

# SBAB! Year-end Report

1 January – 31 December 2015 | SBAB Bank AB (publ)

**“In December, we found out that we still have Sweden’s most satisfied residential mortgage customers according to Svenskt Kvalitetsindex (Swedish Quality Index, SKI). This makes us incredibly proud.” – Klas Danielsson, CEO**



## Fourth quarter 2015 (Third quarter 2015)

- Lending increased to SEK 297.0 billion (284.0).
- Deposits increased to a total of SEK 76.6 billion (71.5).
- Operating profit increased to SEK 402 million (378). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 395 million (396).
- Net interest income increased to SEK 647 million (603).
- Expenses totalled SEK 235 million (176), of which restructuring costs accounted for SEK 17 million (0).
- Loan losses amounted to SEK 11 million (3).
- Return on equity was 10.7% (10.5), and 10.5% (11.1) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 28.6% (25.6).

## January–December 2015 (January–December 2014)

- Operating profit totalled SEK 1,492 million (1,644). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 1,511 million (1,202).
- Net interest income increased to SEK 2,442 million (2,111).
- Expenses fell to SEK 809 million (1,008), of which restructuring costs accounted for SEK 20 million (178).
- Loan losses amounted to SEK 40 million (gain: 30).
- Return on equity was 10.2% (12.1), and 10.3% (9.0) excluding net income/expense from financial instruments and restructuring costs.
- The Common Equity Tier 1 capital ratio, without transitional regulations, amounted to 28.6% (29.8).

<b>Operating profit * 2015 (2014)</b> <b>1,511</b> SEK million (1,202).	<b>Total lending 2015 (2014)</b> <b>297</b> SEK billion (262)
<b>Total deposits 2015 (2014)</b> <b>77</b> SEK billion (61)	<b>Visitors at Booli.se **</b> <b>763,808</b>

\* Operating profit excluding net income/expense from financial instruments and restructuring costs.

\*\* Refers to the average number of unique visitors to booli.se per month in the fourth quarter of 2015.

## Statement by the CEO

In 2015, we were highly successful in implementing our focus on residential mortgages and housing financing. Operations performed strongly with even more satisfied customers, increased volumes, strong margins and good profitability. We succeeded in this thanks to the incredible efforts over the year of my colleagues at SBAB. In 2016 and ahead, we will continue the process of making SBAB strong and competitive for the long term, focusing on contributing to better housing and improved housing finances.

### **Sweden's most satisfied residential mortgage customers, for the second consecutive year**

Our strong performance in the first three quarters of the year continued in the fourth quarter. Our market shares in retail grew, both within lending and deposits. New lending and net growth in residential mortgages to private individuals reached an all-time high in the fourth quarter. In December, we found that we still have Sweden's most satisfied residential mortgage customers according to Svenskt Kvalitetsindex (Swedish Quality Index, SKI) thanks to good ratings on service, simplicity, transparency, price and products. We are also successful on the corporate side. We were ranked second, a mere 0.1 units from first place.



### **We contribute to better housing and improved housing finances**

We are a company in constant change, with the desire and ambition to be innovative thinkers. Change is necessary to develop, further improve and increase satisfaction among our customers. We are continuing our strategic sustainability efforts, where innovative thinking is a central element, and we intend to offer our retail customers an energy app and a green direct loan in the first six months of 2016.

A good example of our innovative thinking is the acquisition of Booli, one of Sweden's largest housing sites with home-related search services. Booli helps us differentiate our position in the housing and residential mortgage market, reinforcing our customer offering and contributing to better housing and improved housing finances for our customers.

### **A troubled housing market**

The situation in the Swedish housing market is worrying with a major housing shortage and soaring housing prices. In light of the severe increase in housing prices and the rapid increase in household indebtedness, we have grown more restrictive in granting credit this year, and we have introduced stricter amortisation rules. Nevertheless, our new lending has performed very well.

There is a risk that falling housing prices, caused by potential overregulation intended to restrain lending to private individuals, combined with the increased capital requirements on banks that will enter into force in coming years, may reduce access to loans. We currently see a certain weakening in both the rise of housing prices and the demand for residential mortgages, although the very strong demand for additional housing persists and must be resolved. Flexibility in the housing market must be stimulated with changed taxation, and the construction of new homes must be accelerated and increased with the help of simplified regulations.

### **New regulations and increasing capital requirements**

New regulations in the banking sector require resource-intensive adaptation efforts that affect our costs and growth prospects. We expect a number of new rules to be introduced in 2016–2019 that will entail increased capital requirements for lending. This means prioritising growth in that part of our lending where we can add most customer benefit and achieve the strongest customer relationships, which is under SBAB's own brand. For this reason, in the fourth quarter, we terminated some of our mortgage brokering partnerships that used other companies' brands.

### **2016**

For SBAB, 2015 was an incredible, record-breaking year. With strengthened market shares, good profitability and Sweden's most satisfied residential mortgage customers under our belt, we will continue our journey in 2016 and do our utmost to further improve our customer offering and our conditions for long-term competitiveness and profitability.

**Klas Danielsson, CEO of SBAB**

## Financial performance

### Overview of earnings

Group	2015	2015	2014	2015	2014
SEK million	Q4	Q3	Q4	Jan-dec	Jan-dec
Net interest income	647	603	549	2,442	2,111
Net commission income	-23	-28	-20	-102	-110
Net result from financial instruments measured at fair value (Note 2)	24	-18	126	1	620
Other operating income	0	0	-	0	-
<b>Total operating income</b>	<b>648</b>	<b>557</b>	<b>655</b>	<b>2,341</b>	<b>2,621</b>
Expenses	-235	-176	-223	-809	-1,008
- of which restructuring costs	-17	0	-3	-20	-178
<b>Profit/loss before loan losses</b>	<b>413</b>	<b>381</b>	<b>432</b>	<b>1,532</b>	<b>1,613</b>
Loan losses, net (Note 3)	-11	-3	8	-40	30
Participations in joint ventures	-	-	1	-	1
<b>Operating profit/loss</b>	<b>402</b>	<b>378</b>	<b>441</b>	<b>1,492</b>	<b>1,644</b>
<b>Operating profit excl. net result from financial instruments and restructuring costs</b>	<b>395</b>	<b>396</b>	<b>318</b>	<b>1,511</b>	<b>1,202</b>
Tax	-90	-83	-97	-330	-388
<b>Profit/loss for the periods</b>	<b>312</b>	<b>295</b>	<b>344</b>	<b>1,162</b>	<b>1,256</b>
Cost/Income ratio	36%	32%	34%	35%	38%
Cost/Income ratio excl. net result from financial instruments and restructuring costs	35%	31%	42%	34%	41%
Return on equity <sup>1)</sup>	10.7%	10.5%	12.8%	10.2%	12.1%
Return on equity excl. net result from financial instruments and restructuring costs <sup>1)</sup>	10.5%	11.1%	9.3%	10.3%	9.0%
Common Equity Tier 1 capital ratio <sup>2)</sup>	28.6%	25.6%	29.8%	28.6%	29.8%

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

<sup>2)</sup> Without taking transitional rules into account.

### Performance for January–December 2015 compared with January–December 2014

Operations performed well in 2015. Operating profit totalled SEK 1,492 million (1,644). Excluding net income/expense from financial instruments and restructuring costs, it amounted to SEK 1,511 million (1,202). Income was reduced to SEK 2,341 million (2,621), with the reduction being explained by a deterioration in net income/expense from financial instruments. Net interest income rose to SEK 2,442 million (2,111), driven by a sharp increase in volume and improved lending margins. Net result from financial instruments measured at fair value amounted to an income of SEK 1 million (620). The greatest factor impacting earnings was unrealised market value changes on derivative instruments.

Costs for the period declined to SEK 809 million (1,008). The decrease in expenses is mainly attributable to restructuring costs that affected the comparison period in 2014 and ongoing cost efficiency programmes. Loan losses amounted to SEK 40 million (gain: 30). Confirmed loan losses remained low.

