage point.

SBAB's share of net growth in the residential mortgage market totalled a full 17% for the first five months, compared with our total market share of slightly more than 8%. This indicates strong growth and that we are capturing market shares. Increased price competition and lower funding costs resulted in us lowering mortgage rates in the quarter, first in May for the most popular maturities (3M, 1Y and 2Y), and then in June for the longer maturities. Transparency and attractive terms and conditions comprise central components of our customer offering.

Our lending growth means that lending responsibly is particularly important, moreover, our lending growth must be long-term sustainable. We believe this was confirmed by the Swedish FSA's latest annual mortgage survey. The survey showed that SBAB performed well in terms of several key performance indicators such as average loan-to-value ratio, level of indebtedness, amortisation rate and compliance with the amortisation requirement.

During the quarter, we have successfully adapted operations to new regulations that entered force during the quarter, such as the Revised Payment Service Directive (PSD2), which is driving the exciting open banking developments, and the General Data Protection Regulation (GDPR), which is creating equal and uniform protection of personal data within the EU.

Continued uncertainty in the new build market

In Sweden's regional housing markets, signals indicate that the supply of housing has been greater than the real demand, both for existing and new builds. Examples of such signals include longer advertisement times, fewer bidders per object, falling bid premiums and a larger proportion of housing with lowered prices. The substantial increase in housing supply from new builds, together with the new repayment terms and tighter credit terms from the banks led to falling house prices in the second half of 2017. After a minor upward correction in early 2018, housing prices have essentially been still.

The number of homes for sale is at record levels and sales statistics show many housing developers are struggling to sell their newly built apartments, despite the continued strength of underlying demand for housing. As a consequence of the diffi-

cultly in selling newly built apartments at current price levels, the number of newly built apartments is expected to decline relatively rapidly over the coming years. Going forward, the overall pace of construction of new homes is expected to be far below the actual need for housing. Given the uncertain market conditions, we have for some time been more cautious in our lending to residential developers by focusing on established relationships and more experienced construction contractors.

We still aim to increase our financing of new builds, since we want to help solve Sweden's housing shortage. However, an increasing number of new, cheaper homes are needed that people actually want and for which they can obtain a mortgage to be able to buy.

Sustainable customer offering

Housing accounts for a major share of Sweden's energy consumption. As a bank, our credit granting enables us to influence the market through requirements, stimuli and dialogue with the aim of reducing energy consumption. We are therefore pleased and proud to have launched our Green Mortgages during Q2 – a mortgage with a discounted interest rate for customers with houses with an energy rating of A, B or C. In Q3, we intend to launch Green Mortgages for customers who live in tenant-owner apartments. We already offer the Energy Loan, a consumer loan with a 0.50 percentage point discount on the interest rate for investing in energy saving measures in the home, and Green Loans to tenant-owners' associations on similar terms.

Green Mortgages are offered to those customers who have energy performance certified buildings with an energy rating of A, B or C. C is the lowest energy performance rating permitted for new builds under the applicable building regulations. The National Board of Housing, Building and Planning's statistics show that as much as 80% of Swedish houses and multi-family dwellings do not meet that level and, accordingly, consume more energy than what is permitted in new builds. Customers with a mortgage object with an energy rating of A or B receive a 0.10 percentage point interest rate deduction on their mortgage, and those with an energy rating of C receive a 0.05 percentage point interest rate deduction.

A sustainable customer offering means we can influence and contribute to changing the world, and toward together achieving the Sustainable Development Goals (SDGs) under Agenda 2030. We have selected the SDGs 8, 11, 12 and 13 as the goals where SBAB's operations can make the clearest contribution [1)].

I wish you all a wonderful, sustainable summer.

Solna in July 2018

Klas Danielsson
CEO of SBAB

[1)] SBAB has identified and chosen four of the 17 SDGs that we consider particularly important and relevant for our operations: Goal 8: Decent work and economic growth, Goal 10: Sustainable cities and communities, Goal 11: Responsible consumption and production and Goal 12: Climate action.

BUSINESS DEVELOPMENT

VOLUME TRENDS

Group	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun
New lending, SEK bn	18.5	19.2	20.8	37.7	38.8
Net change in lending, SEK bn	7.5	8.9	10.5	16.4	19.5
Total lending, SEK bn	**351.5**	**344.0**	**315.6**	**351.5**	**315.6**
No. of deposit accounts, thousand	352	343	317	352	317
Net change in deposits, SEK bn	1.7	3.4	2.7	5.1	5.9
Total deposits, SEK bn	**117.0**	**115.3**	**102.7**	**117.0**	**102.7**
Deposits/lending, %	33.3	33.5	32.5	33.3	32.5
Retail business area					
No. of mortgage customers, thousand	262	259	243	262	243
No. of mortgage objects financed, thousand	167	165	155	167	155
New lending, SEK bn	15.0	16.3	16.7	31.3	32.0
Net change in lending, SEK bn	6.5	8.2	8.8	14.7	17.4
Total retail lending, SEK bn	**264.8**	**258.3**	**229.3**	**264.8**	**229.3**
Residential mortgages, SEK bn	262.7	256.3	227.3	262.7	227.3
Consumer loans, SEK bn	2.1	2.0	2.0	2.1	2.0
Market share residential mortgages, % [1]	8.16	8.06	7.52	8.16	7.52
Market share consumer loans, % [1]	0.86	0.86	0.90	0.86	0.90
Total retail deposits, SEK bn	**81.0**	**77.9**	**68.3**	**81.0**	**68.3**
Market share Retail deposits, % [1]	4.51	4.39	4.06	4.51	4.06
Corporate Clients & Tenant-Owners' Associations business area					
No. of corporate clients and tenant-owners' associations	2,278	2,345	2,464	2,278	2,464
New lending, SEK bn	3.5	2.9	4.1	6.4	6.8
Net change in lending, SEK bn	1.0	0.6	1.7	1.6	2.1
Total lending, corporate clients & tenant-owners' associations, SEK bn	**86.7**	**85.6**	**86.3**	**86.7**	**86.3**
Lending to corporate clients, SEK bn	34.4	33.4	35.3	34.4	35.3
Lending to tenant-owners' associations, SEK bn	52.3	52.2	51.0	52.3	51.0
Market share, corporate clients, % [1]	11.30	11.19	11.69	11.30	11.69
Market share, tenant-owners' associations, % [1]	10.00	10.13	10.75	10.00	10.75
Total deposits, corporate clients & tenant-owners' associations, SEK bn	**36.0**	**37.4**	**34.3**	**36.0**	**34.3**
Market share deposits, corporate clients & tenant-owners' associations, % [1]	3.67	3.79	3.73	3.67	3.73

[1] Source: Statistics Sweden. The figures in the columns for Q2 2018 and Jan–Jun 2018 correspond with the market shares as of 31 May 2018. The figures in the columns for Q1 2018 correspond with the market share as of 28 February 2018. The figures in the columns for Q2 2017 and Jan–Jun 2017 correspond with the market shares as of 31 May 2017.

Trend for Q2 2018 compared with Q1 2018

Market comments

The booming Swedish economy remained strong in Q2 2018, although a slight decline was discernible in some industries compared with year-end 2017. Pressure on the market for financing of housing also intensified in Q2. The growth rate in lending for homeowners of houses or tenant-owner apartments remained at the same high level as in 2017, despite a decline in housing prices at the end of 2017. Low interest rates together with strong economic growth and low unemployment have contributed to this trend. House prices for the country as a whole recovered slightly in Q1 and remained relatively still in Q2 2018. Over the last 12 months however, prices have declined by an average of 4%. The largest decline was for tenant-owner apartments, 7%, whereas house prices only fell 2% over the last 12 months. The growth in lending to property companies with apartment blocks, including tenant-owners' associations, remained at about the same level as in the most recent previous quarters. However, there has been a shift in the rate of growth, with a slightly lower rate for tenant-owners' associations and a slightly higher rate for other owners of apartment blocks. The generally high growth rate was driven by the record high construction rates.

Group

Lending to the public increased 2.2% in the quarter to SEK 351.5 billion (344.0). New lending remained healthy and totalled SEK 18.5 billion (19.2). Deposits from the public increased 1.5% in the quarter to SEK 117.0 billion (115.3).

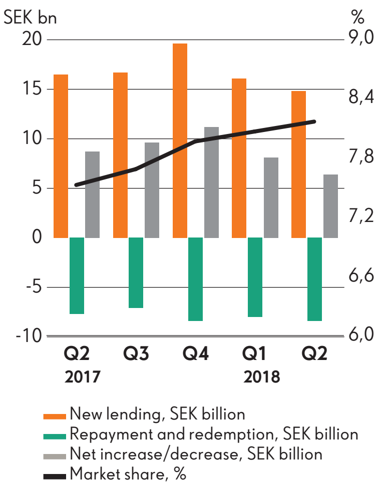
Retail

The Retail business area offers savings and loan products, and home and housing services to consumers. The core product — residential mortgages — is supplemented with consumer loans, savings accounts and insurance broking.

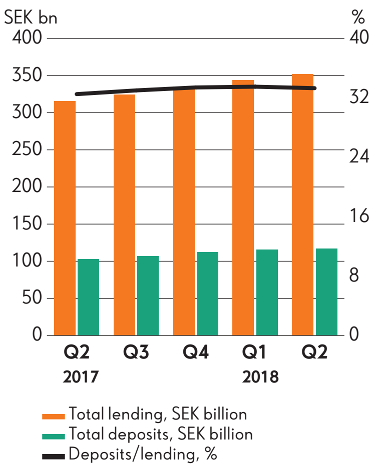
In Q2, new retail lending amounted to SEK 15.0 billion (16.3) driven by a strong customer offering, competitive rates and successful communication initiatives. During the quarter, SBAB lowered mortgage rates for the most popular maturities. Moreover, Green Mortgages were launched, with discounted interest rates for customers with houses with an energy rating of A, B or C. Total lending increased to SEK 264.8 billion (258.3) during the quarter, of which SEK 262.7 billion (256.3) comprised residential mortgages and SEK 2.1 billion (2.0) consumer loans. The number of residential mortgage customers increased to 262,000 (259,000), distributed over 167,000 mortgage objects (165,000). The majority of SBAB's residential mortgage customers choose shorter maturities. The share of total lending with a 3M variable mortgage rate amounted to 70.2% (69.1) at the end of the quarter. At 31 May 2018, the market share of residential mortgages was 8.16% (8.06% at 28 February 2018). At the same date, the market share for consumer loans was 0.86% (0.86).

SBAB's savings accounts continue to offer competitive interest rates compared with the company's competitors, and deposit inflows continued to grow during the quarter. Retail deposits increased and totalled SEK 81.0 billion (77.9). At 31 May 2018, the market share of retail deposits was 4.51% (4.39% at 28 February 2018).

