



Interim report

1 January – 31 March 2011

SBAB Bank AB (publ)

SBAB BANK



During the quarter, we experienced a slackening of demand and increased competition for residential mortgages. It is therefore gratifying being able to report that our net interest income developed positively compared with the preceding quarter.

Eva Cederbalk, CEO

- Net interest income amounted to SEK 405 million (476).
- SBAB posted an operating loss of SEK 164 million (profit: 172). Earnings were adversely affected in an amount of SEK 347 million primarily by unrealised changes in market value.
- Costs remained unchanged at SEK 156 million (156).
- Confirmed losses remained very low. Loan losses amounted to SEK 13 million (loss: 5). The loan loss rate was 0.02% (0.01).
- Deposit volume amounted to SEK 5.9 billion (6.1).
- Lending volume totalled SEK 247.3 billion (249.1).
- SBAB's market share in retail lending was 7.9% (8.1).
- The liquidity reserve was 75 days (63) MCO.
- Without taking the transitional regulations into account, Core Tier 1 capital ratio, Tier 1 capital ratio and capital adequacy ratio were 13.5% (14.1), 18.3% (19.1) and 21.6% (22.4) respectively.

All comparable figures in parentheses pertaining to income statement items and new lending refer to the year-earlier period. For comparable figures pertaining to balance sheet items, capital adequacy and market share, the date of comparison is the preceding year-end.

This is a translation of the Swedish interim report. The auditor has not signed the translation for approval.

Summary SBAB Group	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Net interest income, SEK million	405	476	1,762
Operating profit excl. net result of financial instruments, SEK million	208	301	1,074
Operating profit/loss, SEK million	-164	172	785
Profit/loss after tax, SEK million	-121	126	577
Lending, SEK billion	247.3	234.4	249.1
Doubtful loan receivables after individual provisions, SEK million	31	30	31
Loan losses, net, SEK million	-13	-5	-40
Loan loss rate, % ¹⁾	0.02	0.01	0.02
Expenditure/Income ratio excl. loan losses, %	2,989	47	42
Return on equity, % ²⁾	-6.1	6.8	7.5
Core Tier 1 capital ratio without transitional regulations, %	13.5	13.3	14.1
Tier 1 capital ratio without transitional regulations, %	18.3	14.9	19.1
Capital adequacy ratio without transitional regulations, %	21.6	18.5	22.4
Core Tier 1 capital ratio with transitional regulations, %	6.3	6.3	6.4
Tier 1 capital ratio with transitional regulations, %	8.6	7.1	8.7
Capital adequacy ratio with transitional regulations, %	10.1	8.8	10.2
Rating, long-term funding, SBAB Standard & Poor's	A+	A+	A+
Moody's	A1	A1	A1
Rating, long-term funding, SCBC Standard & Poor's	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa
Rating, short-term funding, SBAB Standard & Poor's	A-1	A-1	A-1
Moody's	P-1	P-1	P-1
Average no. of employees during the period	421	423	431

¹⁾ Loan losses calculated on a full-year basis in relation to opening balance for lending to the public.

²⁾ Return on equity is calculated on a full-year basis.

Operating results

SBAB's operating results declined compared with the year-earlier period to a loss of SEK 164 million (profit: 172). The results were negatively affected in the amount of SEK 347 million due to factors including market-value changes in basis swaps, which are used to manage currency risks. The swaps are recognized at fair value. Adjusted for the effect of basis-swap spreads, operating profit amounted to SEK 183 million. The corresponding return on equity was 6.7% and the expenditure/income ratio was 44%. The loan loss rate remained very low at 0.02% (0.01).

Net interest income declined to SEK 405 million (476). This was due to a considerable share of the preceding year's net interest income being strengthened by a gain of SEK 71 million from derivatives attributable to the repurchase of issued bonds. SBAB's interest margins remained at a stable level. Net commission declined due to the full fee for 2011 being paid for the Government stability fund to support the financial system. The fee for the quarter was SEK 27 million (13). The net result of financial instruments measured at fair value declined to an expense of SEK 372 million (expense: 129).