## Market development and volumes

### Market overview

Group	2015 Q4	2015 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
<b>LENDING</b>					
<b>Retail</b>					
Number of residential mortgage customers, thousands	254	250	243	254	243
Number of residential mortgages (financed objects**), thousands	168	166	161	168	161
New lending, SEK billion	20.0	18.7	13.1	66.8	40.5
Change in lending, SEK billion	10.4	9.6	4.5	30.7	11.4
<b>Total retail lending, SEK billion</b>	<b>214.0</b>	<b>203.7</b>	<b>183.4</b>	<b>214.0</b>	<b>183.4</b>
Market share residential mortgages, retail, %	7.86%	7,57%*	7.30%	7.86%	7.30%
Market share consumer loans, %	1.00%	0,94%*	0.83%	1.00%	0.83%
<b>Corporate clients and tenant-owner associations</b>					
Number of new corporate and tenant-owner association customers	2,912	2,961	3,173	2,912	3,173
New lending, SEK billion	4.1	2.5	2.6	13.7	7.8
Change in lending, SEK billion	2.6	0.2	-0.5	4.8	-8.8
<b>Total lending corporate clients and tenant-owner associations, SEK billion</b>	<b>83.0</b>	<b>80.4</b>	<b>78.2</b>	<b>83.0</b>	<b>78.2</b>
Market share tenant-owner associations, %	13.05%	13,33%*	13.82%	13.05%	13.82%
Market share corporate clients, %	10.59%	10,13%*	9.47%	10.59%	9.47%
<b>Total new lending, SEK billion***</b>	<b>24.1</b>	<b>21.2</b>	<b>15.7</b>	<b>80.5</b>	<b>48.3</b>
<b>Total lending, SEK billion</b>	<b>297.0</b>	<b>284.0</b>	<b>261.6</b>	<b>297.0</b>	<b>261.6</b>
<b>DEPOSITS</b>					
Number of accounts	293,285	288,064	267,712	293,285	267,712
Change in the number of accounts	5,221	6,825	7,538	25,573	50,584
Change, SEK billion	5.2	4.3	3.4	16.0	14.8
<b>Total deposits, SEK billion</b>	<b>76.6</b>	<b>71.5</b>	<b>60.6</b>	<b>76.6</b>	<b>60.6</b>
Deposits, retail, SEK billion	56.1	53.9	47.9	56.1	47.9
Deposits, corporate clients, SEK billion	20.6	17.5	12.7	20.6	12.7
Market share deposits, retail, %	3.76%	3,71%*	3.53%	3.76%	3.53%
Market share deposits, corporate clients, %	2.24%	2,00%*	1.53%	2.24%	1.53%

\* As of August 31 2015

\*\* Object refers to a single-family dwelling, tenant-owner right or holiday home.

\*\*\* After deduction for probable loan losses.

### Development in the fourth quarter of 2015 compared with the third quarter of 2015

#### Retail

Demand for residential mortgages remained strong in the fourth quarter. Urbanisation and the relatively low rate of construction of new homes, in conjunction with tax systems, regulations and low interest-rates, continue to drive prices in the housing market to new record-breaking levels. The increasing prices increase the risk of a backlash. To reduce this risk, SBAB tightened up its credit rules again in the fourth quarter. In December, the Swedish Financial Supervisory Authority proposed new amortisation requirements, which will enter into force on 1 June 2016. These include an amortisation rate of 2 percent per year for residential mortgages with a loan-to-value ratio of more than 70 percent and 1 percent per year down to a loan-to-value ratio of 50 percent. SBAB's mandatory amortisation requirement is an amortisation period of 7.5 years for loan-to-value rates over 70 percent. Thereafter, amortisations are recommended down to a loan-to-value ratio of 50 percent.

SBAB offers loans and savings products to private individuals under its own brand and through partnerships with banks and estate agents. As of 2016, SBAB will increase its focus on lending under its proprietary brand. As a result, the partnerships with Bättre Bolån and Plus Bolån have been terminated. SBAB had approximately 254,000 residential mortgage customers (approximately 250,000) at the end of the period, distributed over 168,000 financed objects (166,000).

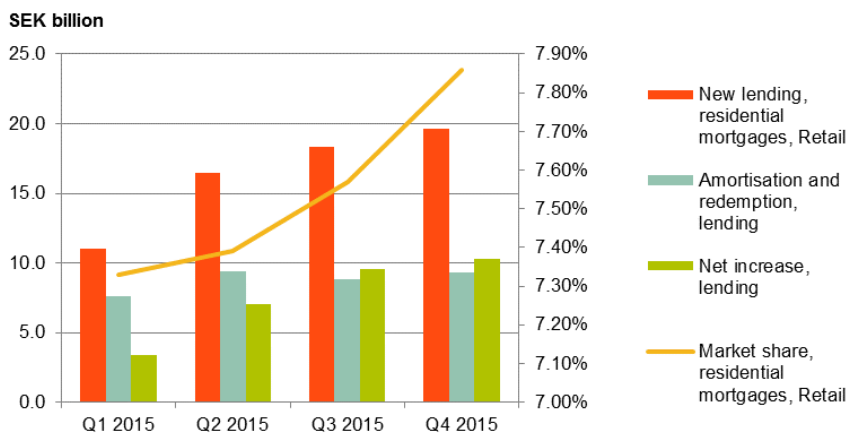
The greater majority of SBAB's residential mortgage customers choose shorter maturities. The share of total lending with a three-month fixed-interest period amounts to 71.8% (69.4). Since 1 June 2015, Swedish banks report their average residential mortgage rates on new loans and loans with amended terms and conditions, according to the Swedish Financial Supervisory Authority's regulations. The difference between SBAB's average and list rates was 0.12 percentage points on loans with a 3-

month fixed-interest period. This is a very low figure compared to the market and reflects SBAB's aspiration to offer transparent terms and conditions.

During the quarter, new lending to retail customers increased to SEK 20.0 billion (18.7), of which SEK 19.7 billion (18.4) involves residential mortgages. Total lending to retail customers rose to SEK 214.0 billion (203.7).

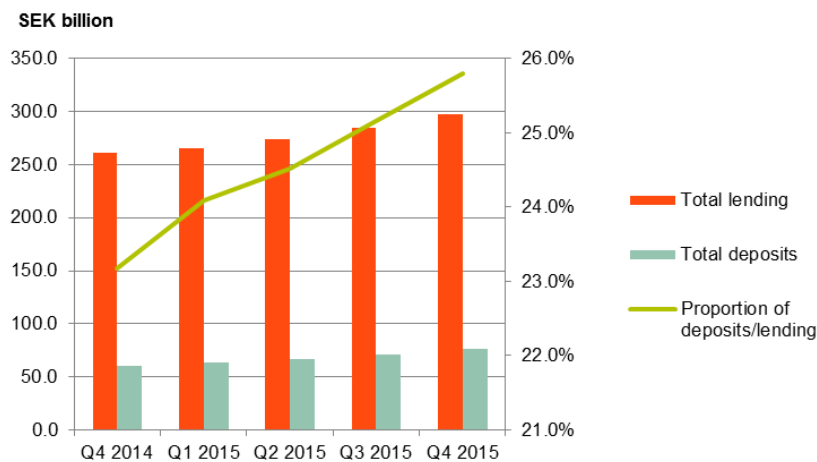
The market share of residential mortgages to retail customers continued to grow in the fourth quarter and amounted to 7.86% as at 31 December 2015 (7.57 as at 31 August 2015), corresponding to SEK 212,0 billion (198.0). For consumer loans, the market share was 1.00% (0.94 as at 31 August 2015), corresponding to SEK 2.0 billion (2.0).

**Chart showing lending and market shares for residential mortgages, Retail**



The interest-rate on SBAB's savings accounts remains competitive in relation to the company's competitors, and the inflow of deposits remained strong in the final quarter of the year. Retail deposits rose by SEK 2.2 billion (2.7) in the quarter to a total of SEK 56.1 billion (53.9). The market share of retail deposits as at 31 December totalled 3.76% (3.71 as at 31 August 2015). SBAB works actively on diversifying the company's sources of funding through increased retail and corporate deposits.

**Diagram over total deposits in relation to total lending**



## Corporate clients and tenant-owner associations

In the fourth quarter, the property market was characterised by high activity and good access to funding, with continued high transaction volumes and high activity with regard to the new production of housing. The financing of new production of housing is an area of priority for SBAB, and it is also one of the company's central sustainability targets. The market for refinancing and additional credit to tenant-owner associations remained stable

SBAB offers savings and loans to property companies and tenant-owner associations. The number of loan customers amounted to 2,912 (2,961) at the end of the period, in line with SBAB's strategy to grant focused and quality credits.

New lending to property companies and tenant-owner associations increased to SEK 4.1 billion (2.5) in the period. Total lending increased to SEK 83.0 billion (80.4). The tenant-owner association market share was 13.05% as at 31 December 2015 (13.33 as at 31 August 2015), and the corporate client market share was 10.59% (10.13 as at 31 August 2015).