Lending and market shares, Retail mortgages



Total deposits in relation to total lending, Group



Corporate Clients & Tenant-Owners' Associations
The Corporate Clients & Tenant-Owners' Associations business area offers savings and loan products to property companies and tenant-owners' associations.

During the quarter, new lending to property companies and tenant-owners' associations remained healthy and totalled SEK 3.5 billion (2.9) driven by reasons including a number of larger corporate transactions in conjunction with the payment of credits as part of ongoing housing construction. Total lending increased to SEK 86.7 billion (85.6). Of total lending, SEK 34.4 billion (33.4) comprised lending to corporate clients and SEK 52.3 billion (52.2) lending to tenant-owners' associations. The market share of lending to corporate clients was 11.30% at 31 May 2018 (11.19% at 28 February 2018). At the same date, the market share for lending to tenant-owners' associations was 10.00% (10.13). The number of loan customers declined to 2,278 (2,345) over the quarter, in line with SBAB's current strategy focusing on larger customers and customers in regions where SBAB has physical presence with ability to establish customer relationships.

Deposits from corporate clients and tenant-owners' associations decreased during the quarter and totalled SEK 36.0 billion (37.4). At 31 May 2018, the market share of deposits from corporate clients and tenant-owners' associations (excluding financial institutions) was 3.67% (3.79% at 28 February 2018).

FINANCIAL PERFORMANCE

INCOME STATEMENT OVERVIEW

Group, SEK million	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2018 Jan–Jun	2017 Jan–Jun
Net interest income	850	831	801	792	777	1,681	1,556
Net commissions	1	–5	2	–2	0	–4	–5
Net result of financial transactions (Note 2)	–28	–26	30	–35	–2	–54	–7
Other operating income	8	8	9	7	9	16	15
Total operating income	**831**	**808**	**842**	**762**	**784**	**1,639**	**1,559**
Expenses	–264	–242	–259	–224	–244	–506	–476
Profit before loan losses and impairments	**567**	**566**	**583**	**538**	**540**	**1,133**	**1,083**
Net loan losses (Note 3)	8	10	20	–1	–1	18	5
Impairment of financial assets, net	0	0	–	–	–	0	–
Operating profit	**575**	**576**	**603**	**537**	**539**	**1,151**	**1,088**
Tax	–131	–133	–141	–125	–125	–264	–253
Net profit for the period	**444**	**443**	**462**	**412**	**414**	**887**	**835**
Return on equity, %[1]	12.6	13.0	13.3	12.2	12.4	12.8	12.7
C/I ratio, %	31.6	30.0	30.7	29.4	31.2	30.8	30.6
Loan loss ratio, %	0.01	0.01	0.02	0.00	0.00	0.01	0.00
Net interest margin, %	0.75	0.77	0.77	0.77	0.77	0.76	0.79

[1] When calculating the return on equity for "Q1 2018", "Q2 2018" and "Jan–Jun 2018", average equity has been adjusted for the dividend of SEK 684 million for 2017.

Trend for Q2 2018 compared with Q1 2018

Operating profit amounted to SEK 575 million (576). Higher net interest income positively impacted the item while higher expenses had a negative effect. After tax, the operating profit was SEK 444 million (443). Return on equity amounted to 12.6% (13.0) and the C/I ratio was 31.6% (30.0).

Net interest and commissions

Net interest income grew to SEK 850 million (831), mainly due to higher lending volumes and a lower actual resolution fee outcome. The resolution fee was SEK 75 million (87) for the quarter. According to a decision from the Swedish National Debt Office in May this year, the fee for SBAB amounts to SEK 299 million for the full-year 2018, which is below the estimate of SEK 348 million communicated in the last interim report. Lower lending margins, as a result of items including lower mortgage rates, had a certain negative impact on the net interest income trend.

Net commission income increased during the quarter to SEK 1 million (expense: 5), due mainly to increased provisions for brokering mortgage insurance. Increased expenses linked to funding operations negatively impacted the item.

Net result of financial transactions

The net expense from financial transactions decreased to SEK 28 million (expense: 26) mainly as a result of the revaluation of instruments encompassed by hedge accounting.

Expenses

Expenses increased to SEK 264 million (242), and were attributable to higher personnel, IT and marketing costs in the quarter. The development is according to plan and in line with SBAB's investment strategy for long-term competitiveness.

Credit quality and credit losses

As of 1 January 2018, SBAB reports expected credit losses in accordance with IFRS 9. This means that the opening balances for 2018 have been recalculated, please refer to notes 12 and 15. In Q2, credit losses amounted to recoveries of SEK 8 million (recoveries: 10) as a result of recoveries of previous impairments of impaired corporate loans, mainly in credit stage 3. Provisions for non-credit impaired loans, credit stages 1 and 2, increased SEK 5 million during the quarter, mainly due to increased lending volumes. Provisions for loan commitments remained unchanged in the quarter. For more information, please refer to notes 3 and 4.

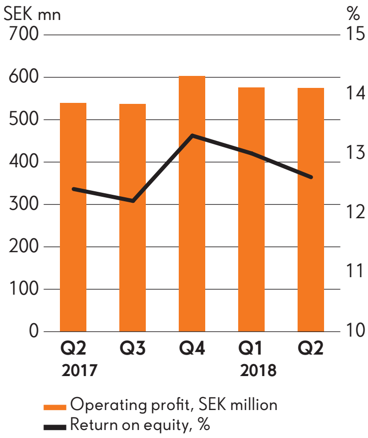
At the end of the quarter, the average LTV ratio[1)] in SBAB's mortgage portfolio was 61% (58). At the same date, the average residential mortgage to retail customers amounted to SEK 1.6 million (1.6).

Other comprehensive income

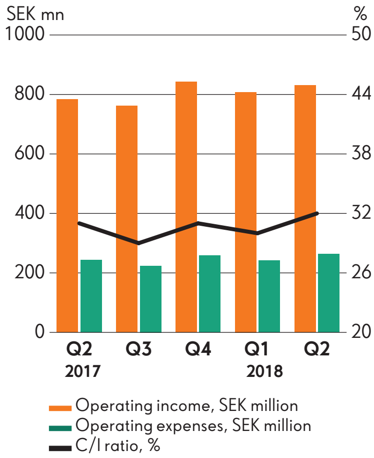
Other comprehensive income was SEK 151 million (expense: 79). The increase was mainly due to the positive impact on the item of a downturn in long EUR interest rates during the quarter.

[1)] The loan-to-value ratio is defined as the size of a loan in relation to the market value of pledged collateral. The reported average is the weighted average. Where applicable, the calculation takes into consideration contributory factors such as guarantees and the collateral's lien priority. SBAB verifies property values on a regular basis. For residential properties and tenant-owners' rights, the property value is verified at least every third year.

Operating profit and return on equity, Group



Income, expenses and C/I ratio, Group



Trend for January–June 2018 compared with January–June 2017

During the period, operating profit rose to SEK 1,151 million (1,088) as a result of higher net interest income. Higher expenses and lower net income from financial transactions had a negative impact on the item. Net interest income grew to SEK 1,681 million (1,556), mainly due to higher lending volumes. The resolution fee, recognised in net interest income, totalled SEK 162 million (123) for the period. The net commission expense amounted to SEK 4 million (expense: 5) for the period. The net expense from financial transactions was SEK 54 million (expense: 7), primarily due to the revaluation of credit risk in derivatives. Other comprehensive income amounted to SEK 73 million (expense: 457) for the period. The difference was attributable to a decline in long-term EUR interest rates in H1 2018, compared with an increase in interest rates in the corresponding period last year, which had a positive impact on the item. Expenses grew to SEK 506 million (476), mainly driven by higher personnel costs but also due to investments in IT and marketing. Credit losses amounted to recoveries from previous impairments of SEK 18 million (recoveries: 5) for the period. For more information on credit losses, please refer to notes 3 and 4.

BALANCE SHEET OVERVIEW

Group, SEK million	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Jun 2017
ASSETS				
Chargeable treasury bills, etc.	34,421	27,447	22,952	24,496
Lending to credit institutions	12,735	11,003	1,867	10,493
Lending to the public	351,496	343,982	335,111	315,559
Bonds and other interest-bearing securities	53,418	53,059	49,764	51,727
Total other assets in the balance sheet	12,406	12,139	7,093	6,950
TOTAL ASSETS	**464,476**	**447,630**	**416,787**	**409,225**
LIABILITIES AND EQUITY				
Liabilities				
Liabilities to credit institutions	20,477	17,399	5,674	15,243
Deposits from the public	116,998	115,268	111,895	102,675
Debt securities issued, etc. (funding)	301,800	288,560	274,517	265,360
Subordinated debt	4,945	4,944	4,942	5,939
Total other liabilities in the balance sheet	4,189	5,256	3,949	5,034
Total liabilities	**448,409**	**431,427**	**400,977**	**394,251**
Total equity	**16,067**	**16,203**	**15,810**	**14,974**
Of which, Tier 1 capital instruments	*1,500*	*1,500*	*1,500*	*1,500*
TOTAL LIABILITIES AND EQUITY	**464,476**	**447,630**	**416,787**	**409,225**
CET1 capital ratio, %	30.3	31.1	32.2	31.4
CET1 capital ratio in accordance with the Swedish FSA's proposed movement of the risk-weight floor for residential mortgages, % [1]	*12.3*	*12.5*	*12.8*	*n/a*
Tier 1 capital ratio, %	36.9	37.9	39.3	38.7
Total capital ratio, %	44.4	45.8	47.6	49.5
Total capital ratio in accordance with the Swedish FSA's proposed movement of the risk-weight floor for residential mortgages, % [1]	*18.0*	*18.3*	*18.9*	*n/a*
Leverage ratio, % [2]	3.56	3.66	3.86	3.79
Liquidity coverage ratio (LCR), % [3]	301	283	249	240
Net stable funding ratio (NSFR), % [4]	122	117	117	120

[1] The Swedish FSA has proposed introducing the existing risk-weight floor for mortgages applied in Pillar 2 as a requirement within the framework of Article 458 of the Capital Requirements Regulation. The change means that the capital requirement is set as a minimum requirement in Pillar 1. The change is proposed to enter force from 31 December 2018. For more information, refer to page 11 and Note 10.

[2] Calculated in accordance with the applicable regulations at the reporting date.

[3] According to the European Commission's Delegated Regulation with regard to liquidity coverage requirements. For all currencies combined.

[4] As per SBAB's interpretation of the Basel regulatory framework.

Trend for Q2 2018 compared with Q1 2018

Balance sheet comments

Chargeable treasury bills increased during the quarter to SEK 34.4 billion (27.4). The change was within the scope of the normal management of the liquidity reserve. Bonds and other interest-bearing securities amounted to SEK 53.4 billion (53.1). Lending to credit institutions increased to SEK 12.7 billion (11.0), attributable to higher repo volumes within the scope of the normal short-term liquidity management. For information regarding lending to the public, please refer to page 6.