SBAB largely depends on the capital markets for its funding and attaches considerable importance to having a well-diversified funding portfolio in various currencies. However, lending is exclusively conducted in SEK. Funding in foreign currencies, which accounts for nearly half of SBAB's debt, is swapped to SEK for use in the lending operations. Interest rate swaps are used to eliminate interest-rate risks and basis swaps/currency swaps are used to eliminate currency risks. Similar to other derivative instruments, swaps are measured at fair value, in accordance with IAS 39. In the current year, the market price of swapping foreign currencies to SEK has declined, thus narrowing the basis-swap spread. Since the basis-swap contracts are measured in accordance with the new market price, the market value of the contracts will decline. This had an adverse impact of SEK -347 million on results for the period. However, this will be of no real significance for the company since this valuation does not lead to any actual cash flows. The market value of each contract that is held to maturity begins and ends at zero and the market value change during the term thus only constitutes a form of allocation between accounting periods. SBAB employs hedge-accounting for interest-rate risks to reduce the volatility of earnings. Changes in basis-swap valuations are not currently included in hedge accounting.

Market value changes are recognised in the line "Net result of financial instruments measured at fair value," which amounted to a loss of SEK 372 million (income: 129) in the first quarter of 2011. The amount included a loss of SEK 225 million (loss: 153) from hedge accounting, associated derivatives and repurchased debt, an expense of SEK 347 million (income: 40) due to the development of basis-swap spreads and a gain of SEK 169 million (loss: 8) from the portion of the liquidity portfolio that is measured at fair value including derivatives. The remainder of the change was attributable to derivatives

that were used for hedging purposes and are not included in the hedge accounting.

SBAB's expenses totalled SEK 156 million (156). Personnel costs were lower than in the year-earlier period at SEK 83 million (86), which was attributable to lower costs for the incentive programme. Marketing costs were also lower for the period, totalling SEK 10 million (16). The increase in other costs was due to the continued development of SBAB's product offering. Depreciation/amortisation amounted to SEK 7 million (7).

Expenses in relation to net interest income, which provides a more accurate link to the underlying development of the operations, rose to 39% (33). This increase was due to net interest income in the first quarter of the preceding year being strengthened by the gains from derivatives attributable to the repurchase of issued bonds.

Loan losses

Confirmed loan losses remained very low. Loan losses, net rose to SEK 13 million (loss: 5). The increase was the result of collective provisions for retail loans. The loan loss rate was 0.02% (0.01).

Lending

During the quarter, SBAB experienced weaker demand for residential mortgages and competition increased further. Lending declined to SEK 247.3 billion (249.1). New lending decreased to SEK 6.8 billion (14.3). SBAB's total market share was 9.4%. (9.6).

Lending to the retail market declined to SEK 148.1 billion (149.4). New lending totalled SEK 4.2 billion (8.2). The market share declined to 7.9% (8.1).

Lending to the corporate market and tenant-owner associations amounted to SEK 99.2 billion (99.7). New lending totalled SEK 2.6 billion (6.0). The market share for lending to tenant-owner associations was 18.3% (18.4).

Loan portfolio	2011 Jan-Mar		2010 Jan-Mar		2010 Jan-Dec	
	SBAB Group *	Group incl. all of FriSpar	SBAB Group *	Group incl. all of FriSpar	SBAB Group *	Group incl. all of FriSpar
SEK million						
Retail lending	148,104	152,769	139,794	144,447	149,429	153,352
- new lending	4,214	4,983	8,225	8,786	31,333	34,631
Corporate lending (incl. tenant-owner associations)	99,218	99,276	94,607	94,689	99,674	99,732
- new lending	2,596	2,596	6,042	6,042	19,064	19,064
Total	247,322	252,045	234,401	239,136	249,103	253,084
- new lending	6,810	7,579	14,267	14,828	50,397	53,695

* In the SBAB Group, 51% of the co-owned FriSpar Bolån AB (a partnership with Sparbanken Öresund AB (publ)) is consolidated in accordance with the proportional method.

Deposits

The number of deposit customers and opened savings accounts continued to rise. SBAB's deposit products, which are characterised by competitive interest rates and straightforward product terms and conditions, continued to attract new customers among private individuals, tenant-owner associations and companies. Despite this, SBAB's deposits declined during the period to SEK 5.9 billion (6.1).

Funding

SBAB attaches considerable importance to having a well-diversified funding portfolio, which requires an active market presence and a flexible range of products. SBAB has long had a proactive approach to extending the remaining term of its funding by reducing the proportion of short-term debt and extending the maturity of funding through repurchases and issuance of bonds with longer tenures. These activities are mainly conducted with the aim of limiting SBAB's liquidity and financing risks.

The total value of debt securities in issue rose SEK 7.9 billion during the first quarter to SEK 269.9 billion (262.0). Funding through the issuance of covered bonds takes place in SBAB's wholly owned subsidiary The Swedish Covered Bond Corporation, SCBC. The total volume of covered bonds issued amounted to SEK 154.5 billion (155.3).