Deposits from corporate clients rose by SEK 3.1 billion (1.5) to a total of SEK 20.6 billion (17.5). The market share within deposits from corporate clients (not financial companies) increased to 2.24% (2.00 as at 31 August 2015).

## Quarterly overview

Group	2015	2015	2015	2015	2014
SEK million	Q4	Q3	Q2	Q1	Q4
Net interest income	647	603	637	555	549
Net commission income	-23	-28	-28	-23	-20
Net result from financial instruments measured at fair value (Note 2)	24	-18	-120	115	126
<b>Total operating income</b>	<b>648</b>	<b>557</b>	<b>489</b>	<b>647</b>	<b>655</b>
Expenses	-235	-176	-204	-194	-223
- of which restructuring costs	-17	0	-2	-1	-3
<b>Profit/loss before loan losses</b>	<b>413</b>	<b>381</b>	<b>285</b>	<b>453</b>	<b>432</b>
Loan losses, net (Note 3)	-11	-3	-23	-3	8
Participations in joint ventures	-	-	-	-	1
<b>Operating profit/loss</b>	<b>402</b>	<b>378</b>	<b>262</b>	<b>450</b>	<b>441</b>
<b>Operating profit excl. net result from financial instruments and restructuring costs</b>	<b>395</b>	<b>396</b>	<b>384</b>	<b>336</b>	<b>318</b>
Tax	-90	-83	-58	-99	-97
<b>Profit/loss for the periods</b>	<b>312</b>	<b>295</b>	<b>204</b>	<b>351</b>	<b>344</b>
Cost/Income ratio	36%	32%	42%	30%	34%
Cost/Income ratio excl. net result from financial instruments and restructuring costs	35%	31%	33%	36%	42%
Return on equity <sup>1)</sup>	10.7%	10.5%	7.3%	12.5%	12.8%
Return on equity excl. net result from financial instruments and restructuring costs <sup>1)</sup>	10.5%	11.1%	10.6%	9.4%	9.3%
Common Equity Tier 1 capital ratio <sup>2)</sup>	28.6%	25.6%	26.8%	27.5%	29.8%

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

<sup>2)</sup> Without taking transitional rules into account.

## Development in the fourth quarter of 2015 compared with the third quarter of 2015

### Operating profit

Operating profit increased to SEK 402 million (378). Excluding net result from financial instruments and restructuring costs, operating profit amounted to SEK 395 million (396). The difference in operating profit between the quarters is primarily attributable to a positive trend in net interest income and net income/expense from financial instruments measured at fair value.

### Net interest and net commission

Net interest income rose to SEK 647 million (603) in the period, chiefly driven by higher lending volumes. The net commission expense was SEK 23 million (28), including a fee of SEK 33 million (32) for the government stability fund.

## Expenses

Expenses increased to SEK 235 million (176). This increase in costs can primarily be explained by higher personnel and restructuring costs and because the comparison period is generally affected by lower costs than other quarters of the year.

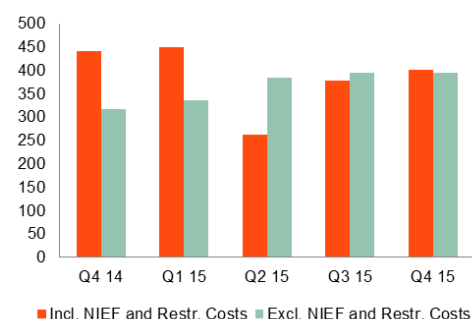
## Loan losses

Net loan losses for reversed reserves and new provisions amounted to SEK 11 million (3). A provision of SEK 20 million was made in the fourth quarter by way of precaution in relation to a number of retail cases where it was discovered that residential mortgages had been granted based on false information. These cases have been reported to the police. No credit losses have been confirmed in any of these cases, and the residential mortgages are secured. For information on credit losses, refer to Note 3.

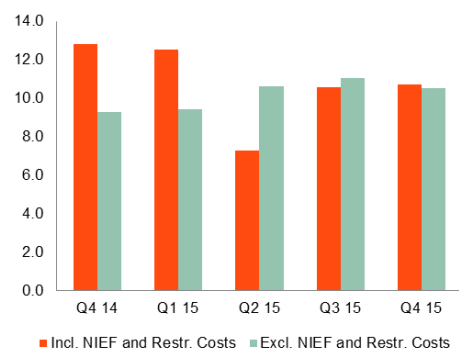
Operating income (SEK million)



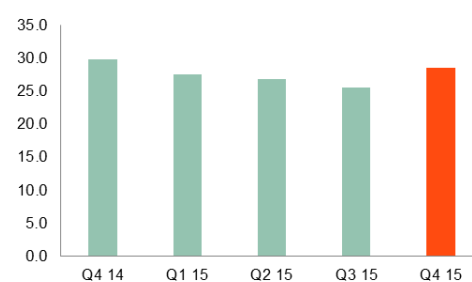
Operating profit (SEK million)



Return on equity (%)



Common Equity Tier 1 capital ratio without transitional regulations (%)



NIEF = Net income/expense from financial items. Restr. Costs = Restructuring costs.

## Net income/expense from financial instruments measured at fair value

The net income from financial instruments measured at fair value was SEK 24 million (expense: 18) for the period. The greatest factor impacting earnings was unrealised market value changes on derivative instruments. For further information regarding how unrealised changes in market values affected profit/loss for the period, please see Note 2.

## Lending and deposits

New lending for the period amounted to SEK 24.1 billion (21.2) and the total lending volume increased to SEK 297.0 billion (284.0). Deposits rose by SEK 5.2 billion (4.3) in the quarter to SEK 76.6 billion (71.5).



## Funding

The total value of covered debt securities in issue was SEK 264.2 billion (264.9). During the quarter, securities amounting to SEK 15.7 billion (26.9) were issued, securities amounting to SEK 1.3 billion (6.7) were repurchased and securities amounting to SEK 12.6 billion (10.3) matured. Alongside revaluations (both up and down) of liabilities due to changes in premiums/discounts and changes in exchange rates for the SEK, this has caused issued securities to decline in value by SEK 0.7 billion in the quarter.

In the fourth quarter, SBAB issued a capital transaction (referred to as a T2 transaction) amounting to SEK 2,450 million in two tranches (with fixed and variable interest-rates). The transaction volume shows that there is plenty of interest among Swedish investors in debt issued in the name of SBAB.

Funding through the issuance of covered bonds takes place in the wholly-owned subsidiary, SCBC. Total outstanding covered debt totalled SEK 187.3 billion (188.6), compared with SEK 175.0 billion at the beginning of the year.

In 2015, the SBAB Group issued SEK 82.4 billion in long-term bonds.

## Capital adequacy

SBAB primarily recognises credit risk pursuant to the internal ratings-based approach (IRB approach) and operational and market risk in accordance with the standardised approach. According to the internal capital target, Common Equity Tier 1 capital ratio, without consideration for transitional rules, shall under normal conditions exceed the internally assessed capital requirement with 1.5% of the risk exposure amount. This corresponds to a Common Equity Tier 1 capital ratio of at least 24.2% in December 2015. The Common Equity Tier 1 capital ratio amounted to 28.6% (29.8). The total capital ratio according to Pillar 1, without consideration for transitional rules, amounted to 49.3% (44.7). This provides a comfortable margin to applicable regulatory requirements. For information concerning other capital ratios, refer to the table on page 14. Profit for the period as at 31 December 2015 is included in own funds while the expected dividend has reduced own funds. In addition to profit for the year, own funds have been affected of new debenture loans, and the capital requirements have primarily been affected by an increased loan volume.

## Liquidity reserve

SBAB's liquidity reserve comprises liquid, interest-bearing securities with a high rating. The market value of the assets in the liquidity reserve amounted to SEK 65.3 billion (63.4). Taking the Riksbank's and the ECB's haircuts into account, the value of the assets was SEK 61.7 billion (60.3).

SBAB measures and stress-tests liquidity risk by calculating the survival horizon, which is an internal ratio used to see for how long SBAB is able to meet its payment obligations without access to capital market funding and net outflows from lending/deposits. This is made 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 survival horizon amounted to 265 (356) days, which the Company considers satisfactory.

The Liquidity Coverage Ratio (LCR) is calculated in accordance with the Swedish Financial Supervisory Authority's regulation regarding requirements for a liquidity coverage ratio and reporting of liquid assets and cash flows. At year-end, LCR was 232% (543) for all currencies combined, which exceeds the minimum requirement of 100%. In SEK, LCR amounted to 144% (281). In accordance with the European Commission's delegated act, all credit institutions shall, effective from 1 October 2015, also, meet a liquidity coverage ratio of at least 60%, according to a new definition of the LCR. According to the new definition, LCR amounted to 251% at the end of December. The Liquidity Coverage Ratio is affected by the quantity of maturities within 30 days.