Liabilities to credit institutions increased to SEK 20.5 billion (17.4) during the quarter and were also driven by increased repo volumes within the scope of the normal short-term liquidity management. Subordinated debt totalled SEK 4.9 billion (4.9). During the quarter, equity decreased to SEK 16.1 billion (16.2), primarily due to the owner's dividend. For information about deposits from the public and debt securities issued, please refer to page 6 and the "Funding" section below. For more information of the effects of IFRS 9 on equity, please refer to notes 12 and 15.

Funding

Funding activity remained high in the second quarter of the year. In total, the SBAB Group issued bonds for around SEK 53 billion in 2018, compared with bonds maturing during the year of about SEK 62 billion. During the quarter, issues included an EUR 500 million 15-year covered bond and an EUR 750 million 5-year covered bond in the European market.

During the quarter, securities were issued for a total of SEK 39.9 billion (25.9). In parallel, securities were repurchased for SEK 3.5 billion (4.8) and securities amounting to SEK 22.8 billion (12.0) matured. Alongside changes in premiums/discounts and changes in SEK exchange rates, this resulted in an increase in issued debt securities outstanding of SEK 13.2 billion to a total of SEK 301.8 billion (288.6). At the end of the quarter, commercial paper borrowing amounted to SEK 5.7 billion (7.9) and senior unsecured funding amounted to SEK 56.6 billion (64.6). Funding through the issue of covered bonds is carried out by the wholly-owned subsidiary, SCBC. Covered debt outstanding totalled SEK 239.5 billion (216.1), of which SEK 161.4 billion was in SEK and SEK 78.1 billion was in foreign currencies.

Liquidity position

SBAB's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. At the end of the quarter, the market value of the assets in the liquidity reserve amounted to SEK 82.5 billion (80.4). Taking the Riksbank's and the ECB's haircuts into account, the liquidity value of the assets was SEK 79.5 billion (76.8).

SBAB measures and stress-tests liquidity risk, for example, by calculating the survival horizon. The survival horizon totalled 444 days (274), which the company deems satisfactory.

According to the European Commission's Delegated Regulation with regard to liquidity coverage requirements, at 30 June 2018, the LCR was 301% (283) in all currencies combined, which exceeds the minimum requirement of 100%. Measured in SEK, the LCR was 203% (190). The net stable funding ratio (NSFR), which measures the difference in tenors between commitments and funding, amounted to 122% (117) according to SBAB's interpretation of the Basel rules.

For more information on SBAB's liquidity position, please refer to Note 9.

Capital position

SBAB primarily recognises credit risk under the internal ratings-based approach (IRB approach) and operational and market risk using the standardised approach. According to SBAB's capital targets, the CET1 capital ratio should under normal conditions be at least 1.5 percentage points higher than the CET1 capital requirement communicated by the Swedish FSA. In addition, under normal conditions, SBAB's total capital ratio should be at least 1.5 percentage points higher than the capital requirement communicated by the Swedish FSA. The bank is also tasked with meeting any other regulatory capital requirements. SBAB's lending rose to a total of SEK 351.5 billion (344.0) during the quarter. The capital requirement was mainly impacted by the increase in lending. SBAB's capital targets are expected to correspond to a CET1 capital ratio of not less than 26.4% and a total capital ratio of not less than 36.5% at 30 June 2018. SBAB's CET1 capital amounted to SEK 13,857 million (13,658) and total capital was SEK 20,304 million (20,105). The risk exposure amount was SEK 45,712 million (43,939). This corresponded to a CET1 capital ratio of 30.3% (31.1) and a total capital ratio of 44.4% (45.8). Net profit/loss for the period was included in own funds while expected dividends reduced own funds.

The Swedish FSA has proposed changing the method for applying the existing risk-weight floor for Swedish mortgages, which is currently applied in Pillar 2, by replacing it with a requirement within the framework of Article 458 of the Capital Requirements Regulation. The change is proposed to enter force from 31 December 2018. Under the Swedish FSA's proposal, the risk exposure amount as per SBAB's interpretation of 30 June 2018 would amount to around SEK 113 billion, which corresponds to a CET1 capital ratio of 12.3% and a total capital ratio of 18.0%. In nominal terms, the total capital requirement is not significantly affected by the measure proposed by the Swedish FSA. The minimum requirement rises as does the buffer requirement. At the same time, the Pillar 2 capital requirement decreases by a corresponding amount since the existing Pillar 2 requirement of 25% for residential mortgage is removed. However, the current proposal does entail an increase in the risk exposure amount. The consequence is that the capital ratios and the capital requirement expressed as a percentage of the risk exposure amount decreases, while the difference in absolute terms is negligible. SBAB's capacity to meet the total capital requirement is thus unaffected.

The leverage ratio amounted to SEK 3.56% (3.66) at 30 June 2018.

For more information on SBAB's capital position, please refer to Note 10.

OTHER INFORMATION

SBAB's financial targets

- **Profitability:** A return on equity of no less than 10% over a business cycle.
- **Capitalisation:** The CET1 capital ratio and total capital ratio should be at least 1.5 percentage points higher than the requirements communicated by the Swedish FSA.
- **Dividend:** Ordinary dividend of at least 40% of profit for the year after tax, taking the Group's capital structure into account.

Risks and uncertainties

The Swedish economy is susceptible to global economic developments and to conditions in the international financial markets. The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity, and the quality of our assets is mainly exposed to credit risks in the Swedish housing market. The management of interest-rate and currency risks entails some exposure to price risks. Household demand posted a stable trend, underpinned by low inflation, low interest rates, and rising stock market and property prices. However, in Q2 2018, consumer confidence declined markedly. Housing prices declined toward the end of 2017, some of which was recovered in Q1. In Q2, house prices have remained relatively still. A housing market with soaring prices over an extended period, together with rising household debt has resulted in the Swedish economy becoming sensitive to rapid changes in interest rates and house prices. The risks associated with these factors are expected to increase as long as debt continues to increase faster than income. The extensive regulatory changes in the residential mortgage market, increased offering of new builds, protraction of the time taken to sell and more uncertain property market conditions all comprise uncertainty factors.

Dividend

The AGM resolved to distribute a dividend of 40% of net profit for the year, corresponding to SEK 684 million, for 2017. Full details of the proposed appropriation of earnings is available from SBAB's 2017 Annual Report, on page 76. The dividend was distributed on 2 May 2018.

MREL

In December 2017, the Swedish National Debt Office (SNDO) decided on plans for how banks and other financial institutions are to be managed in a crisis situation. In conjunction with this, SBAB Bank AB (publ) was assessed as critical to the financial system, which means that in the event of a crisis, SBAB Bank AB (publ) would be managed via resolution. The SNDO has established a Group resolution plan and a minimum requirement for own funds and eligible liabilities (MREL) for SBAB Bank AB (publ) and AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation — SCBC).

On 18 June 2018, the SNDO announced that the principle for subordinated debt should also apply for SBAB Bank AB (publ), which means that all liabilities used by SBAB Bank AB (publ) to meet MREL are to be subordinated and thus should be possible to be written down before other liabilities and be converted into capital in a financial crisis. SBAB Bank AB (publ) is permitted to gradually build up the volume of subordinated debt required to meet MREL in the period leading up to 2022.

Effects of IFRS 9 at 1 January 2018

Upon the transition to IFRS 9, the net of reserves and provisions for expected credit losses in the Group decreased SEK 46 million. The overall effect increased equity (before tax) by a corresponding amount at 1 January 2018. For more information, please refer to notes 12 and 15.

Events after the end of the period

No significant events occurred after the end of the period.

Auditors' review report

This report has been reviewed by the company's auditor in accordance with the International Standard on Review Engagements (ISRE) 2410. The review report is on page 41.

Financial calendar

Interim report January–September 2018	26 October 2018
Year-end report 2018	15 February 2019

Credit rating

	Moody's	Standard & Poor's
Long-term funding, SBAB	A1	A
Long-term funding, SCBC	Aaa	–
Short-term funding, SBAB	P–1	A–1

FINANCIAL STATEMENTS AND NOTES

CONDENSED FINANCIAL STATEMENTS

NOTES

PARENT COMPANY

CONDENSED INCOME STATEMENT

Group, SEK million	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Interest income	1,246	1,189	1,140	2,435	2,243	4,572
Interest expense	–396	–358	–363	–754	–687	–1,423
Net interest income	**850**	**831**	**777**	**1,681**	**1,556**	**3,149**
Commission income	26	16	23	42	37	73
Commission expense	–25	–21	–23	–46	–42	–78
Net result of financial transactions (Note 2)	–28	–26	–2	–54	–7	–12
Other operating income	8	8	9	16	15	31
Total operating income	**831**	**808**	**784**	**1,639**	**1,559**	**3,163**
Personnel costs	–139	–127	–118	–266	–234	–479
Other expenses	–118	–109	–118	–227	–227	–449
Depreciation, amortisation and impairment of PPE and intangible assets	–7	–6	–8	–13	–15	–31
Total expenses before loan losses	**–264**	**–242**	**–244**	**–506**	**–476**	**–959**
Profit before loan losses and impairments	**567**	**566**	**540**	**1,133**	**1,083**	**2,204**
Net loan losses (Note 3)	8	10	–1	18	5	24
Impairment of financial assets	0	0	–	0	–	–
Reversals of impairment of financial assets	0	0	–	0	–	–
Operating profit	**575**	**576**	**539**	**1,151**	**1,088**	**2,228**
Tax	–131	–133	–125	–264	–253	–519
Net profit for the period	**444**	**443**	**414**	**887**	**835**	**1,709**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Group, SEK million	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Net profit for the period	**444**	**443**	**414**	**887**	**835**	**1,709**
Other comprehensive income						
Components that will be reclassified to profit or loss						
Financial assets measured at FVTOCI/Financial assets available-for-sale	27	24	98	51	137	118
Changes related to cash-flow hedges	190	–90	–317	100	–666	–687
Tax attributable to components that will be reclassified to profit or loss	–47	14	48	–33	116	125
Components that will not be reclassified to profit or loss						
Revaluation effects of defined-benefit pension plans	–23	–35	–46	–58	–57	–38
Tax attributable to components that will not be reclassified to profit or loss	5	8	11	13	13	8
Other comprehensive income, net of tax	**152**	**–79**	**–206**	**73**	**–457**	**–474**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**596**	**364**	**208**	**960**	**378**	**1,235**