Although SBAB was affiliated with the Swedish Government's guarantee programme for medium-term funding during 2009, the company discontinued its participation in the programme in November 2009. SBAB continues to repurchase Government-guaranteed debt that matures in 2011 and 2012. At the end of the period, the volume outstanding under the Government-guaranteed programme totalled SEK 11.7 billion (15.0).

Programme utilisation	31 Mar 2011	31 Dec 2010
Swedish Commercial Paper Programme	SEK 10.1 billion	SEK 9.6 billion
Swedish covered bonds	SEK 96.6 billion	SEK 95.4 billion
European Commercial Paper Programme	USD 1,505 million	USD 1,469 million
US Commercial Paper Programme	USD 1,814 million	USD 1,048 million
Euro Medium Term Note Programme	EUR 8,104 million	EUR 7,210 million
Euro Medium Term Covered Note Programme	EUR 6,657 million	EUR 6,652 million
Swedish Government Guarantee Programme	SEK 11.7 billion	SEK 15.0 billion

Capital adequacy and risk

Without taking the transitional regulations into account, SBAB's Tier 1 capital ratio and capital adequacy ratio under Pillar 1 were 18.3% (19.1) and 21.6% (22.4), respectively at 31 March 2011. The Core tier 1 capital ratio was 13.5% (14.1) and the internally calculated capital requirement was SEK 6,722 million (6,463). As of 31 March 2011, the results are included in the calculation of the capital ratios above.

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational and market risk in accordance with the standardised approach. The proposed amendments in the regulatory framework (CRD IV) published by the European Commission include new rules for liquidity risks, capital base, counterparty risks, pro-cyclicality and the implementation of what is known as a leverage ratio. The adaptations are planned to be gradually implemented until 2019. The current transitional rules under Basel II will apply at least until year-end 2011.

SBAB maintained a favourable liquidity situation. To ensure access to liquidity, SBAB maintains a liquidity reserve, which was valued at SEK 41.6 billion (40.9) on 31 March 2011. SBAB measures and stress tests liquidity risk by totalling the maximum conceivable need for liquidity for every day during the coming 365 days. This measure of liquidity risk is referred to as Maximum Cumulative Outflow (MCO) and is subject to limits. The MCO calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption and that no funding is available. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve is established on the basis of these calculations. At 31 March 2011, the liquidity reserve corresponded to 75 days (63) MCO.

For more information on SBAB's risks and risk management, refer to the Annual Report for 2010.

Performance in the first quarter of 2011 compared with the fourth quarter of 2010

The trend of lower demand for residential mortgages towards year-end 2010 continued during the first quarter of 2011.

New lending in the first quarter declined to SEK 6.8 billion (10.6). Lending totalled SEK 247.3 billion (249.1). New lending to the retail market amounted to SEK 4.2 billion (6.0) and the market share was 7.9% (8.1).

New lending to the corporate market and tenant-owner associations amounted to SEK 2.6 billion (4.6). SBAB's market share for lending to tenant-owner associations was 18.3% (18.4).

Deposits through SBAB's savings products totalled SEK 5.9 billion (6.1) at the end of the period.

Net interest income was higher and totalled SEK 405 million (385). Total operating income amounted to SEK 5 million (521). The item "Net income/expense from financial instruments measured at fair value," had an adverse impact on earnings. Expenses declined between the quarters and totalled SEK 156 million (160). On a seasonal basis, the first quarter was impacted by the vacation debt for employees, which was the primary reason for the increase in personnel costs. However, management costs declined, which is why total expenses were lower for the quarter. Loan losses increased to SEK 13 million (loss: 1). SBAB posted an operating loss of SEK 164 million (profit: 360) for the quarter.

Current events

- An Extraordinary General Meeting on 16 March 2011 resolved to adopt new Articles of Association that include banking as a new object of operations. The Meeting also resolved to adopt the name SBAB Bank AB (publ). The amendment to the Articles of Association and the renaming were registered by the Swedish Companies Registration Office on 25 March 2011 and are thus effective as of that date.
- A new estate-brokerage partnership was initiated with MA2.

Events after the balance-sheet date

- On 6 April, SBAB applied for permission from the Swedish Financial Supervisory Authority to conduct securities operations.
- SBAB issued a subordinated debenture in the amount of SEK 1.0 billion with a transaction date of 13 April and a liquidity date of 20 April.