For further information on the liquidity reserve, the calculation of survival horizon and the Liquidity Coverage Ratio, see Note 9 and the table Liquidity coverage ratio on page 16.



## Other significant information

### Rating

Rating	31/12/2015	31/12/2014
<b>SBAB Bank AB (publ)</b>		
<i>Long-term funding</i>		
-Standard & Poor's	A	A
-Moody's	A2	A2
<i>Short-term funding</i>		
-Standard & Poor's	A-1	A-1
-Moody's	P-1	P-1
<b>SCBC</b>		
<i>Long-term funding</i>		
-Moody's	Aaa	Aaa

### Retail

As a part of SBAB's efforts to increase the focus on its own brand, the residential mortgage partnerships with Bättre Bolån and Plus Bolån were terminated in the fourth quarter. Most of these partnerships will be phased out in 2016. The accrued lending volume and customers will remain with SBAB, but using SBAB's proprietary brand.

### Significant events after the end of the period

In the fourth quarter, SBAB entered into an agreement to acquire Booli Search Technologies AB with subsidiaries ("Booli"), one of Sweden's largest housing sites and search engines for homes. Upon completion on 14 January 2016, Booli became a subsidiary of SBAB and is included operationally in the Retail business area. See Note 11 for further information.

In January 2016, the subsidiary, SCBC, acquired loan receivables from the Parent Company, SBAB, corresponding to a nominal volume of SEK 30 billion. The purpose of the acquisition was to increase the covered pool in SCBC.

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

The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity, and the quality of the 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 shows a stable trend, underpinned by low inflation, low interest-rates and rising stock market and property prices. A housing market with soaring prices and growing household indebtedness among retail customers make the Swedish economy sensitive to changes in interest-rates and housing prices. The risks associated with these factors are expected to increase as long as house prices and indebtedness continue to rise faster than incomes. Extensive regulatory developments in the residential mortgage market are an uncertainty factor.

The Swedish economy is susceptible to global economic developments and conditions in the international financial markets.

For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the 2014 Annual Report.

### Financial calendar

Interim report January–March 2016	29 April 2016
Interim report January–June 2016	29 April 2016
Interim report January–September 2016	19 July 2016
Year-end report 2016	8 February 2017

SBAB's Annual General Meeting will be held on 28 April 2016 in Stockholm.

### Review Report

This report has been reviewed by the company's auditor. The review report is given on page 29.

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The CEO affirms that this interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Solna, 4 February 2016

Klas Danielsson  
CEO

## Contacts

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*The information in this report is such that SBAB Bank AB (publ.) is required to disclose in accordance with the Swedish Financial Instruments Trading Act and the Swedish Securities Market Act, as well as in the guidelines contained in the Swedish Government's ownership policy and the guidelines for companies in which the Government is an owner. The information was submitted for publication on 5 February 2016 at 8.00 a.m. (CET).*

## Income statement

Group SEK million	2015 Q4	2015 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
Interest income	1,161	1,182	1,604	5,123	7,261
Interest expense	-514	-579	-1,055	-2,681	-5,150
<b>Net interest income</b>	<b>647</b>	<b>603</b>	<b>549</b>	<b>2,442</b>	<b>2,111</b>
Commission income	18	10	12	61	47
Commission expense	-41	-38	-32	-163	-157
Net result from financial instruments meas. at fair value (Note 2)	24	-18	126	1	620
Other operating income	0	0	-	0	-
<b>Total operating income</b>	<b>648</b>	<b>557</b>	<b>655</b>	<b>2,341</b>	<b>2,621</b>
Personnel costs	-102	-85	-93	-376	-414
Other expenses	-124	-84	-123	-402	-434
Amortisation and depreciation of fixed assets	-9	-7	-7	-31	-160
<b>Total expenses before loan losses</b>	<b>-235</b>	<b>-176</b>	<b>-223</b>	<b>-809</b>	<b>-1,008</b>
<b>Profit/loss before loan losses</b>	<b>413</b>	<b>381</b>	<b>432</b>	<b>1,532</b>	<b>1,613</b>
Loan losses, net (Note 3)	-11	-3	8	-40	30
Participations in joint ventures	-	-	1	-	1
<b>Operating profit/loss</b>	<b>402</b>	<b>378</b>	<b>441</b>	<b>1,492</b>	<b>1,644</b>
Tax	-90	-83	-97	-330	-388
<b>Profit/loss for the period</b>	<b>312</b>	<b>295</b>	<b>344</b>	<b>1,162</b>	<b>1,256</b>

## Statement of comprehensive income

Group SEK million	2015 Q4	2015 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
<b>Profit/loss for the period</b>	<b>312</b>	<b>295</b>	<b>344</b>	<b>1,162</b>	<b>1,256</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	-	-	-	-	32
Changes related to financial assets available before sale, before tax	38	-23	-5	-7	-5
Changes related to cash flow hedges, before tax	30	220	156	175	128
Tax attributable to components that will be reversed against the income statement	-15	-43	-33	-37	-36
<i>Components that have not or will not be reversed against the income statement</i>					
Revaluation effects of defined benefit pension plans, before tax	72	-	-3	72	-71
Tax attributable to components that will not be reversed against the income statement	-16	-	1	-16	16
<b>Other comprehensive income, net after tax</b>	<b>109</b>	<b>154</b>	<b>116</b>	<b>187</b>	<b>64</b>
<b>Total comprehensive income for the period</b>	<b>421</b>	<b>449</b>	<b>460</b>	<b>1,349</b>	<b>1,320</b>

## Balance sheet

Group SEK million	31/12/2015	31/12/2014
<b>ASSETS</b>		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	14 312	15 557
Lending to credit institutions	3 456	7 437
Lending to the public (Note 4)	296 981	261 445
Change in value of interest-rate-hedged items in portfolio hedges	549	937
Bonds and other interest-bearing securities	49 714	42 335
Derivative instruments (Note 5)	7 192	9 408
Shares and participations	-	253
Deferred tax assets	-	104
Intangible fixed assets	56	52
Tangible fixed assets	20	27
Other assets	1 246	461
Prepaid expenses and accrued income	1 026	969
<b>TOTAL ASSETS</b>	<b>374 552</b>	<b>338 985</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Liabilities to credit institutions	5 111	7 284
Deposits from the public	76 639	60 610
Debt securities in issue	264 205	243 168
Derivative instruments (Note 5)	5 194	7 263
Other liabilities	783	424
Accrued expenses and prepaid income	2 767	3 200
Deferred tax liabilities	47	-
Provisions	15	89
Subordinated debt	7 943	5 946
<b>Total liabilities</b>	<b>362 704</b>	<b>327 984</b>
<b>Equity</b>		
Share capital	1 958	1 958
Other reserves	264	77
Retained earnings	8 464	7 710
Profit/loss for the year	1 162	1 256
<b>Total equity</b>	<b>11 848</b>	<b>11 001</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>374 552</b>	<b>338 985</b>

## Statement of changes in equity

Group SEK million	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2015	1,958	77	8,966		11,001
Dividends paid			-502		-502
Total comprehensive income for the period		187		1,162	1,349
Closing balance, 31 December 2015	1,958	264	8,464	1,162	11,848

In accordance with a resolution by the Annual General Meeting on 22 April 2015, SBAB has paid a dividend to its owner of SEK 502 million (SEK 25,634 per share).

	Share capital	Other reserves	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2014	1,958	13	7,710		9,681
Total comprehensive income for the year		64		1,256	1,320
Closing balance, 31 December 2014	1,958	77	7,710	1,256	11,001

## Cash flow statement

Group SEK million	2015 Jan-Dec	2014 Jan-Dec
Cash and cash equivalents at the beginning of the period	7,422	19,238
Cash flow from operating activities	-5,623	-11,892
Cash flow from investing activities	-28	76
Cash flow from funding activities	1,685	-
<b>Increase/Decrease in cash and cash equivalents</b>	<b>-3,966</b>	<b>-11,816</b>
Cash and cash equivalents at the end of the period	3,456	7,422

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

## Own funds

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013.