CONDENSED BALANCE SHEET

Group, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills, etc.	34,421	22,952	24,496
Lending to credit institutions	12,735	1,867	10,493
Lending to the public (Note 4)	351,496	335,111	315,559
Value changes of interest-rate-risk hedged items in macro hedges	204	191	267
Bonds and other interest-bearing securities	53,418	49,764	51,727
Derivatives (Note 5)	10,553	5,830	4,950
Intangible assets	209	179	168
Property, plant and equipment	13	12	14
Other assets	666	65	803
Prepaid expenses and accrued income	761	816	748
TOTAL ASSETS	**464,476**	**416,787**	**409,225**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	20,477	5,674	15,243
Deposits from the public	116,998	111,895	102,675
Debt securities issued, etc.	301,800	274,517	265,360
Derivatives (Note 5)	1,430	1,643	2,171
Other liabilities	428	429	562
Accrued expenses and deferred income	2,069	1,697	2,095
Deferred tax liabilities	103	83	86
Provisions	159	97	120
Subordinated debt	4,945	4,942	5,939
Total liabilities	**448,409**	**400,977**	**394,251**
Equity			
Share capital	1,958	1,958	1,958
Reserves/Fair value reserve	262	188	205
Additional Tier 1 instruments	1,500	1,500	1,500
Retained earnings	11,460	10,455	10,476
Net profit for the period	887	1,709	835
Total equity	**16,067**	**15,810**	**14,974**
TOTAL LIABILITIES AND EQUITY	**464,476**	**416,787**	**409,225**

CONDENSED STATEMENT OF CHANGES IN EQUITY

	RESTRICTED EQUITY	UNRESTRICTED EQUITY			
Group, SEK million	Share capital	Reserves	Additional Tier 1 instruments	Retained earnings and net profit for the period	Total equity
OPENING BALANCE, 1 JANUARY 2018[1)]	**1,958**	**189**	**1,500**	**12,199**	**15,846**
Additional Tier 1 instruments, dividend	–	–	–	–55	–55
Dividends paid	–	–	–	–684	–684
Comprehensive income for the period	–	73	–	887	960
CLOSING BALANCE, 30 JUNE 2018	**1,958**	**262**	**1,500**	**12,347**	**16,067**
OPENING BALANCE, 1 JANUARY 2017	**1,958**	**662**	**1,500**	**11,162**	**15,282**
Additional Tier 1 instruments, dividend	–	–	–	–58	–58
Dividends paid	–	–	–	–628	–628
Comprehensive income for the period	–	–457	–	835	378
CLOSING BALANCE, 30 JUNE 2017	**1,958**	**205**	**1,500**	**11,311**	**14,974**
OPENING BALANCE, 1 JANUARY 2017	**1,958**	**662**	**1,500**	**11,162**	**15,282**
Additional Tier 1 instruments, dividend	–	–	–	–74	–74
Dividends paid	–	–	–	–628	–628
Other	–	–	–	–5	–5
Comprehensive income for the year	–	–474	–	1,709	1,235
CLOSING BALANCE, 31 DECEMBER 2017	**1,958**	**188**	**1,500**	**12,164**	**15,810**

[1)] Opening balance has been restated in accordance with IFRS 9, refer to Note 12.

CONDENSED CASH-FLOW STATEMENT

Group, SEK million	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Opening cash and cash equivalents	**1,867**	**1,619**	**1,619**
OPERATING ACTIVITIES			
Interest and commissions paid/received	–2,216	1,886	2,912
Outflows to suppliers and employees	–493	–461	–929
Taxes paid/refunded	–286	–374	17
Change in assets and liabilities of operating activities	10,158	8,454	–70
Cash flow from operating activities	**11,595**	**9,505**	**1,930**
INVESTING ACTIVITIES			
Change in property, plant and equipment	–4	0	–4
Change in intangible assets	–39	–3	–50
Cash flow from investing activities	**–43**	**–3**	**–54**
FINANCING ACTIVITIES			
Dividends paid	–684	–628	–628
Change in subordinated loans	–	–	–1,000
Cash flow from financing activities	**–684**	**–628**	**–1,628**
Increase/decrease in cash and cash equivalents	**10,868**	**8,874**	**248**
Closing cash and cash equivalents	**12,735**	**10,493**	**1,867**

Cash and cash equivalents are defined as cash and lending to credit institutions.

CHANGE IN LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

			NON-CASH ITEMS					NON-CASH ITEMS		
SEK million	**Opening balance 1 Jan 2018**	**Cash flow**	**Fair value**	**Other**	**Closing balance 30 Jun 2018**	**Opening balance, 1 Jan 2017**	**Cash flow**	**Fair value**	**Other**	**Closing balance, 31 Dec 2017**
Long-term interest-bearing liabilities	6,442	–	1	2	6,445	7,439	–1,000	–3	6	6,442
Derivatives	–5	–	–1	0	–6	–11	7	5	–6	–5
Total	**6,437**	**–**	**0**	**2**	**6,439**	**7,428**	**–993**	**2**	**0**	**6,437**

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 FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Swedish 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.

Statutory IFRS is applied for the Parent Company, which means that this 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 FSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments in its entirety and encompasses classification and measurement, and impairment and hedge accounting. A separate project under the IASB is ongoing with regard to macro hedge accounting. SBAB applies the mandatory sections pertaining to classification and measurement and impairment from 1 January 2018. Under IFRS 9, classification is based on both the entity's business model and the contractual cash flow characteristics. This classification, in turn, determines the measurement. The impairment model under IFRS 9 is based on expected credit losses as opposed to the previous model, which is instead based on incurred credit loss events. The aim of the new model is to capture and recognise expected credit losses at an earlier stage. For further information regarding the company's accounting policies regarding IFRS 9, please refer to Note 1, page 84-85, of the 2017 Annual Report. The rules have been applied through the adjustment of the balance sheets of the Group and the subsidiaries at the date of initial application of the standard, January 1, 2018, refer to Note 12 and 15. No requirements apply for restatement of comparative periods.

IFRS 15 – Revenue from Contracts with Customers

The standard introduces a five-step model to determine when revenues within the scope of IFRS 15 will be recognised. Depending on when certain criteria are met, income is either recognised over time in a manner that shows the company's performance, or at a point in time when control over the goods or services is transferred. The introduction will not have any material effect on SBAB's financial reporting. The standard became effective as of 1 January 2018.

All other accounting policies and calculation methods are unchanged in comparison with the Annual Report 2017. These consolidated condensed financial statements have been prepared on a going concern basis. On 17 July 2018, the Board of Directors approved the consolidated condensed financial statements for publication.

Introduction of new accounting standards

IFRS 16 Leases

The new IFRS 16 standard has changed the lease classification criteria. IFRS 16 has been adopted by the EU and will apply from the 2019 financial year. The new standard entails that all leases (with the exception of short-term and smaller leases) are to be recognized as right-of-use assets with corresponding liabilities in the lessee's balance sheet, and the lease payments recognized as depreciation and interest expense. Moreover, disclosure requirements will apply. SBAB's preliminary assessment is that the introduction of IFRS 16 will have a limited effect on the financial reports.

Forthcoming amendments

According to SBAB's preliminary assessment, other new or changed Swedish and international accounting standards that have been published but not yet applied will have a limited effect on the financial reports.

NOTE 2 Net result of financial transactions

	2018	2018	2017	2018	2017	2017
Group, SEK million	**Q2**	**Q1**	**Q2**	**Jan–Jun**	**Jan–Jun**	**Jan–Dec**
Gains/losses on interest-bearing financial instruments						
– Securities measured at FVTPL	–31	–47	–42	–78	–60	–109
– Change in value of hedged items in hedge accounting	–208	2	307	–206	636	795
– Realised gain/loss from financial liabilities	–48	–36	–36	–84	–202	–318
– Derivatives in hedge accounting	205	15	–311	220	–623	–764
– Other derivatives	47	33	68	80	220	320
– Loan receivables	11	13	15	24	25	73
Currency translation effects	–4	–6	–3	–10	–3	–9
Total	**–28**	**–26**	**–2**	**–54**	**–7**	**–12**

SBAB uses derivatives to manage interest rate and currency risks in the Group's assets and liabilities. Derivatives are recognised at fair value in the balance sheet. SBAB's risk management and hedge accounting strategies entail that profit variations between periods may arise for individual items in the table above, as a result of changes in market interest rates, but that they are in general offset by profit variations in other items. Profit variations not neutralised through risk management and hedge accounting are commented on in the administration report.

NOTE 3 Net loan losses

Group, SEK million	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Lending to the public						
Confirmed credit losses	–2	–2	–4	–4	–5	–11
Recoveries of previously confirmed credit losses	0	1	0	1	1	3
Preceding year's provision under IAS39	–	–	3	–	9	26
Change in provision for the period – credit stage 1	–1	–1	–	–2	–	–
Change in provision for the period – credit stage 2	–4	2	–	–2	–	–
Change in provision for the period – credit stage 3	13	9	–	22	–	–
Guarantees	2	–1	0	1	0	6
Net credit losses for the period – lending to the public	**8**	**8**	**–1**	**16**	**5**	**24**
Loan commitments[1)]						
Change in provision for the period – credit stage 1	–1	1	–	0	–	–
Change in provision for the period – credit stage 2	1	1	–	2	–	–
Change in provision for the period – credit stage 3	0	0	–	0	–	–
Guarantees	0	0	–	0	–	–
Net credit losses for the period – loan commitment	**0**	**2**	**–**	**2**	**–**	**–**
Total	**8**	**10**	**–**	**18**	**–**	**24**

1) Credit provisions for loan commitments are included in the "Provisions" item in the balance sheet.

The positive change in credit stage 3 is explained by recoveries of previous impairments of defaulted loans. For further information about definitions and assumptions for judgements and calculations of credit risk and the various credit stages under IFRS 9, refer to SBAB's 2017 Annual Report, Note 1, pages 84–85.

NOTE 4 Lending to the public

Group, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Opening balance	335,168	296,022	296,022
New lending for the year	37,741	82,282	40,426
Amortisation, write-offs, redemption, etc.	–21,431	–43,219	–20,898
Change in provision for expected credit losses[1)]	18	26	9
Closing balance	**351,496**	**335,111**	**315,559**

[1)] For further information, please refer to Note 3, "Change in provision for the period – credit stage 1, 2 and 3".

Distribution of lending, including provisions, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Lending, Residential mortgages	262,679	248,103	227,260
Lending, Corporate Clients & Tenant-Owners' Associations	86,709	85,001	86,304
Lending, Consumer loans	2,108	2,007	1,995
Total	**351,496**	**335,111**	**315,559**

Lending to the public by credit stage — compared with opening balance	30 Jun 2018	1 Jan 2018
Credit stage 1		
Gross carrying amount	332,399	313,407
Provision for expected credit losses	–29	–27
Carrying amount	**332,370**	**313,380**
Credit stage 2		
Gross carrying amount	18,878	21,466
Provision for expected credit losses	–69	–67
Carrying amount	**18,809**	**21,399**
Credit stage 3		
Gross carrying amount	353	447
Provision for expected credit losses	–36	–58
Carrying amount	**317**	**389**
Gross carrying amount (credit stages 1, 2 and 3)	**351,630**	**335,320**
Provision for expected credit losses (credit stages 1, 2 and 3)	**–134**	**–152**
Total	**351,496**	**335,168**

For further information about definitions and assumptions for judgements and calculations of credit risk and the various credit stages under IFRS 9, refer to SBAB's 2017 Annual Report, Note 1, pages 84–85.