Financial information

Interim report January - June	22 July 2011
Interim report January - September	28 October 2011

Stockholm, 28 April 2011

Eva Cederbalk
CEO

Income statement

Group SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Interest income	2,196	1,630	1,114	2,196	1,114	5,355
Interest expenses	-1,791	-1,245	-638	-1,791	-638	-3,593
Net interest income	405	385	476	405	476	1,762
Commission income	12	13	12	12	12	50
Commission expenses	-40	-22	-26	-40	-26	-94
Net income/expense from financial instruments measured at fair value (Note 1)	-372	145	-129	-372	-129	-289
Other operating income	0	-	0	0	0	0
Total operating income	5	521	333	5	333	1,429
Personnel costs	-83	-75	-86	-83	-86	-316
Other expenses	-66	-78	-63	-66	-63	-262
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-7	-7	-7	-7	-7	-26
Total expenses before loan losses	-156	-160	-156	-156	-156	-604
Profit/loss before loan losses	-151	361	177	-151	177	825
Loan losses, net (Note 2)	-13	-1	-5	-13	-5	-40
Operating profit/loss	-164	360	172	-164	172	785
Tax	43	-96	-46	43	-46	-208
Profit/loss for the period	-121	264	126	-121	126	577

Statement of comprehensive income

Group SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Profit/loss for the period	-121	264	126	-121	126	577
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	8	11	19	8	19	57
Change in instruments used in cash flow hedging, after tax	0	3	-1	0	-1	3
Other comprehensive income, net after tax	8	14	18	8	18	60
Total comprehensive income/loss for the period	-113	278	144	-113	144	637

Income statement, quarterly

Group SEK million	2011 Q1	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Interest income	2,196	1,630	1,414	1,197	1,114
Interest expenses	-1,791	-1,245	-986	-724	-638
Net interest income	405	385	428	473	476
Commission income	12	13	11	14	12
Commission expenses	-40	-22	-23	-23	-26
Net income/expense from financial instruments measured at fair value	-372	145	-213	-92	-129
Other operating income	0	-	0	0	0
Total operating income	5	521	203	372	333
Personnel costs	-83	-75	-73	-82	-86
Other costs	-66	-78	-54	-67	-63
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-7	-7	-6	-6	-7
Total expenses before loan losses	-156	-160	-133	-155	-156
Profit/loss before loan losses	-151	361	70	217	177
Loan losses, net	-13	-1	5	-39	-5
Operating profit/loss	-164	360	75	178	172
Tax	43	-96	-19	-47	-46
Profit/loss for the period	-121	264	56	131	126

Balance sheet

Group

SEK million

	31 Mar 2011	31 Mar 2010	31 Dec 2010
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,516	7,528	2,365
Lending to credit institutions	21,337	23,210	12,892
Lending to the public (Note 3)	247,322	234,401	249,103
Change in value of interest-rate-hedged items in portfolio hedges	-418	2,432	500
Bonds and other interest-bearing securities	39,228	32,767	37,985
Derivative instruments (Note 4)	10,856	13,800	12,665
Deferred tax assets	36	-	-
Intangible fixed assets	32	37	34
Property, plant and equipment	29	21	28
Other assets	2,000	2,728	462
Prepaid expenses and accrued income	995	684	891
TOTAL ASSETS	323,933	317,608	316,925
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	16,678	24,467	18,257
Deposits from the public	5,865	4,738	6,083
Debt securities in issue	269,930	259,939	261,962
Derivative instruments (Note 4)	13,191	9,622	12,576
Other liabilities	304	1,125	338
Accrued expenses and prepaid income	4,602	4,422	4,033
Provisions	94	204	154
Subordinated liabilities	5,368	5,570	5,508
Total liabilities	316,032	310,087	308,911
Equity			
Share capital	1,958	1,958	1,958
Other reserves	-72	-122	-80
Retained earnings	6,136	5,559	5,559
Profit/loss for the period	-121	126	577
Total equity	7,901	7,521	8,014
TOTAL LIABILITIES AND EQUITY	323,933	317,608	316,925

Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	Profit/loss for the period	Total equity
Opening balance 1 January 2011	1,958	-80	6,136		8,014
Total comprehensive income/loss for the period		8		-121	-113
Closing balance 31 March 2011	1,958	-72	6,136	-121	7,901
Opening balance 1 January 2010	1,958	-140	5,559		7,377
Total comprehensive income for the period		18		126	144
Closing balance 31 March 2010	1,958	-122	5,559	126	7,521
Opening balance 1 January 2010	1,958	-140	5,559		7,377
Total comprehensive income for the period		60		577	637
Closing balance 31 December 2010	1,958	-80	5,559	577	8,014