Group, SEK million	31 Dec 2015	31 Dec 2014	Amounts subject to pre-regulation or prescribed residual amount*
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Capital instruments and associated share premium reserves	1,958	1,958	N/A
Retained earnings	8,464	7,710	N/A
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses according to applicable accounting standards)	264	76	N/A
Interim profit/loss after deduction of foreseeable costs and dividends, verified by persons in an independent position	697	754	N/A
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>11,383</b>	<b>10,499</b>	N/A
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Additional value adjustments (negative amount)	-67	-70	N/A
Intangible assets (net after deduction for associated tax liabilities) (negative amount)	-46	-43	N/A
Reserves in fair value related to profit or loss on cash flow hedging	-236	-100	N/A
Negative amounts following the calculation of expected loss amounts	-83	-84	N/A
Gains or losses on liabilities valued at fair value that result from changes in the own credit standing of the institution	-25	-2	N/A
<b>Total regulatory adjustments to the Common Equity Tier 1 capital</b>	<b>-457</b>	<b>-300</b>	N/A
<b>Common Equity Tier 1 capital</b>	<b>10,926</b>	<b>10,199</b>	N/A
<b>Additional Tier 1 instruments: instruments</b>			
Capital instruments and associated share premium reserves	1,500	-	N/A
<i>Of which classified as liabilities according to applicable accounting standards</i>	1,500	-	N/A
Amount for qualified items referred to in Article 484(4) and associated share premium reserves included in the phase-out from the additional Tier 1 instruments	994	2,395	N/A
<b>Additional Tier 1 instruments before regulatory adjustments</b>	<b>2,494</b>	<b>2,395</b>	N/A
<b>Additional Tier 1 instruments: Regulatory adjustments</b>			
<b>Total regulatory adjustments of additional Tier 1 instruments</b>	<b>-</b>	<b>-</b>	N/A
<b>Additional Tier 1 instruments</b>	<b>2,494</b>	<b>2,395</b>	N/A
<b>Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + additional Tier 1 instruments)</b>	<b>13,420</b>	<b>12,594</b>	N/A
<b>Tier 2 capital: instruments and allocations</b>			
Capital instruments and associated share premium reserves	5,447	2,599	N/A
Amount for qualified items referred to in Article 484(5) and associated share premium reserves that are phased out from Tier 2 capital	-	114	N/A
<b>Tier 2 capital before regulatory adjustments</b>	<b>5,447</b>	<b>2,713</b>	N/A
<b>Tier 2 capital: regulatory adjustments</b>			
<b>Total regulatory adjustments of Tier 2 capital</b>	<b>-</b>	<b>-</b>	
<b>Tier 2 capital</b>	<b>5,447</b>	<b>2,713</b>	N/A
<b>Total capital (total capital = Tier 1 capital + Tier 2 capital)</b>	<b>18,867</b>	<b>15,307</b>	N/A
<b>Total risk-weighted assets</b>	<b>38,244</b>	<b>34,247</b>	N/A
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	28.6%	29.8%	N/A
Tier 1 (as a percentage of total risk exposure amount)	35.1%	36.8%	N/A
Total capital (as a percentage of total risk exposure amount)	49.3%	44.7%	N/A
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	8.0%	7.0%	N/A
<i>of which: capital conservation buffer requirement</i>	2.5%	2.5%	N/A
<i>of which: countercyclical buffer requirement</i>	1.0%	-	N/A
<i>of which: systemic risk buffer requirement</i>	-	-	N/A
<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	-	-	N/A
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	24.1%	25.3%	N/A
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	2,096	2,395	N/A
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	599	N/A
Current cap on T2 instruments subject to phase-out arrangements	910	1,040	N/A

\* Amounts that are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013

## Capital requirements

Group	31 Dec 2015		31 Dec 2014	
	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount
<b>SEK million</b>				
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	864	10,795	558	6,975
Retail exposures	1,128	14,103	1,028	12,851
- of which exposures to SME	130	1,628	139	1,737
- of which retail exposures secured by immovable property	998	12,475	889	11,114
<b>Total exposures in accordance with IRB approach</b>	<b>1,992</b>	<b>24,898</b>	<b>1,586</b>	<b>19,826</b>
<b>Credit risk reported in accordance with standardised approach</b>				
Exposures to governments and central banks	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions*	122	1,526	111	1,388
- of which, derivatives according to CRR, Appendix 2	120	1,505	103	1,291
- of which, repos	1	14	7	85
Exposures to corporates	1	15	146	1,829
Retail exposures	168	2,106	143	1,783
Exposures in default	1	7	1	10
Exposures in the form of covered bonds	237	2,957	59	744
Exposures to institutions and corporates with a short-term credit assessment	1	15	7	86
Exposures to CIU:s	-	-	20	253
Other items	58	730	86	1,070
<b>Total exposures in accordance with standardised approach</b>	<b>588</b>	<b>7,356</b>	<b>573</b>	<b>7,163</b>
<b>Market risk</b>	<b>149</b>	<b>1,856</b>	<b>337</b>	<b>4,210</b>
- of which, position risk	105	1,314	279	3,491
- of which, currency risk	44	542	58	719
<b>Operational risk</b>	<b>239</b>	<b>2,989</b>	<b>164</b>	<b>2,047</b>
<b>Credit valuation adjustment risk</b>	<b>92</b>	<b>1,145</b>	<b>80</b>	<b>1,001</b>
<b>Total capital requirements and risk exposure amount</b>	<b>3,060</b>	<b>38,244</b>	<b>2,740</b>	<b>34,247</b>
<b>Capital requirements for capital conservation buffer</b>	<b>956</b>		<b>856</b>	
<b>Capital requirements for countercyclical buffer</b>	<b>379</b>		-	
<b>Total capital requirements</b>	<b>4,395</b>		<b>3,596</b>	

\* The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 1,519 million (1,376).

## Capital adequacy

Group	31 Dec 2015	31 Dec 2014
<b>SEK million</b>		
Common Equity Tier 1 capital	10,926	10,199
Tier 1 capital	13,420	12,594
Total own funds	18,867	15,307
<b>Without transition rules</b>		
Risk exposure amount	38,244	34,247
Common Equity Tier 1 capital ratio	28.6%	29.8%
Excess* Common Equity Tier 1 capital	9,205	8,658
Tier 1 capital ratio	35.1%	36.8%
Excess* Tier 1 capital	11,125	10,539
Total capital ratio	49.3%	44.7%
Excess* total capital	15,807	12,567
<b>With transition rules</b>		
Own funds	18,950	15,392
Risk exposure amount	165,830	142,975
Total capital ratio	11.4%	10.8%

\* Surplus of capital has been calculated based on the minimum capital requirements (without buffer requirements)



## Internally assessed capital requirements

The internal capital adequacy assessment is to ensure that SBAB has sufficient capital to deal with any financial problems that arise. The internally assessed capital requirement amounted to SEK 12,565 million (9,881) for the Group 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 reflects the internal capital requirement for the consolidated situation, with and without consideration for the Swedish Financial Supervisory Authority's supervisory practices with regard to the risk weight floor for Swedish residential mortgages.

			Excl. Risk weight floor	Incl. Risk weight floor
			Internally assessed capital requirement	Internally assessed capital requirement
		Pillar 1		
<b>Pillar 1</b>	Credit risk & CVA-risk	2,672	2,672	2,672
	Market risk	149	149	149
	Operational risk	239	239	239
<b>Pillar 2</b>	Credit risk*		1,101	0
	Market risk		1,006	1,006
	Operational risk		111	111
	Risk weight floor		0	6,175
	Concentration risk		562	562
	Sovereign risk		67	67
	Pension risk		21	21
Income volatility		228	228	
<b>Buffers</b>	Capital conservation buffer	956	956	956
	Capital planning buffer**	0	1,414	-
	Countercyclical buffer	379	379	379
<b>Total</b>		<b>4,395</b>	<b>8,905</b>	<b>12,565</b>

\* In internal capital requirement without consideration for the risk weight floor, additional credit risks in Pillar 2 consists of SBAB's estimated capital requirement in economic capital. As the additional capital requirement for the risk weight floor is larger than the additional capital requirement according to economic capital, only the risk weight floor is included in internal capital requirement with consideration for the risk weight floor.

\*\* The higher of the stress test buffer and capital planning buffer are included in internal capital requirements. With consideration for the risk weight floor, the stress test buffer is calculated without consideration for risk migration in the residential mortgage portfolios, so the required buffer is smaller.

## Liquidity coverage ratio

The Liquidity Coverage Ratio calculates the degree to which a bank's assets cover its net cash flow for the coming 30 days in a stress scenario. Net cash flows comprise contractual in- and outflows and the theoretical flows based on historical data, for example, withdrawals of the bank's deposits. The weightings of the theoretical flows are fixed and are determined by supervisory authorities.