NOTE 5 Derivatives

Group, SEK million	30 Jun 2018 Assets measured at fair value	30 Jun 2018 Liabilities measured at fair value	30 Jun 2018 Total nominal value	31 Dec 2017 Assets measured at fair value	31 Dec 2017 Liabilities measured at fair value	31 Dec 2017 Total nominal value
Interest-rate-related	2,902	1,191	329,227	2,425	1,259	295,484
Currency-related	7,651	239	101,843	3,405	384	90,925
Total	**10,553**	**1,430**	**431,070**	**5,830**	**1,643**	**386,409**

Cross-currency interest-rate swaps are classified as currency-related derivatives.

NOTE 6 Operating segments

Group, SEK million	Jan–Jun 2018 Retail	Jan–Jun 2018 Corporate clients & Tentant-owners' assoc.	Jan–Jun 2018 Other	Jan–Jun 2018 Total	Jan–Jun 2017 Retail	Jan–Jun 2017 Corporate clients & Tentant-owners' assoc.	Jan–Jun 2017 Other	Jan–Jun 2017 Total
Net interest income	1,302	379	–	1,681	1,209	348	–	1,557
Commission income	28	14	–	42	25	11	–	36
Commission expense	–36	–10	–	–46	–31	–11	–	–42
Net result of financial items measured at fair value	0	4	–58	–54	–	–	–7	–7
Other operating income	16	0	–	16	15	–	–	15
Total operating income	**1,310**	**387**	**–58**	**1,639**	**1,218**	**348**	**–7**	**1,559**
Salaries and remuneration	–127	–32	–	–159	–172	–47	–	–219
Other personnel costs	–91	–26	–	–117	–23	–5	–	–28
Other expenses	–180	–37	–	–217	–175	–39	–	–214
Depreciation, amortisation and impairment of PPE and intangible assets	–12	–1	–	–13	–12	–3	–	–15
Net loan losses	–3	21	–	18	2	3	–	5
Impairment of financial assets, net	0	0	–	0	–	–	–	–
Operating profit	**897**	**312**	**–58**	**1,151**	**838**	**257**	**–7**	**1,088**
Tax	–205	–72	13	–264	–195	–60	2	–253
Net profit/loss for the period	**692**	**240**	**–45**	**887**	**643**	**197**	**–5**	**835**
Return on equity, %	13.7	11.8		12.8	14.7	8.2		12.7

In relation to the statutory income statement, an expense of SEK 10 million (expense: 13) was transferred between the rows "Other expenses" and "Other personnel costs." The cost refers to administrative consultants, which pertain to "Other personnel costs" in the internal monitoring.

NOTE 7 Classification of financial instruments

GROUP

Financial assets

SEK million	Financial assets measured at FVTPL, 30 Jun 2018		Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total	Total fair value
	Fair value option	Held for trading				
Cash and balances at central banks	–	–	–	0	0	0
Chargeable treasury bills, etc.	3,687	–	7,335	23,399	34,421	34,428
Lending to credit institutions	–	–	–	12,735	12,735	12,735
Lending to the public	–	–	–	351,496	351,496	352,267
Value changes of interest-rate-risk hedged items in macro hedges	–	–	–	204	204	–
Bonds and other interest-bearing securities	5,917	–	36,869	10,632	53,418	53,474
Derivatives	–	10,553	–	–	10,553	10,553
Other assets	–	–	–	644	644	644
Prepaid expenses and accrued income	91	–	297	184	572	572
Total financial assets	**9,695**	**10,553**	**44,501**	**399,294**	**464,043**	**464,673**

GROUP

Financial liabilities

SEK million	Financial liabilities measured at FVTPL (30 Jun 2018)	Financial liabilities measured at amortised cost	Total	Total fair value
Liabilities to credit institutions	–	20,477	20,477	20,477
Deposits from the public	–	116,998	116,998	116,998
Issued debt securities, etc.	–	301,800	301,800	303,726
Derivatives	1,430	–	1,430	1,430
Other liabilities	–	359	359	359
Accrued expenses and deferred income	–	2,042	2,042	2,042
Subordinated debt	–	4,945	4,945	4,961
Total financial liabilities	**1,430**	**446,621**	**448,051**	**449,993**

Cont. NOTE 7 Classification of financial instruments

GROUP

Financial assets

SEK million	31 Dec 2017 Assets measured at FVTPL (held for trading)	Available-for-sale financial assets	Loan receivables	Investments held to maturity	Total	Total fair value
Cash and balances at central banks	–	–	0	–	0	0
Chargeable treasury bills, etc.	5,386	7,966	–	9,600	22,952	22,953
Lending to credit institutions	–	–	1,867	–	1,867	1,867
Lending to the public	–	–	335,111	–	335,111	335,800
Value changes of interest-rate-risk hedged items in macro hedges	–	–	191	–	191	–
Bonds and other interest-bearing securities	7,425	33,715	–	8,624	49,764	49,822
Derivatives	5,830	–	–	–	5,830	5,830
Other assets	–	–	65	–	65	65
Prepaid expenses and accrued income	120	461	147	32	760	760
Total financial assets	**18,761**	**42,142**	**337,381**	**8,656**	**416,540**	**417,097**

GROUP

Financial liabilities

SEK million	31 Dec 2017 Liabilities measured at FVTPL	Other financial liabilities	Total	Total fair value
Liabilities to credit institutions	–	5,674	5,674	5,674
Deposits from the public	–	111,895	111,895	111,895
Issued debt securities, etc.	–	274,517	274,517	275,352
Derivatives	1,643	–	1,643	1,643
Other liabilities	–	249	249	249
Accrued expenses and deferred income	–	1,671	1,671	1,671
Subordinated debt	–	4,942	4,942	4,960
Total financial liabilities	**1,643**	**398,948**	**400,591**	**401,444**

Fair value measurement of financial instruments

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting Policies in the 2017 Annual Report. In the Total fair value column above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet.

The carrying amounts for current receivables and liabilities have been assessed as equal to their fair values. Investments held to maturity were measured at quoted prices, Level 1.

For Lending to the public, Issued debt securities and Subordinated debt, fair value is established based on generally accepted valuation techniques. As far as possible, calculations made in conjunction with measurement are based on observable market data. The main tools used are models based on discounted cash flows.

Issued debt securities and subordinated debt are measured at the Group's current borrowing rate, Level 2.

For Lending to the public, where no observable credit margin data is available at the time of measurement, the credit margin on the most recent date for changes in terms is applied to set the discount rate, Level 3.

NOTE 8 Fair value disclosures

GROUP

SEK million	30 Jun 2018 Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
Assets				
Chargeable treasury bills, etc.	11,022	–	–	11,022
Bonds and other interest-bearing securities	42,786	–	–	42,786
Derivatives	–	10,553	–	10,553
Prepaid expenses and accrued income	388	–	–	388
Total	**54,196**	**10,553**	**–**	**64,749**
Liabilities				
Derivatives	–	1,430	–	1,430
Total	**–**	**1,430**	**–**	**1,430**

SEK million	31 Dec 2017 Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	Total
Assets				
Chargeable treasury bills, etc.	13,352	–	–	13,352
Bonds and other interest-bearing securities	41,140	–	–	41,140
Derivatives	–	5,830	–	5,830
Prepaid expenses and accrued income	581	–	–	581
Total	**55,073**	**5,830**	**–**	**60,903**
Liabilities				
Derivatives	–	1,643	–	1,643
Total	**–**	**1,643**	**–**	**1,643**

The measurement policies for financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting Policies in the 2017 Annual Report. In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement levels used below.

No transfers were made between levels in 2017 or 2018.

Quoted market prices (Level 1)
Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. The measurement method is used for holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

Measurement based on observable market 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. The main tools used are models based on discounted cash flows.

This group includes all non-quoted derivatives.

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 on any asset or liability.

NOTE 9 Liquidity reserve and liquidity risk

The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and form an integrated part of the Group's liquidity risk management. Securities holdings are limited by asset class and by country, respectively, and must have a AAA rating on acquisition. In addition to these collective limits, limits for individual issuers may also be set. The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures.

Calculation of survival horizon
SBAB measures and stress tests liquidity risk by calculating the survival horizon, which is an internal metric used to identify how long SBAB will be able to meet its payment obligations without access to capital market funding, and includes outflows from deposits under a stressed scenario.

The survival horizon is calculated by totalling the maximum need of liquidity for each coming day and comparing this to the size of the liquidity portfolio after applicable haircuts. The calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available and deposits decline. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established. SBAB's survival horizon amounted to 444 days at 30 June 2018 (330 days at 31 December 2017).

Liquidity coverage ratio
The liquidity coverage ratio (LCR) is defined in accordance with the European Commission Delegated Regulation with regard to liquidity coverage requirements and calculates the degree to which a bank's liquid assets cover its net cash flows for the coming 30 days in a stressed scenario. Net cash flows comprise contractual inflows and outflows, and theoretical flows based on historical data, for example, withdrawals of the bank's deposits. At 30 June 2018, the LCR was 301% (283) in all currencies consolidated, and 3,522% (4,232) and 685% (305), respectively, in EUR and USD. Measured in SEK, the LCR was 203% (190). For further information on the liquidity coverage ratio, refer to SBAB's report "Disclosure of capital, liquidity and leverage ratio, June 2018."