Cash flow statement

Group SEK million	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Cash and cash equivalents at the beginning of the period	8,959	4,862	4,862
Cash flow from operating activities	7,694	13,642	2,125
Cash flow from investing activities	-6	-5	-28
Cash flow from funding activities	-	-	2,000
Increase/decrease in cash and cash equivalents	7,688	13,637	4,097
Cash and cash equivalents at the end of the period	16,647	18,499	8,959

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

Capital base

Group SEK million	31 Mar 2011	31 Mar 2010	31 Dec 2010
Core Tier 1 capital			
Equity	7,901	7,521	8,014
Proposed dividend	-26	-27	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	72	117	80
Value changes attributable to derivative instruments included in cash-flow hedges	0	4	1
Non-controlling interest	590	530	565
Intangible fixed assets	-32	-37	-34
Deferred tax assets	-36	-	-
Net reserves for IRB exposures	-91	-118	-109
Core Tier 1 capital	8,378	7,990	8,517
Tier 1 capital contribution			
Tier 1 capital contribution without redemption incentives *	2,000	-	2,000
Tier 1 capital contribution with redemption incentives *	994	994	994
Tier 1 capital	11,372	8,984	11,511
Supplementary capital			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,108	2,260	2,108
Net reserves for IRB exposures	-91	-118	-109
Supplementary capital	2,017	2,142	1,999
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	13,389	11,126	13,510

* Encompassed by the transitional rules to FFFS 2010:10

Capital requirements

Group SEK million	31 Mar 2011	31 Mar 2010	31 Dec 2010
Credit risk recognised in accordance with IRB approach			
Corporate exposures	2,323	2,074	2,317
Retail exposures	880	893	838
Total exposures in accordance with IRB approach	3,203	2,967	3,155
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Institutional exposures	215	288	178
Corporate exposures	1,031	1,167	1,068
Retail exposures	26	23	17
Unregulated items	1	1	1
Other items	8	6	6
Total exposures in accordance with standardised approach	1,281	1,485	1,270
Risks in the commercial portfolio	259	175	214
Operational risk	217	183	183
Currency risk	-	-	-
Raw material risk	-	-	-
Total minimum capital requirement	4,960	4,810	4,822
Addition according to transitional rules	5,646	5,281	5,769
Total capital requirement according to transitional rules	10,606	10,091	10,591

Capital adequacy

Group mnkr	31 Mar 2011	31 Mar 2010	31 Dec 2010
Core Tier 1 capital	8,378	7,990	8,517
Tier 1 capital	11,372	8,984	11,511
Total capital	13,389	11,126	13,510
Without transitional rules			
Risk-weighted assets	62,000	60,127	60,279
Core Tier 1 capital ratio	13.5%	13.3%	14.1%
Tier 1 capital ratio	18.3%	14.9%	19.1%
Capital adequacy ratio	21.6%	18.5%	22.4%
Capital quotient	2.70	2.31	2.80
With transitional rules			
Risk-weighted assets	132,576	126,136	132,388
Core Tier 1 capital ratio	6.3%	6.3%	6.4%
Tier 1 capital ratio	8.6%	7.1%	8.7%
Capital adequacy ratio	10.1%	8.8%	10.2%
Capital quotient	1.26	1.10	1.28

Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. It also complies with the Swedish Financial Supervisory Authority's accounting directives, the Annual Accounts Act for Credit Institutions and Securities Companies, and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Group's interim reports fulfill the requirements stipulated under IAS 34, Interim Financial Reporting.

For the Parent Company, statutory IFRS is applied, which means that the interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies and the Annual Accounts Act for Credit Institutions and Securities Companies.

The accounting policies and calculation methods are unchanged compared with the 2010 Annual Report. As part of IASB's annual improvement project, IAS 34 has been amended. The amendment, which came into effect on 1 January 2011, only pertains to disclosure requirements and provides guidance concerning the application of disclosure principles under IAS 34 and adds further disclosure requirements concerning circumstances that will probably impact the fair value and classification of financial instruments, the transfer of financial instruments between various levels of the fair-value hierarchy and changes in the classification of financial assets. The amendments to IAS 34 have had no impact on SBAB's interim report for the period from 1 January to 31 March 2011, although SBAB will make a new assessment of whether the disclosure requirements are applicable for each interim report.