SEK Million	Total	EUR	USD
<b>Liquidity Coverage Ratio %</b>	<b>232%</b>	<b>1544051%</b>	<b>233%</b>
<b>Liquid assets</b>	<b>59,285</b>	<b>12,213</b>	<b>3,723</b>
Assets with 100% weight	26,779	7,715	2,493
Assets with 85% weight	32,507	4,498	1,230
<b>Cash Outflows</b>	<b>21,508</b>	<b>3</b>	<b>4,265</b>
Retail Deposits	11,285	0	0
Market Funding	7,581	0	4,264
Other cash outflows	2,642	3	1
<b>Cash Inflows</b>	<b>2,273</b>	<b>1,587</b>	<b>2,665</b>
Inflow from retail lending	1,821	0	0
Other cash inflows	452	1587	2665

Liquidity Coverage Ratio = liquid assets/(cash outflow-cash inflow). The Liquidity Coverage Ratio is recognised according to the definitions and weights in FFFS 2012:6. The calculation takes into consideration that assets with 85% weight must not constitute more than 40% of the reserve, and that inflows must not exceed 75% of the outflow in each column.

## Notes

### Note 1 Accounting policies

The SBAB Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the Swedish Financial Supervisory Authority's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25), the Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups have been taken into consideration. The Group's interim report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

For the Parent Company, statutory IFRS is applied, which means that 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 Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

The accounting policies and calculation methods are unchanged in comparison with the 2014 Annual Report.

According to SBAB's preliminary assessment, new or changed international accounting standards that have been published but not yet applied will have a limited effect on the financial reports. As regards to IFRS 9, the application of which will become mandatory from 1 January 2018, there is an ongoing preliminary study intended to identify how the new rules will affect SBAB.

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

Group SEK million	2015 Q4	2015 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
Gains/losses on interest-bearing financial instruments					
- Securities measured at fair value through the income statement	-148	8	205	-411	1,401
- Change in value of hedged items in hedge accounting	709	-4	-433	1,505	-1,581
- Realised expense from financial liabilities	-9	-44	-58	-113	-122
- Derivative instruments	-557	-9	380	-1,099	807
- Loan receivables	30	30	27	113	89
Currency translation effects	-1	1	2	-2	-2
Gains/losses on shares and participations measured at fair value through the income statement	-	-	3	8	28
<b>Total</b>	<b>24</b>	<b>-18</b>	<b>126</b>	<b>1</b>	<b>620</b>

#### Fair value recognition

The currency and interest-rate risk inherent in funding conducted in foreign currency is generally hedged throughout the maturity of the funding through currency interest-rate derivatives, known as basis swaps. According to IFRS, all derivative instruments are to be recognised at fair value (market value). Major variations in the actual market value between reporting periods could result in significant changes in the carrying amount and hence also in capital adequacy. However, changes in the form of losses/gains remain unrealised as long as the basis swap is not closed prematurely. In cases where the derivative is held to maturity, earnings are not affected by the accumulated changes since the market value of each derivative contract starts and ends at zero. Most of SBAB's basis swaps are held to maturity.

An accounting effect also arises in SBAB's securities holding, since the accounting policies that SBAB applies entail that part of the securities assets are measured at fair value (market value), while a large portion of SBAB's liabilities are measured at amortised cost. Also in the case of securities assets, the market value will be recovered during the remaining maturity if the asset is held to maturity. Most of SBAB's securities are held to maturity.

### Note 3 Loan losses, net

Group	2015	2015	2014	2015	2014
SEK million	Q4	Q3	Q4	Jan-Dec	Jan-Dec
<b>CORPORATE MARKET</b>					
<b>INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS</b>					
Write-off of confirmed loan losses for the period	-	-	-	-1	-0
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	-	-	-
Provision for probable loan losses for the period	-0	-0	-0	-22	-0
Recoveries in respect of confirmed loan losses in prior years	0	-	-	0	0
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	7
Guarantees	-	-	-	-	-
<b>Net income/cost for the period for individual provisions for corporate market loans</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-23</b>	<b>7</b>
<b>COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS</b>					
Allocations to/redemption of collective provisions	5	-0	-0	7	8
Guarantees	-0	-0	2	-2	0
<b>Net income/cost for the period for collective provisions for corporate market loans</b>	<b>5</b>	<b>-0</b>	<b>2</b>	<b>5</b>	<b>8</b>
<b>RETAIL MARKET</b>					
<b>INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS</b>					
Write-off of confirmed loan losses for the period	-1	-1	-2	-3	-7
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	-	-	5
Provision for probable loan losses for the period	-20	-1	-1	-24	-4
Reversal of prior year provisions for probable loan losses no longer required	1	0	3	1	4
Guarantees	-	-	-	-	-
<b>Net income/cost for the period for individual provisions for retail market loans</b>	<b>-20</b>	<b>-2</b>	<b>-0</b>	<b>-26</b>	<b>-2</b>
<b>COLLECTIVE PROVISION FOR RETAIL MARKET LOANS</b>					
Write-off of confirmed loan losses for the period	-4	-3	-5	-12	-22
Recoveries in respect of confirmed loan losses in prior years	0	1	0	2	12
Allocation to/redemption of collective provisions	10	4	10	26	31
Guarantees	-2	-3	1	-12	-4
<b>Net income/cost for the period for collective provisions for retail market loans</b>	<b>4</b>	<b>-1</b>	<b>6</b>	<b>4</b>	<b>17</b>
<b>NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES</b>	<b>-11</b>	<b>-3</b>	<b>8</b>	<b>-40</b>	<b>30</b>

Both write-offs of confirmed loan losses and reversals of write-offs for the period in accordance with the specification above pertain to receivables from the public.

### Note 4 Lending to the public

Group	31/12/2015		31/12/2014	
	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	115,832	-98	107,425	-124
Tenant-owner rights	96,283	-85	74,307	-70
Tenant-owner associations	52,390	-34	52,704	-15
Private multi-family dwellings	25,882	-20	21,232	-25
Municipal multi-family dwellings	470	-	606	-
Commercial properties	4,313	-	3,693	-
Other	2,064	-16	1,720	-8
Provision for probable loan losses	-253	-	-242	-
<b>Total</b>	<b>296,981</b>	<b>-253</b>	<b>261,445</b>	<b>-242</b>

	31/12/2015	31/12/2014
<b>Doubtful and non-performing loan receivables</b>		
a) Doubtful loan receivables	170	48
b) Non-performing loan receivables* included in doubtful loan receivables	3	2
c) Non-performing loan receivables* not included in doubtful loan receivables	170	322
d) Individual provisions for loan receivables	81	36
e) Collective provisions for corporate market loans	11	19
f) Collective provisions for retail market loans	161	187
g) Total provisions (d+e+f)	253	242
h) Doubtful loan receivables after individual provisions (a-d)	89	12
i) Provision ratio for individual provisions (d/a)	48%	75%

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

In certain partnerships on the lending side, the partner may be able to acquire brokered loans.

Loan portfolio	31/12/2015	31/12/2014
<b>SEK million</b>		
Retail lending	213,980	183,250
- new lending	66,750	40,457
Corporate lending (incl. tenant-owner assn.)	83,001	78,195
- new lending	13,720	7,840
<b>Total</b>	<b>296,981</b>	<b>261,445</b>
- new lending	80,470	48,297

## Note 5 Derivative instruments

Group SEK million	31/12/2015		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	4,482	2,201	231,862
Currency related	2,710	2,993	90,184
<b>Total</b>	<b>7,192</b>	<b>5,194</b>	<b>322,046</b>

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

## Note 6 Operating segments

Segment income statement Group SEK million	Jan-Dec 2015 Corp./					Jan-Dec 2014 Corp./				
	Retail market	Collab. market	Tenant- owner	Other	Total*	Retail market	Collab. market	Tenant- owner	Other	Total*
Income <sup>1)</sup>	1,201	592	519	28	2,340	948	455	583	15	2,001
Net result from financial instru- ments measured at fair value	-	-	-	1	1	-	-	-	620	620
<b>Total operating income</b>	<b>1,201</b>	<b>592</b>	<b>519</b>	<b>29</b>	<b>2,341</b>	<b>948</b>	<b>455</b>	<b>583</b>	<b>635</b>	<b>2,621</b>
Expenses <sup>2)</sup>	-489	-133	-167	-20	-809	-507	-131	-193	-177	-1,008
Loan losses, net	-3	-20	-17	-	-40	7	5	18	-	30
Participations in joint ventures	-	-	-	-	-	-	1	-	-	1
<b>Profit/loss before tax</b>	<b>709</b>	<b>439</b>	<b>335</b>	<b>9</b>	<b>1,492</b>	<b>448</b>	<b>330</b>	<b>408</b>	<b>458</b>	<b>1,644</b>
Standardised tax (22%)	-156	-96	-74	-2	-328	-99	-72	-90	-101	-362
<b>Profit/loss after tax (ROE segment)</b>	<b>553</b>	<b>343</b>	<b>261</b>	<b>7</b>	<b>1,164</b>	<b>349</b>	<b>258</b>	<b>318</b>	<b>357</b>	<b>1,282</b>
Adjustment for actual tax	-1	-1	0	0	-2	-7	-5	-7	-7	-26
<b>Profit/loss after tax</b>	<b>552</b>	<b>342</b>	<b>261</b>	<b>7</b>	<b>1,162</b>	<b>342</b>	<b>253</b>	<b>311</b>	<b>350</b>	<b>1,256</b>
Internally calculated ROE	12.3%	10.3%	7.9%		10.2%	9.3%	9.0%	10.1%		12.7%

1) The distributed income includes net interest income, net commission and other operating income.