	30 Jun 2018				31 Dec 2017			
		DISTRIBUTION BY CURRENCY				DISTRIBUTION BY CURRENCY		
LIQUIDITY RESERVE Group, SEK million	**Total**	**SEK**	**EUR**	**USD**	**Total**	**SEK**	**EUR**	**USD**
Cash and balances at central banks	1,200	1,200	0	0	500	500	–	–
Balances at other banks	–	–	–	–	–	–	–	–
Securities issued or guaranteed by governments, central banks or multinational development banks	34,314	25,239	6,918	2,157	28,033	17,926	7,714	2,393
Securities issued or guaranteed by municipalities or non-public sector entities	9,783	8,255	746	782	8,621	7,003	176	1,442
Covered bonds issued by other institutions	37,170	31,720	4,857	593	35,501	30,146	4,564	791
Covered bonds issued by SBAB	–	–	–	–	–	–	–	–
Securities issued by non-financial corporates	–	–	–	–	–	–	–	–
Securities issued by financial corporates (excl. covered bonds)	–	–	–	–	–	–	–	–
Other securities	–	–	–	–	–	–	–	–
Total	**82,467**	**66,414**	**12,521**	**3,532**	**72,655**	**55,575**	**12,454**	**4,626**
Bank and loan facilities	–	–	–	–	–	–	–	–
Total	**82,467**	**66,414**	**12,521**	**3,532**	**72,655**	**55,575**	**12,454**	**4,626**
Distribution by currency, %		80.5	15.2	4.3		76.5	17.1	6.4

NOTE 10 Capital adequacy, own funds and capital requirements requirements

CAPITAL ADEQUACY Consolidated situation, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital	13,857	13,443	12,877
Tier 1 capital	16,857	16,443	15,877
Total capital	20,304	19,890	20,327
Risk exposure amount	45,712	41,797	41,047
CET1 capital ratio, %	30.3	32.2	31.4
Excess [1] of CET1 capital	11,799	11,563	11,030
Tier 1 capital ratio, %	36.9	39.3	38.7
Excess [1] of Tier 1 capital	14,114	13,936	13,414
Total capital ratio, %	44.4	47.6	49.5
Excess [1] of total capital	16,647	16,547	17,043

[1] Excess capital has been calculated based on minimum requirements (without buffer requirements)

Proposed movement of the risk-weight floor for residential mortgages
The Swedish FSA has proposed introducing the existing risk-weight floor for mortgages applied in Pillar 2 as a requirement within the framework of Article 458 of the Capital Requirements Regulation. The change is proposed to enter force from 31 December 2018. The Swedish FSA maintains that the main reason for the proposed change is structural changes in the Swedish banking market. On 15 March 2018, Nordea Bank AB decided to move its headquarters from Sweden to Finland. The Swedish FSA believes that this change in the market's structure may lead to operators in the Swedish residential mortgage market facing different capital requirements for their Swedish mortgage exposures. Therefore, the Swedish FSA has evaluated how distortion of market competition can be countered and assesses that the current design of the risk-weight floor needs amendment. This is also required to ensure existing capital requirement levels for mortgage exposures in Sweden. The Swedish FSA believes that both these goals can be achieved by replacing the existing risk-weight floor with a requirement under the framework of Article 458 of the Capital Requirements Regulation. The change means the capital requirement is set as a requirement in Pillar 1. The credit institutions proposed to be encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages. The branches of foreign credit institutions in Sweden that are exposed to Swedish residential mortgages and which apply the IRB approach for these may also be affected.

The following calculation is preliminary and is based on SBAB's interpretation of the consultation memorandum FI Ref. 18-6251.

In accordance with the Swedish FSA's proposed movement of the risk-weight floor for residential mortgages	30 Jun 2018
Risk exposure amount, SEK million	112,658
CET1 capital ratio, %	12.3
Total capital ratio, %	18.0

Cont. NOTE 10 Capital adequacy, own funds and capital

Disclosure in accordance with Article 4 of Commission Implementing Regulation (EU) No 1423/2013, Annex V.

OWN FUNDS Consolidated situation, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	11,460	10,452	10,476
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	262	189	205
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend [1]	534	1,026	501
CET1 capital before regulatory adjustments	**15,714**	**15,125**	**14,640**
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	–66	–62	–73
Intangible assets (net of related tax liability) (negative amount)	–122	–83	–154
Fair value reserves related to gains or losses on cash-flow hedges	–68	9	–6
Negative amounts resulting from the calculation of expected loss amounts	–70	–29	–11
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–31	–17	–19
Additional Tier 1 instruments in equity	–1,500	–1,500	–1,500
Total regulatory adjustments to CET1 capital	**–1,857**	**–1,682**	**–1,763**
CET1 capital	**13,857**	**13,443**	**12,877**
Additional Tier 1 capital: Instruments			
Capital instruments and the related share premium accounts	3,000	3,000	3,000
Of which: classified as equity under applicable accounting standards	*1,500*	*1,500*	*1,500*
Of which: classified as liabilities under applicable accounting standards	*1,500*	*1,500*	*1,500*
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	–	–	–
Additional Tier 1 capital before regulatory adjustments	**3,000**	**3,000**	**3,000**
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	**–**	**–**	**–**
Additional Tier 1 capital	**3,000**	**3,000**	**3,000**
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	**16,857**	**16,443**	**15,877**
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	4,447
Credit risk adjustments	–	–	3
Tier 2 capital before regulatory adjustments	**3,447**	**3,447**	**4,450**
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	–	**–**	**–**
Tier 2 capital	**3,447**	**3,447**	**4,450**
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	**20,304**	**19,890**	**20,327**
Total risk-weighted assets	**45,712**	**41,797**	**41,047**
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	30.3	32.2	31.4
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	36.9	39.3	38.7
Total capital (as a percentage of total risk-weighted exposure amount), %	44.4	47.6	49.5
Institution-specific buffer requirements (CET1 capital requirement in accordance with Article 92(1)(a) plus the capital conservation buffer and countercyclical capital buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffers [G-SII buffer and O-SII buffer] expressed as a percentage of the risk-weighted exposure amount), %	9.0	9.0	9.0
Of which: CET1 capital, minimum requirement, %	*4.5*	*4.5*	*4.5*
Of which: capital conservation buffer requirement, %	*2.5*	*2.5*	*2.5*
Of which: countercyclical capital buffer requirement, %	*2.0*	*2.0*	*2.0*
Of which: systemic risk buffer requirement, %	–	–	–
Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	25.8	27.7	26.9

Cont. NOTE 10 Capital adequacy, own funds and capital

OWN FUNDS Consolidated situation, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

[1)] Profit for the interim period is reduced by the expected dividend of SEK 355 million based on Q2 2018.

	30 Jun 2018		31 Dec 2017		30 Jun 2017	
RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS Consolidated situation, SEK million	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	12,505	1,000	12,258	981	12,552	1,004
Retail exposures	12,955	1,037	12,469	997	11,927	954
Of which: exposures to SMEs	*881*	*71*	*1,160*	*93*	*1,139*	*91*
Of which: retail exposures secured by immovable property	*12,074*	*966*	*11,309*	*904*	*10,788*	*863*
Total exposures recognised with the IRB approach	**25,460**	**2,037**	**24,727**	**1,978**	**24,479**	**1,958**
Credit risk recognised with the standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to institutions [1)]	3,710	297	2,593	207	2,208	177
Of which: derivatives according to CRR, Appendix 2	*3,544*	*284*	*2,583*	*206*	*2,046*	*164*
Of which repos	*166*	*13*	*9*	*1*	*162*	*13*
Of which other	*0*	*0*	*1*	*0*	*0*	*0*
Retail exposures	2,254	180	2,193	175	2,341	187
Exposures in default	10	1	11	1	12	1
Exposures in the form of covered bonds	3,832	307	3,282	263	3,553	284
Exposures to institutions and corporates with a short-term credit rating	165	13	21	2	24	2
Equity exposures	1,078	86	1,078	86	–	–
Other items	471	38	331	27	539	43
Total exposures recognised with standardised approach	**11,520**	**922**	**9,509**	**761**	**8,677**	**694**
Market risk	**1,067**	**85**	**1,159**	**93**	**1,385**	**111**
Of which: position risk	*–*	*–*	*413*	*33*	*531*	*43*
Of which: currency risk	*1,067*	*85*	*746*	*60*	*854*	*68*
Operational risk	**4,339**	**347**	**4,144**	**331**	**4,144**	**331**
Credit valuation adjustment risk	**3,326**	**266**	**2,258**	**181**	**2,362**	**190**
Total risk exposure amount and minimum capital requirements	**45,712**	**3,657**	**41,797**	**3,344**	**41,047**	**3,284**
Capital requirements for capital conservation buffer		**1,143**		**1,045**		**1,026**
Capital requirements for countercyclical buffer		**903**		**829**		**813**
Total capital requirements		**5,703**		**5,218**		**5,123**

[1)] The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,710 million (2,592).

NOTE 11 Internally assessed capital requirement

The internal capital adequacy assessment aims to ensure that SBAB has adequate capital to deal with any financial problems that arise. The internally assessed capital requirement for the Group amounted to SEK 15,979 million (SEK 15,115 million at 31 December 2017). SBAB quantifies the capital requirement for its risks using a model for economic capital within the scope of the internal capital adequacy assessment process (ICAAP). Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period, given a predetermined level of confidence. In SBAB's case, the level of confidence is 99.97%, which corresponds to SBAB's long-term AA– target rating (according to Standard & Poor's ratings scale). The internal capital requirement is defined as the higher of economic capital and the regulatory requirements for each type of risk. The table below sets out the internal capital requirement for the consolidated situation, with and without taking into account the Swedish FSA's supervisory practices with regard to the risk-weight floor for Swedish residential mortgages.

		30 Jun 2018			31 Dec 2017		
			EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR		EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR
SEK million		**Pillar 1**	**Internally assessed capital requirement**	**Internally assessed capital requirement**	**Pillar 1**	**Internally assessed capital requirement**	**Internally assessed capital requirement**
Pillar 1	Credit risk & CVA risk	3,225	3,225	3,225	2,920	2,920	2,920
	Market risk	85	85	85	93	93	93
	Operational risk	347	347	347	331	331	331
Pillar 2	Credit risk [1]	–	1,246	0	–	1,119	0
	Market risk	–	882	882	–	1,002	1,002
	Operational risk	–	0	0	–	0	0
	Risk-weight floor	–	–	8,368	–	–	7,940
	Concentration risk	–	971	971	–	898	898
	Sovereign risk	–	55	55	–	57	57
	Pension risk	–	0	0	–	0	0
Buffers	Capital conservation buffer	1,143	1,143	1,143	1,045	1,045	1,045
	Capital planning buffer [2]	–	1,147	0	–	1,125	0
	Countercyclical buffer	903	903	903	829	829	829
Total		**5,703**	**10,004**	**15,979**	**5,218**	**9,419**	**15,115**

[1] In the internal capital requirement without taking the risk-weight floor into account, additional credit risks in Pillar 2 consist of SBAB's estimated capital requirement in economic capital. Since the additional capital requirement for the risk-weight floor exceeds the additional capital requirement according to economic capital, only the risk-weight floor is included in the internal capital requirement with consideration for the risk-weight floor.

[2] The higher of the stress test buffer and the capital planning buffer is included in the internally assessed capital requirement. After taking into account the risk-weight floor, the stress test buffer is calculated without consideration for risk migration in the residential mortgage portfolios and, accordingly, the required buffer is smaller.

NOTE 12 Effect of changes in accounting policies for the Group

Restatement of the balance sheet as of 31 December 2017 on transition to IFRS 9 as of 1 January 2018.