Notes

Note 1 Net income/expense from financial instruments measured at fair value

Group SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Gains/losses on interest-bearing financial instruments						
- Securities measured at fair value through profit or loss	-284	-427	187	-284	187	-156
- Value change of hedged items in hedge accounting	1,170	1,568	190	1,170	190	869
- Realised loss from financial liabilities	-42	-3	-508	-42	-508	-770
- Derivative instruments	-1,228	-1,014	-33	-1,228	-33	-349
- Loan receivables	12	22	36	12	36	118
Currency translation effects	-0	-1	-1	-0	-1	-1
Total	-372	145	-129	-372	-129	-289

Note 2 Loan losses, net

Group SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	-1	-3	-5	-1	-5	-8
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	1	1	5	1	5	6
Provision for probable loan losses for the period	-0	-1	-0	-0	-0	-9
Recoveries in respect of confirmed loan losses in prior years	0	0	-	0	-	0
Reversal of prior year provisions for probable loan losses no longer required	5	3	0	5	0	3
Guarantees	-0	2	1	-0	1	3
Net cost/income for the period for individual provisions for corporate market loans	5	2	1	5	1	-5
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocation to/redemption of collective provision	8	5	-13	8	-13	-1
Guarantees	-1	-2	-2	-1	-2	-6
Net cost/income for the period for collective provisions for corporate market loans	7	3	-15	7	-15	-7
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-	-5	-2	-	-2	-13
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	4	2	-	2	8
Provision for probable loan losses for the period	-1	-1	-2	-1	-2	-8
Reversal of prior year provisions for probable loan losses no longer required	0	1	0	0	0	1
Guarantees	-	0	0	-	0	0
Net cost for the period for individual provisions for retail market loans	-1	-1	-2	-1	-2	-12
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-2	-4	-5	-2	-5	-17
Recoveries in respect of confirmed loan losses in prior years	0	0	1	0	1	2
Allocation to/redemption of collective provision	-25	-4	15	-25	15	-8
Guarantees	3	3	0	3	0	7
Net cost/income for the period for collective provisions for retail market loans	-24	-5	11	-24	11	-16
NET COST FOR THE PERIOD FOR LOAN LOSSES	-13	-1	-5	-13	-5	-40

Both the write-off of confirmed loan losses for the period and reversal of prior year write-offs as specified above relate to receivables from the public.

Note 3 Lending to the public

Group SEK million	31 Mar 2011		31 Mar 2010		31 Dec 2010	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	92,469	-159	87,885	-137	93,386	-148
Tenant-owner rights	55,766	-121	52,141	-95	56,231	-107
Tenant-owner associations	54,904	-47	51,367	-70	55,153	-60
Private multi-family dwellings	28,638	-37	26,031	-33	28,378	-37
Municipal multi-family dwellings	7,156	-	8,233	-	7,363	-
Commercial properties	8,604	-	9,079	-	8,877	-
Other	150	-1	-	-	67	-0
Provision for probable loan losses	-365		-335		-352	
Total	247,322	-365	234,401	-335	249,103	-352

Doubtful and nonperforming loan receivables	31 Mar 2011	31 Mar 2010	31 Dec 2010
a) Doubtful loan receivables	99	99	104
b) Nonperforming loan receivables* included in doubtful loan receivables	17	21	17
c) Nonperforming loan receivables* not included in doubtful loan receivables	187	229	279
d) Individual provisions for loan receivables	68	69	73
e) Collective provisions for corporate market loans	31	50	38
f) Collective provisions for retail market loans	266	216	241
g) Total provisions (d+e+f)	365	335	352
h) Doubtful loan receivables after individual provisions (a-d)	31	30	31
i) Provision ratio for individual provisions (d/a)	69%	70%	70%

* where cash flows are > 60 days past due

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

Note 4 Derivative instruments

Group 31 Mar 2011, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	4,434	4,084	407,750
Currency related	6,422	9,107	164,458
Total	10,856	13,191	572,208

Note 5 Operating segments

Group SEK million	Jan-Mar 2011				Jan-Mar 2010			
	Consumer	Corporate Clients	Finance	Total	Consumer	Corporate Clients	Finance	Total
Risk-adjusted income statement								
Risk-adjusted income	270	75	-346	-1	250	58	21	329
Risk-adjusted expenses	-122	-27	-25	-174	-125	-30	-24	-179
Tax	-39	-13	98	46	-33	-7	1	-39
Risk-adjusted profit/loss after tax	109	35	-273	-129	92	21	-2	111
RAROC*, after tax	13.2%	9.8%	-236.0%	-10.0%	11.1%	6.3%	-1.3%	8.2%

*Risk Adjusted Return On (economic) Capital, meaning risk-adjusted return after tax.