2) The distributed income includes personnel costs, other expenses and depreciation of property, plant and equipment and amortisation of intangible fixed assets.

\*The total agrees with the external income statement.

## Note 7 Classification of financial instruments

31/12/2015							
Group	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Available-for-sale financial assets	Loan receivables	Investments held to maturity	Total	Total fair value
Financial assets							
SEK million							
Cash and balances at central banks				0		0	0
Chargeable treasury bills and other eligible bills	10,185		4,127			14,312	14,312
Lending to credit institutions				3,456		3,456	3,456
Lending to the public				296,981		296,981	298,353
Change in value of interest-rate-hedged items in portfolio hedges				549		549	-
Bonds and other interest-bearing securities	16,275		24,115		9,324	49,714	49,708
Derivative instruments	351	6,841				7,192	7,192
Other assets				1,246		1,246	1,246
Prepaid expenses and accrued income	255		455	224	92	1,026	1,026
<b>Total</b>	<b>27,066</b>	<b>6,841</b>	<b>28,697</b>	<b>302,456</b>	<b>9,416</b>	<b>374,476</b>	<b>375,293</b>

31/12/2015					
Group	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	Total fair value
Financial liabilities					
SEK million					
Liabilities to credit institutions			5,111	5,111	5,111
Deposits from the public			76,639	76,639	76,639
Debt securities in issue			264,205	264,205	265,160
Derivative instruments	1,782	3,412		5,194	5,194
Other liabilities			783	783	783
Accrued expenses and prepaid income			2,767	2,767	2,767
Subordinated debt			7,943	7,943	7,974
<b>Total</b>	<b>1,782</b>	<b>3,412</b>	<b>357,448</b>	<b>362,642</b>	<b>363,628</b>

### Fair value measurement of financial instruments

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting Policies in the 2014 Annual Report. In the column "Total fair value" above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet. The carrying amount for current receivables and liabilities has been assessed to be equal to the fair value, Level 3. For "Lending to the public", where there are no observable credit margin data at the time of measurement, the credit margin on the most recent stipulated date of expiry is applied, Level 3. Debt securities in issue are measured at the Group's current borrowing rate, Level 2.

**Note 8 Information about fair value**

Group SEK million	31/12/2015			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
<b>Assets</b>				
Securities in the category trade	55,412		-	55,412
Derivatives in the category trade	-	351	-	351
Derivatives in hedge accounting	-	6,841	-	6,841
<b>Total</b>	<b>55,412</b>	<b>7,192</b>	<b>-</b>	<b>62,604</b>
<b>Liabilities</b>				
Derivatives in the category trade	-	1,782	-	1,782
Derivatives in hedge accounting	-	3,412	-	3,412
<b>Total</b>	<b>0</b>	<b>5,194</b>	<b>-</b>	<b>5,194</b>

The principles for the measurement of financial instruments recognised at fair value in the balance sheet are provided in Note 1 Accounting Policies in the 2014 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 methods used. There have been no transfers between the levels in 2015.

**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 data (Level 2)**

Measurement aided by external market information other than quoted prices included in Level 1, such as quoted interest-rates or prices for closely related instruments. This group includes all non-quoted derivative instruments.

**Measurement based in part on unobservable data (Level 3)**

Measurement whereby a material component of the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used on any asset or liability.

## Note 9 Liquidity reserve

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

Liquidity Reserve SEK million	31/12/2015	Distribution by currency			
		SEK	EUR	USD	Other
Cash and balances from central banks *	461	461	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	19,345	10,435	7,715	1,195	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	6,972	5,674	-	1,298	-
Covered bonds issued by others	38,504	31,575	5,292	1,447	190
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	-	-	-	-	-
Other securities	-	-	-	-	-
<b>Total assets</b>	<b>65,282</b>	<b>48,145</b>	<b>13,007</b>	<b>3,940</b>	<b>190</b>
Bank and loan facilities	-	-	-	-	-
<b>Total</b>	<b>65,282</b>	<b>48,145</b>	<b>13,007</b>	<b>3,940</b>	<b>190</b>
Distribution by currency		73.7%	20.0%	6.0%	0.3%

\* Refers to a placement with the Swedish National Debt Office.

### Calculation of survival horizon

SBAB measures and stress-tests liquidity risk, including by calculating the survival horizon. This is made 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. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity reserve can be established.

### Calculation of Liquidity Coverage Ratio

The Liquidity Coverage Ratio calculates the degree to which a bank's assets cover its net cash flow for the coming 30 days in a stress scenario. Net cash flows comprise contractual in- and outflows and the theoretical flows based on historical data, for example, withdrawals of the bank's deposits. The weightings of the theoretical flows are fixed and are determined by supervisory authorities.



## Parent Company

### Parent Company performance in January–December 2015 compared with January–December 2014

The operating loss for the period amounted to SEK 148 million (profit: 560). The change in operating profit/loss is mainly attributable to the lower net income/expense from financial transactions and a reduced net interest income. The net expense from financial transactions was SEK 76 million (income: 300). Expenses totalled SEK 810 million (900). Net loan losses were SEK 51 million (gain: 1). Lending to the public amounted to SEK 81.2 billion (43.9). Without transitional rules, the Common Equity Tier 1 capital ratio amounted to 22.4% (28.4). For the Parent Company, the internally assessed capital requirement amounted to SEK 5,525 million (2,884).

## Income statement

Parent Company SEK million	2015 Q4	2015 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
Interest income	288	316	516	1,419	2,758
Interest expenses	-261	-281	-458	-1,258	-2,423
<b>Net interest income</b>	<b>27</b>	<b>35</b>	<b>58</b>	<b>161</b>	<b>335</b>
Dividends received	-	-	-	-	20
Commission income	22	16	14	82	55
Commission expenses	-20	-18	-9	-79	-73
Net result of financial transactions	-1	-23	0	-76	300
Other operating income	177	132	324	625	822
<b>Total operating income</b>	<b>205</b>	<b>142</b>	<b>387</b>	<b>713</b>	<b>1,459</b>
Personnel costs	-102	-87	-92	-379	-424
Other expenses	-127	-88	-123	-409	-454
Amortisation and depreciation of fixed assets	-7	-5	-5	-22	-22
<b>Total expenses before loan losses</b>	<b>-236</b>	<b>-180</b>	<b>-220</b>	<b>-810</b>	<b>-900</b>
<b>Profit before loan losses</b>	<b>-31</b>	<b>-38</b>	<b>167</b>	<b>-97</b>	<b>559</b>
Loan losses, net	-22	-2	-3	-51	1
<b>Operating profit</b>	<b>-53</b>	<b>-40</b>	<b>164</b>	<b>-148</b>	<b>560</b>
Taxes	11	9	-36	31	-153
<b>Profit for the period</b>	<b>-42</b>	<b>-31</b>	<b>128</b>	<b>-117</b>	<b>407</b>

## Statement of comprehensive income

Parent Company SEK million	2015 Q4	2014 Q3	2014 Q4	2015 Jan-Dec	2014 Jan-Dec
<b>Profit for the period</b>	<b>-42</b>	<b>-31</b>	<b>128</b>	<b>-117</b>	<b>407</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	-	-	-	-	32
Change relating to available-for-sale financial assets, before tax	39	-24	-5	-7	-5
Changes in cash flow hedges, before tax	-1	-2	-	-6	-
Tax attributable to components that have been or will be reversed against the income statement	-9	6	1	3	-8
<b>Other comprehensive income, net after tax</b>	<b>29</b>	<b>-20</b>	<b>-4</b>	<b>-10</b>	<b>19</b>
<b>Total comprehensive income for the period</b>	<b>-13</b>	<b>-51</b>	<b>124</b>	<b>-127</b>	<b>426</b>