SEK million	Previous accounting policies	Impairment expected credit losses	IFRS 9
ASSETS			
Cash and balances at central banks	0	–	0
Chargeable treasury bills, etc.	22,952	–	22,952
Lending to credit institutions	1,867	–	1,867
Lending to the public	335,111	57	335,168
Value changes of interest-rate-risk hedged items in macro hedges	191	–	191
Bonds and other interest-bearing securities	49,764	0	49,764
Derivatives	5,830	–	5,830
Intangible assets	179	–	179
Property, plant and equipment	12	–	12
Other assets	65	0	65
Prepaid expenses and accrued income	816	–4	812
TOTAL ASSETS	**416,787**	**53**	**416,840**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	5,674	–	5,674
Deposits from the public	111,895	–	111,895
Debt securities issued, etc.	274,517	–	274,517
Derivatives	1,643	–	1,643
Other liabilities	429	–	429
Accrued expenses and deferred income	1,697	–	1,697
Deferred tax liabilities	83	10	93
Provisions	97	7	104
Subordinated debt	4,942	–	4,942
Total liabilities	**400,977**	**17**	**400,994**
Untaxed reserves			
Equity			
Share capital	1,958	–	1,958
Reserves	188	1	189
Additional Tier 1 instruments	1,500	–	1,500
Retained earnings	10,455	35	10,490
Net profit for the year	1,709	–	1,709
Total equity	**15,810**	**36**	**15,846**
TOTAL LIABILITIES AND EQUITY	**416,787**	**53**	**416,840**

Cont. NOTE 12 Effect of changes in accounting policies for the Group

Changes in the classification of financial assets at 31 December 2017 on the transition to IFRS 9 on 1 January 2018.

SEK million	2018				
	Financial assets measured at FVTPL		Financial assets measured at FVTOCI	Financial assets measured at amortised cost	Total
	Fair value option	Held for trading			
Closing balance 31 December 2017	**–**	**–**	**–**	**–**	**416,540**
Reclassification					
Reclassified from financial assets at FVTPL	12,931	5,830	–	–	18,761
Reclassified from available-for-sale financial assets	–	–	42,142	–	42,142
Reclassified from loan receivables	–	–	–	337,381	337,381
Reclassified from investments held to maturity	–	–	–	18,256	18,256
Impairment, expected credit losses					
Value change recognised directly in equity	–	–	–	53	53
Opening balance, 1 January 2018	**12,931**	**5,830**	**42,142**	**355,690**	**416,593**

Certain interest-bearing assets in the liquidity portfolio that were reported as held for trading under IAS 39 are assessed under IFRS 9 as part of the business model hold to collect, which will be measured at amortised cost. In order to handle the inconsistencies that arise in recognition, which arise due to the interest-rate hedging made with derivatives, the fair value option is applied to these assets and are therefore reported at FVTPL.

PARENT COMPANY

Trend for January–June 2018 compared with January–June 2017

The operating profit totalled SEK 42 million (16). The change was mainly attributable to increased other operating income and positive effects from credit losses. During the period, net interest income decreased to SEK 94 million (125), mainly driven by higher interest expense. The net expense from financial transactions was SEK 46 million (expense: 19). The remeasurement of credit risk in derivatives was the factor with the largest earnings impact during the period. Other operating income totalled SEK 432 million (373) and mainly comprised fees from SCBC for administrative services in line with the applicable outsourcing agreements. Expenses grew to SEK 516 million (481), mainly due to higher personnel costs. Net credit losses totalled SEK 44 million (recoveries: 1), attributable to an intra-group transfer to SCBC due to transition to IFRS 9 as well as recoveries of previous impairments. Lending to the public declined during the period to SEK 24.3 billion (72.1) as a result of movements of loan assets from SBAB to SCBC. Deposits from the public increased to SEK 117.0 billion (102.7). The CET1 capital ratio was 19.8% (21.5) and the internally assessed capital requirement was SEK 5,481 million (5,797).

CONDENSED INCOME STATEMENT

Parent Company, SEK million	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Interest income	336	304	303	640	611	1,317
Interest expense	–271	–275	–248	–546	–486	–1,023
Net interest income	**65**	**29**	**55**	**94**	**125**	**294**
Commission income	27	19	20	46	36	79
Commission expense	–5	–7	–6	–12	–13	–23
Net result of financial transactions	–19	–27	–12	–46	–19	–7
Other operating income	223	209	180	432	373	760
Total operating income	**291**	**223**	**237**	**514**	**502**	**1,103**
Personnel costs	–136	–124	–116	–260	–230	–472
Other expenses	–129	–122	–127	–251	–245	–479
Depreciation, amortisation and impairment of PPE and intangible assets	–3	–2	–3	–5	–6	–12
Total expenses before loan losses	**–268**	**–248**	**–246**	**–516**	**–481**	**–963**
Profit/loss before loan losses and impairments	**23**	**–25**	**–9**	**–2**	**21**	**140**
Net loan losses	16	28	–4	44	–5	13
Impairment of financial assets	0	0	–	0	–	–
Reversals of impairment of financial assets	0	0	–	0	–	–
Operating profit/loss	**39**	**3**	**–13**	**42**	**16**	**153**
Tax	–14	–7	–4	–21	–17	–62
Net profit/loss for the period	**25**	**–4**	**–17**	**21**	**–1**	**91**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Parent Company, SEK million	2018 Q2	2018 Q1	2017 Q2	2018 Jan–Jun	2017 Jan–Jun	2017 Jan–Dec
Net profit/loss for the period	**25**	**–4**	**–17**	**21**	**–1**	**91**
Other comprehensive income						
Components that will be reclassified to profit or loss						
Financial assets measured at FVTOCI/Finanacial assets available-for-sale	27	24	98	51	137	118
Changes related to cash-flow hedges	62	13	–19	75	–44	–68
Tax attributable to components that will be reclassified to profit or loss	–20	–8	–18	–28	–21	–11
Other comprehensive income, net of tax	**69**	**29**	**61**	**98**	**72**	**39**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**94**	**25**	**44**	**119**	**71**	**130**

CONDENSED BALANCE SHEET

Parent Company, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills, etc.	34,421	22,952	24,496
Lending to credit institutions (Note 13)	89,699	94,302	41,195
Lending to the public	24,303	22,912	72,060
Bonds and other interest-bearing securities	53,418	49,764	51,727
Derivatives	10,758	6,240	5,531
Shares and participations in Group companies	10,386	10,386	10,386
Intangible assets	29	26	28
Property, plant and equipment	13	12	14
Other assets	67	45	258
Prepaid expenses and accrued income	698	771	577
TOTAL ASSETS	**223,792**	**207,410**	**206,272**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	20,363	4,720	12,605
Deposits from the public	116,998	111,895	102,675
Debt securities issued, etc.	62,308	70,363	69,285
Derivatives	9,277	5,340	5,151
Other liabilities	359	376	544
Accrued expenses and deferred income	713	349	676
Deferred tax liabilities	78	56	62
Provisions	5	–	–
Subordinated debt	4,945	4,942	5,940
Total liabilities	**215,046**	**198,041**	**196,938**
Equity			
Restricted equity			
Share capital	1,958	1,958	1,958
Statutory reserve	392	392	392
Total restricted equity	**2,350**	**2,350**	**2,350**
Unrestricted equity			
Fair value reserve	256	157	191
Additional Tier 1 instruments	1,500	1,500	1,500
Retained earnings	4,619	5,271	5,294
Net profit for the period	21	91	–1
Total unrestricted equity	**6,396**	**7,019**	**6,984**
Total equity	**8,746**	**9,369**	**9,334**
TOTAL LIABILITIES AND EQUITY	**223,792**	**207,410**	**206,272**

NOTE 13 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 81,301 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 92,593 million at the end of 2017. This receivable is subordinated in the event of receivership or liquidation, which means that payment is received only after other creditors of the subsidiary have been paid.

NOTE 14 Capital adequacy, own funds and capital requirements — Parent Company

CAPITAL ADEQUACY Parent Company, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital	6,751	7,127	7,430
Tier 1 capital	9,751	10,127	10,430
Total capital	13,198	13,574	14,880
Risk exposure amount	34,038	31,776	34,510
CET1 capital ratio, %	19.8	22.4	21.5
Excess [1] of CET1 capital	5,219	5,697	5,877
Tier 1 capital ratio, %	28.6	31.9	30.2
Excess [1] of Tier 1 capital	7,709	8,221	8,360
Total capital ratio, %	38.8	42.7	43.1
Excess [1] of total capital	10,475	11,032	12,119

[1] Excess capital has been calculated based on minimum requirements (without buffer requirements)

Cont. NOTE 14 Capital adequacy, own funds and capital requirements — Parent Company

Disclosure in accordance with Article 4 of Commission Implementing Regulation (EU) No 1423/2013, Annex V.

OWN FUNDS **Parent Company, SEK million**	**30 Jun 2018**	**31 Dec 2017**	**30 Jun 2017**
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	5,012	5,663	5,686
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	256	157	191
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend [1)]	–334	–593	–335
CET1 capital before regulatory adjustments	**8,392**	**8,685**	**9,000**
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	–74	–66	–77
Intangible assets (net of related tax liability) (negative amount)	–29	–26	–28
Fair value reserves related to gains or losses on cash-flow hedges	21	79	61
Negative amounts resulting from the calculation of expected loss amounts	–29	–28	–7
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–30	–17	–19
Additional Tier 1 instruments in equity	–1,500	–1,500	–1,500
Total regulatory adjustments to CET1 capital	**–1,641**	**–1,558**	**–1,570**
CET1 capital	**6,751**	**7,127**	**7,430**
Additional Tier 1 capital: Instruments			
Capital instruments and the related share premium accounts	3,000	3,000	3,000
Of which: classified as equity under applicable accounting standards	*1,500*	*1,500*	*1,500*
Of which: classified as liabilities under applicable accounting standards	*1,500*	*1,500*	*1,500*
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital		–	–
Additional Tier 1 capital before regulatory adjustments	**3,000**	**3,000**	**3,000**
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	–	–	–
Additional Tier 1 capital	**3,000**	**3,000**	**3,000**
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	**9,751**	**10,127**	**10,430**
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	4,447
Credit risk adjustments	–	–	3
Tier 2 capital before regulatory adjustments	**3,447**	**3,447**	**4,450**
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	–	–	–
Tier 2 capital	**3,447**	**3,447**	**4,450**
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	**13,198**	**13,574**	**14,880**
Total risk-weighted assets	**34,038**	**31,776**	**34,510**
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	19.8	22.4	21.5
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	28.6	31.9	30.2
Total capital (as a percentage of total risk-weighted exposure amount), %	38.8	42.7	43.1
Institution-specific buffer requirements (CET1 capital requirement in accordance with Article 92(1)(a) plus the capital conservation buffer and countercyclical capital buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffers [G-SII buffer and O-SII buffer] expressed as a percentage of the risk-weighted exposure amount), %	9.0	9.0	9.0
Of which: CET1 capital, minimum requirement, %	*4.5*	*4.5*	*4.5*
Of which: capital conservation buffer requirement, %	*2.5*	*2.5*	*2.5*
Of which: countercyclical capital buffer requirement, %	*2.0*	*2.0*	*2.0*
Of which: systemic risk buffer requirement, %	–	–	–
Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	15,3	17.9	17.0

Cont. NOTE 14 Capital adequacy, own funds and capital requirements — Parent Company

OWN FUNDS Parent Company, SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

[1)] Profit for the interim period is reduced by the expected dividend of SEK 355 million based on Q2 2018.

RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS Parent Company, SEK million	30 Jun 2018 Risk exposure amount	30 Jun 2018 Capital requirement	31 Dec 2017 Risk exposure amount	31 Dec 2017 Capital requirement	30 Jun 2017 Risk exposure amount	30 Jun 2017 Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	7,085	567	6,800	544	7,248	580
Retail exposures	868	69	1,125	90	4,108	328
Of which: exposures to SMEs	*70*	*5*	*244*	*20*	*390*	*31*
Of which: retail exposures secured by immovable property	*799*	*64*	*881*	*70*	*3,718*	*297*
Total exposures recognised with the IRB approach	**7,953**	**636**	**7,925**	**634**	**11,356**	**908**
Credit risk recognised with the standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to institutions [1)]	3,533	283	2,524	202	2,073	166
Of which: derivatives according to CRR, Appendix 2	*3,448*	*276*	*2,523*	*202*	*1,959*	*157*
Of which repos	*55*	*5*	–	–	*114*	*9*
Of which other	*30*	2	*1*	0	*0*	0
Exposures to corporates	–	–	–	–	–	–
Retail exposures	2,254	180	2,193	175	2,340	187
Exposures in default	10	1	11	1	12	1
Exposures in the form of covered bonds	3,832	307	3,282	263	3,553	284
Exposures to institutions and corporates with a short-term credit rating	16	1	21	2	22	2
Equity exposures	11,378	910	11,378	910	10,386	831
Other items	118	9	77	6	135	11
Total exposures recognised with standardised approach	**21,141**	**1,691**	**19,486**	**1,559**	**18,521**	**1,482**
Market risk	**356**	**29**	**648**	**52**	**826**	**66**
Of which: position risk	–	–	*414*	*33*	*531*	*42*
Of which: currency risk	*356*	*29*	*234*	*19*	*295*	*24*
Operational risk	**1,412**	**113**	**1,570**	**126**	**1,570**	**126**
Credit valuation adjustment risk	**3,176**	**254**	**2,147**	**171**	**2,234**	**178**
Total risk exposure amount and minimum capital requirements	**34,038**	**2,723**	**31,776**	**2,542**	**34,507**	**2,760**
Capital requirements for capital conservation buffer		**851**		**794**		**863**
Capital requirements for countercyclical buffer		**670**		**629**		**683**
Total capital requirements		**4,244**		**3,965**		**4,306**

[1)] The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK,3,503 million (2,523).

NOTE 15 Effect of changes in accounting policies for the Parent Company

Restatement of the balance sheet as of 31 December 2017 on transition to IFRS 9 as of 1 January 2018.

SEK million	Previous accounting policies	Impairment, expected credit losses	IFRS 9
ASSETS			
Cash and balances at central banks	0	–	0
Chargeable treasury bills, etc.	22,952	–	22,952
Lending to credit institutions	94,302	–	94,302
Lending to the public	22,912	2	22,914
Bonds and other interest-bearing securities	49,764	0	49,764
Derivatives	6,240	–	6,240
Shares and participations in Group companies	10,386	–	10,386
Intangible assets	26	–	26
Property, plant and equipment	12	–	12
Other assets	45	0	45
Prepaid expenses and accrued income	771	0	771
TOTAL ASSETS	**207,410**	**2**	**207,412**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	4,720	–	4,720
Deposits from the public	111,895	–	111,895
Debt securities issued, etc.	70,363	–	70,363
Derivatives	5,340	–	5,340
Other liabilities	376	–	376
Accrued expenses and deferred income	349	–	349
Deferred tax liabilities	56	–1	55
Provisions	–	7	7
Subordinated debt	4,942	–	4,942
Total liabilities	**198,041**	**6**	**198,047**
Untaxed reserves			
Equity			
Share capital	1,958	–	1,958
Statutory reserve	392	–	392
Fair value reserve	157	1	158
Additional Tier 1 instruments	1,500	–	1,500
Retained earnings	5,271	–5	5,266
Net profit for the year	91	–	91
Total equity	**9,369**	**–4**	**9,365**
TOTAL LIABILITIES AND EQUITY	**207,410**	**2**	**207,412**

Cont. NOTE 15 Effect of changes in accounting policies for the Parent Company

Changes in the classification of financial assets at 31 December 2017 on the transition to IFRS 9 on 1 January 2018.

	2018				
SEK million	**Financial assets measured at FVTPL**		**Financial assets measured at FVTOCI**	**Financial assets measured at amortised cost**	**Total**
	Fair value option	Held for trading			
Closing balance 31 December 2017	**–**	**–**	**–**	**–**	**196,933**
Reclassification					
Reclassified from financial assets at FVTPL	12,931	6,240	–	–	19,171
Reclassified from available-for-sale financial assets	–	–	42,142	–	42,142
Reclassified from loan receivables	–	–	–	117,364	117,364
Reclassified from investments held to maturity	–	–	–	18,256	18,256
Impairment, expected credit losses					
Value change recognised directly in equity	–	–	–	2	2
Opening balance, 1 January 2018	**12,931**	**6,240**	**42,142**	**135,622**	**196,935**

Certain interest-bearing assets in the liquidity portfolio that were reported as held for trading under IAS 39 are assessed under IFRS 9 as part of the business model hold to collect, which will be measured at amortised cost. In order to handle the inconsistencies that arise in recognition, which arise due to the interest-rate hedging made with derivatives, the fair value option is applied to these assets and are therefore reported at FVTPL.

The Board of Directors and the CEO affirm 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.

Solna, July 17 2018

Bo Magnusson
Chairman of the Board

Jan Sinclair Board Member	Lars Börjesson Board Member	Carl-Henrik Borg Board Member
Karin Moberg Board Member	Jane Lundgren-Ericsson Board Member	Eva Gidlöf Board Member
Kristina Ljung Board Member (Employee Representative)	Daniel Kristiansson Board Member	Margareta Naumburg Board Member (Employee Representative)

Klas Danielsson
CEO

Contact
CEO Klas Danielsson, +46 8 614 43 01, klas.danielsson@sbab.se
CFO Mikael Inglander, +46 8 614 43 28, mikael.inglander@sbab.se.

Become a customer: www.sbab.se

The information in this report is such that SBAB Bank AB (publ.) is obligated to disclose in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Market Act, as well as the guidelines contained in the state's ownership policy and the guidelines for companies with state ownership. The information was submitted for publication on July 18 2018 at 8:00 a.m. (CET).

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

AUDITORS' REVIEW REPORT

Introduction
We have reviewed the interim report for SBAB Bank AB (publ) for the period 1 January – 30 June 2018. The Board of Directors and the CEO are responsible for the preparation and 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.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with 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 ISA and other generally accepted auditing practices. 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 for the Group is not prepared, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, July 17 2018

Deloitte AB

Patrick Honeth
Authorised Public Accountant

APMS

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (for example, IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR).

SBAB uses APMs when these are relevant for the presentation and follow-up of the Group's financial position and when these metrics are deemed to provide additional valuable information to readers of the financial reports. SBAB has also chosen to present the APMs as they are in common use within the industry. APMs can be calculated with various approaches and, accordingly, SBAB's metrics are not directly comparable with similar metrics presented by other companies.

New lending

Definition: Gross lending for the period.

The APM aims to provide the reader with an image of the inflow of new business during the reporting period.

Deposits/lending

Definition: Ratio of total deposits to total lending (closing balances).

The APM aims to provide the reader with further information regarding the relative ratio of deposits to lending.

Group	30 Jun 2018	30 Jun 2017
Deposits from the public, SEK billion	117.0	102.7
Lending to the public, SEK billion	351.5	315.6
Deposits/lending, %	**33.3**	**32.5**

Loan loss ratio

Definition: Loan losses for the period in relation to total lending (closing balance).

The APM aims to provide the reader with further information regarding the relative ratio of loan losses to total lending.

Group	Jan–Jun 2018	Jan–Jun 2017
Loan losses, SEK million	18	5
Lending to the public, SEK million	351,496	315,559
Loan loss ratio, %	**0.01**	**0.00**

Return on equity

Definition: Earnings after tax in relation to average (calculated using the opening and closing balances) equity, after adjustment for additional Tier 1 instruments and value changes in financial assets recognised in equity.

The APM aims to provide the reader with further information regarding the Group's profitability in relation to unrestricted equity.

Group	Jan–Jun 2018	Jan–Jun 2017
Operating profit after tax, SEK million	887	835
Average equity, SEK million	13,871[1)]	13,195
Return on equity, %	**12.8**	**12.7**

1) Average equity adjusted for dividend for 2017 of SEK 684 million.

Net interest margin

Definition: Net interest income in relation to average (calculated using the opening and closing balances for the reporting period) total assets.

The APM aims to provide the reader with further information regarding the Group's profitability.

Group	Jan–Jun 2018	Jan–Jun 2017
Net interest income, SEK million	1,681	1,556
Average total assets, SEK million	440,632	39,191
Net interest margin, %	**0.76**	**0.79**

C/I ratio

Definition: Total operating expenses, excluding loan losses, in relation to total operating income.

The APM aims to provide the reader with further information regarding the Group's cost-efficiency.

Group	Jan–Jun 2018	Jan–Jun 2017
Total operating expenses, excluding loan losses, SEK million	506	476
Total operating income, SEK million	1,639	1,559
C/I ratio, %	**30.8**	**30.5**

Definitions of other key performance indicators

Number of employees (FTEs)	Number of employees expressed as full-time equivalents (FTEs), adjusted for sick leave and leave of absence
CET1 capital ratio	CET1 capital in relation to risk-weighted assets
Total capital ratio	Own funds in relation to risk-weighted assets
Tier 1 capital ratio	Tier 1 capital in relation to risk-weighted assets
Leverage ratio	Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors
Liquidity coverage ratio (LCR)	Liquid assets in relation to net cash outflows over a 30-day stress scenario in accordance with the European Commission's Delegated Regulation EU (2015/61) with regard to liquidity coverage requirements
Survival horizon	The number of days that the need for liquidity can be met in a stress scenario before new liquidity is needed
Net stable funding ratio, NSFR	A liquidity risk metric of a structural nature that demonstrates the stability of the Group's funding in relation to its assets