Operating-segment disclosures are risk adjusted. In the risk-adjusted follow-up of profit and loss, recognised equity is replaced by "Economic capital." "Economic capital" comprises the capital that SBAB deems to be required to cover unexpected losses during the coming year. At 31 March 2011, "Economic capital" was lower than recognised equity, thus making the return on equity in the risk-adjusted income statement lower. Recognised loan losses were replaced by "Expected losses," in risk-adjusted expenses. For further information on "Economic capital" and "Expected losses", refer to pages 25 and 39 of the 2010 Annual Report.

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

Group SEK million	2011 Jan-Mar	2010 Jan-Mar
Reconciliation		
Risk-adjusted income	-1	329
Adjustment to return on recognised equity	6	4
Total net interest income and other operating income	5	333
Risk-adjusted expenses	-174	-179
Adjustment to recognised loan losses	5	18
Expenses and loan losses	-169	-161
Risk-adjusted profit/loss before tax	-175	150
Tax according to risk-adjusted income statement for the period	46	-39
Risk-adjusted profit/loss after tax	-129	111
Risk-adjusted items		
Adjustment to return on recognised equity	6	4
Adjustment to recognised loan losses	5	18
Reversal of tax under risk-adjusted income statement	-46	39
Operating profit/loss	-164	172
Recognised tax	43	-46
Profit/loss for the period after tax	-121	126

Note 6 Reclassified assets

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective compound interest rate used in reclassification was 6.3%. At the same date, the fair value reserve attributable to these assets had a negative value of SEK 200 million, net after tax. At 31 March 2011, the fair value of the assets would have amounted to SEK 13.1 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 31 March 2011 was SEK 13.7 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.6 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 72 million, net after tax, at 31 March 2011. After the reclassification date, SEK 167 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 13 million before tax on the value of the reserve.

Income statement

Parent Company SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Interest income	764	497	582	764	582	2,226
Interest expenses	-818	-543	-450	-818	-450	-1,922
Net interest income/expense	-54	-46	132	-54	132	304
Dividends received	-	100	-	-	-	114
Commission income	27	28	26	27	26	109
Commission expenses	-20	-9	-12	-20	-12	-44
Net income/expense from financial instruments measured at fair value	-43	42	-2	-43	-2	-201
Other operating income	108	112	103	108	103	431
Total operating income	18	227	247	18	247	713
Personnel costs	-83	-76	-86	-83	-86	-317
Other expenses	-68	-81	-65	-68	-65	-270
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-3	-3	-3	-3	-3	-12
Total expenses before loan losses	-154	-160	-154	-154	-154	-599
Profit/loss before loan losses	-136	67	93	-136	93	114
Loan losses, net	16	-3	-4	16	-4	-30
Operating profit/loss	-120	64	89	-120	89	84
Tax	32	9	-24	32	-24	7
Profit/loss for the period	-88	73	65	-88	65	91

Statement of comprehensive income

Parent Company SEK million	2011 Q1	2010 Q4	2010 Q1	2011 Jan-Mar	2010 Jan-Mar	2010 Jan-Dec
Profit/loss for the period	-88	73	65	-88	65	91
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	8	11	19	8	19	57
Change in instruments used in cash flow hedging, after tax	0	3	-1	0	-1	3
Other comprehensive income, net after tax	8	14	18	8	18	60
Total comprehensive income/loss for the period	-80	87	83	-80	83	151

Parent Company's performance January–March 2011

Lending to the public amounted to SEK 33.3 billion (35.3). The decline was attributable to credit being transferred to SCBC, which regularly acquires credit from SBAB since SCBC does not conduct any new-lending activities on own account.

The Parent Company posted an operating loss of SEK 120 million (profit: 89). The operation's income amounted to SEK 18 million (247). The trend was largely due to a lower net interest expense of SEK 54 million (income: 132). The average margin on the loan portfolio was higher than in the year-earlier period. The sharp rise in market interest rates in the past year has impacted the management of interest risks between the Parent Company and the subsidiary. For the Parent Company, this has resulted in an adverse impact on net interest

income. In addition, positive effects from derivatives attributable to completed repurchases declined compared with the year-earlier period. A new subordinated debenture was issued in April 2010, which generated higher interest expenses for subordinated debentures for the period concerned. The net expense of financial items measured at fair value amounted to SEK 43 million (expense: 2). Expenses of SEK 154 million (154) are at the same level as the year-earlier period. Loan losses declined as a result of the redemption of collective provisions and amounted to SEK 16 million (loss: 4). The Parent Company has favourable capital adequacy. Without taking the transitional regulations into account, the Tier 1 capital ratio and capital adequacy ratio were 38.3% (39.6) and 45.8% (47.3), respectively.

Balance sheet

Parent Company

SEK million	31 Mar 2011	31 Mar 2010	31 Dec 2010
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,516	7,528	2,365
Lending to credit institutions (Note 7)	55,722	44,852	50,265
Lending to the public	33,281	49,664	35,298
Change in value of interest-rate-hedged items in portfolio hedges	-12	-21	-14
Bonds and other interest-bearing securities	39,228	32,767	37,985
Derivative instruments	8,948	11,622	10,326
Shares and participations in joint ventures	612	535	587
Shares and participations in Group companies	9,600	9,600	9,600
Intangible fixed assets	5	5	5
Property, plant and equipment	29	21	28
Other assets	1,629	2,467	515
Prepaid expenses and accrued income	708	468	634
TOTAL ASSETS	152,266	159,508	147,594
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	6,909	14,785	9,975
Deposits from the public	5,865	4,738	6,083
Debt securities in issue	116,076	113,217	107,223
Derivative instruments	9,155	10,978	9,838
Other liabilities	280	1,646	242
Accrued expenses and prepaid income	797	629	790
Provisions	175	292	214
Subordinated liabilities	5,368	5,570	5,508
Total liabilities	144,625	151,855	139,873
Equity			
Share capital	1,958	1,958	1,958
Legal reserve	392	392	392
Fair value reserve	-72	-122	-80
Retained earnings	5,451	5,360	5,360
Profit for the year	-88	65	91
Total equity	7,641	7,653	7,721
TOTAL LIABILITIES AND EQUITY	152,266	159,508	147,594

Capital adequacy

Parent Company

SEK million	31 Mar 2011	31 Mar 2010	31 Dec 2010
Core Tier 1 capital	7,585	7,724	7,653
Tier 1 capital	10,579	8,718	10,647
Total capital	12,665	10,931	12,711
Without transitional regulations			
Risk-weighted assets	27,654	30,968	26,891
Core Tier 1 capital ratio	27.4%	24.9%	28.5%
Tier 1 capital ratio	38.3%	28.2%	39.6%
Capital adequacy ratio	45.8%	35.3%	47.3%
Capital quotient	5.72	4.41	5.91
With transitional regulations			
Risk-weighted assets	28,752	36,979	28,876
Core Tier 1 capital ratio	26.4%	20.9%	26.5%
Tier 1 capital ratio	36.8%	23.6%	36.9%
Capital adequacy ratio	44.0%	29.6%	44.0%
Capital quotient	5.51	3.70	5.50

Note 7 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 36,044 million (38,363) relates to a receivable from the wholly owned subsidiary The Swedish Covered Bond Corporation, SCBC. This receivable is subordinated in the event of bankruptcy or liquidation, which means that payment is received only after other creditors of the subsidiary have been paid.

Review Report

To the Board of SBAB Bank AB (publ)
Corporate registration number 556253-7513

Introduction

We have reviewed the interim report of SBAB Bank AB (publ), corp. reg. no. 556253-7513, for the period 1 January 2011 – 31 March 2011. The Board of Directors and the CEO are responsible for preparing and presenting this interim report in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Securities Companies) Act. Our responsibility is to express an opinion on this interim report, based on our review.

The direction and extent of the review

We have performed this review in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another direction and is substantially more

limited in scope than an audit conducted in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing practice otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. The expressed conclusion based on a review does not therefore have the degree of certainty that a conclusion expressed as a result of an audit has.

Conclusion

On the basis of our review, nothing has come to our attention which gives us cause to believe that the enclosed interim report has not been prepared, in all essentials, in accordance with IAS 34 and the Annual Accounts (Credit Institutions and Securities Companies) Act for the Group and in accordance with the Annual Accounts (Credit Institutions and Securities Companies) Act for the Parent Company.

Stockholm, 28 April 2011
Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

SBAB BANK

SBAB Bank AB (publ)