## Balance sheet

Parent Company SEK million	31/12/2015	31/12/2014
<b>ASSETS</b>		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	14,312	15,557
Lending to credit institutions (Note 10)	17,162	35,823
Lending to the public	81,207	43,866
Change in value of interest-rate-hedged items in portfolio hedges	5	11
Bonds and other interest-bearing securities	49,714	42,335
Derivative instruments	6,430	7,800
Shares and participations	-	253
Shares and participations in Group companies	10,300	10,300
Deferred tax assets	52	18
Intangible fixed assets	13	13
Tangible fixed assets	20	27
Other assets	554	138
Prepaid expenses and accrued income	904	794
<b>TOTAL ASSETS</b>	<b>180,673</b>	<b>156,935</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Liabilities to credit institutions	2,973	3,250
Deposits from the public	76,639	60,610
Debt securities in issue	76,925	68,182
Derivative instruments	6,778	9,103
Other liabilities	773	407
Accrued expenses and prepaid income	569	735
Subordinated debt	7,943	5,946
<b>Total liabilities</b>	<b>172,600</b>	<b>148,233</b>
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital	1,958	1,958
Statutory reserve	392	392
<b>Total restricted equity</b>	<b>2,350</b>	<b>2,350</b>
<b>Unrestricted equity</b>		
Fair value reserve	-14	-4
Retained earnings	5,854	5,949
Profit for the period	-117	407
<b>Total unrestricted equity</b>	<b>5,723</b>	<b>6,352</b>
<b>Total equity</b>	<b>8,073</b>	<b>8,702</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>180,673</b>	<b>156,935</b>
<b>Memorandum items</b>		
Assets pledged for own liabilities	15	23
Commitments	80,772	79,152

## Own funds

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013

Parent Company, SEK million	31 Dec 2015	31 Dec 2014	Amounts subject to pre-regulation or prescribed residual amount*
<b>Common Equity Tier 1 capital: instruments and reserves</b>			
Capital instruments and associated share premium reserves	1,958	1,958	N/A
Retained earnings	5,781	6,246	N/A
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses according to applicable accounting standards)	-14	-4	N/A
Interim profit/loss after deduction of foreseeable costs and dividends, verified by persons in an independent position	-117	0	N/A
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>7,608</b>	<b>8,200</b>	N/A
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
Additional value adjustments (negative amount)	-68	-70	N/A
Intangible assets (net after deduction for associated tax liabilities) (negative amount)	-13	-13	N/A
Reserves in fair value related to profit or loss on cash flow hedging	5	-	N/A
Negative amounts following the calculation of expected loss amounts	-49	-49	N/A
Gains or losses on liabilities valued at fair value that result from changes in the own credit standing of the institution	-24	-2	N/A
<b>Total regulatory adjustments to the Common Equity Tier 1 capital</b>	<b>-149</b>	<b>-134</b>	N/A
<b>Common Equity Tier 1 capital</b>	<b>7,459</b>	<b>8,066</b>	N/A
<b>Additional Tier 1 instruments: instruments</b>			
Capital instruments and associated share premium reserves	1,500	-	N/A
<i>Of which classified as liabilities according to applicable accounting standards</i>	1,500	-	N/A
Amount for qualified items referred to in Article 484(4) and associated share premium reserves included in the phase-out from the additional Tier 1 instruments	994	2,395	N/A
<b>Additional Tier 1 instruments before regulatory adjustments</b>	<b>2,494</b>	<b>2,395</b>	N/A
<b>Additional Tier 1 instruments: Regulatory adjustments</b>			
<b>Total regulatory adjustments of additional Tier 1 instruments</b>	-	-	N/A
<b>Additional Tier 1 instruments</b>	<b>2,494</b>	<b>2,395</b>	N/A
<b>Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + additional Tier 1 instruments)</b>	<b>9,953</b>	<b>10,461</b>	N/A
<b>Tier 2 capital: instruments and allocations</b>			
Capital instruments and associated share premium reserves	5,447	2,599	N/A
Amount for qualified items referred to in Article 484(5) and associated share premium reserves that are phased out from Tier 2 capital	-	114	N/A
<b>Tier 2 capital before regulatory adjustments</b>	<b>5,447</b>	<b>2,713</b>	N/A
<b>Tier 2 capital: regulatory adjustments</b>			
<b>Total regulatory adjustments of Tier 2 capital</b>	-	-	N/A
<b>Tier 2 capital</b>	<b>5,447</b>	<b>2,713</b>	N/A
<b>Total capital (total capital = Tier 1 capital + Tier 2 capital)</b>	<b>15,400</b>	<b>13,174</b>	N/A
<b>Total risk-weighted assets</b>	<b>33,295</b>	<b>28,363</b>	N/A
<b>Capital ratios and buffers</b>			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	22.4%	28.4%	N/A
Tier 1 (as a percentage of total risk exposure amount)	29.9%	36.9%	N/A
Total capital (as a percentage of total risk exposure amount)	46.3%	46.4%	N/A
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	8.0%	7.0%	N/A
<i>of which: capital conservation buffer requirement</i>	2.5%	2.5%	N/A
<i>of which: countercyclical buffer requirement</i>	1.0%	-	N/A
<i>of which: systemic risk buffer requirement</i>	-	-	N/A
<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	-	-	N/A
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	17.9%	23.9%	N/A
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	2,096	2,395	N/A
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	599	N/A
Current cap on T2 instruments subject to phase-out arrangements	910	1,040	N/A

\* Amounts that are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013

## Capital requirements

Parent company, SEK million	31 Dec 2015		31 Dec 2014	
	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount
<b>Credit risk recognised in accordance with IRB approach</b>				
Exposures to corporates	484	6,052	188	2,341
Retail exposures	500	6,247	343	4,292
- of which exposures to SME	52	648	35	436
- of which retail exposures secured by immovable property	448	5,599	308	3,856
<b>Total exposures in accordance with IRB approach</b>	<b>984</b>	<b>12,299</b>	<b>531</b>	<b>6,633</b>
<b>Credit risk reported in accordance with standardised approach</b>				
Exposures to governments and central banks	10	129	0	0
Exposures to regional governments or local authorities	0	0	0	0
Exposures to institutions*	95	1,190	74	925
- of which, derivatives according to CRR, Appendix 2	95	1,186	71	886
- of which, repos	-	-	2	31
Exposures to corporates	1	15	145	1,817
Retail exposures	168	2,106	142	1,770
Exposures in default	1	7	1	10
Exposures in the form of covered bonds	237	2,957	59	744
Exposures to institutions and corporates with a short-term credit assessment	2	19	7	84
Exposures to CIU:s	-	-	20	254
Equity exposures	824	10,300	824	10,300
Other items	8	105	7	90
<b>Total exposures in accordance with standardised approach</b>	<b>1,346</b>	<b>16,828</b>	<b>1,279</b>	<b>15,994</b>
<b>Market risk</b>	<b>120</b>	<b>1,498</b>	<b>299</b>	<b>3,733</b>
- of which, position risk	105	1,314	279	3,491
- of which, currency risk	15	184	20	242
<b>Operational risk</b>	<b>137</b>	<b>1,709</b>	<b>112</b>	<b>1,402</b>
<b>Credit valuation adjustment risk</b>	<b>77</b>	<b>961</b>	<b>48</b>	<b>601</b>
<b>Total capital requirements and risk exposure amount</b>	<b>2,664</b>	<b>33,295</b>	<b>2,269</b>	<b>28,363</b>
<b>Capital requirements for capital conservation buffer</b>	<b>832</b>		<b>709</b>	
<b>Capital requirements for countercyclical buffer</b>	<b>330</b>		-	
<b>Total capital requirements</b>	<b>3,826</b>		<b>2,978</b>	

\*The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 1,186 million (917).

## Capital adequacy

Parent company SEK million	31 Dec 2015	31 Dec 2014
Common Equity Tier 1 capital	7,459	8,066
Tier 1 capital	9,953	10,461
Total own funds	15,400	13,174
<b>Without transition rules</b>		
Risk exposure amount	33,295	28,363
Common Equity Tier 1 capital ratio	22.4%	28.4%
Excess* Common Equity Tier 1 capital	5,961	6,790
Tier 1 capital ratio	29.9%	36.9%
Excess* Tier 1 capital	7,955	8,760
Total capital ratio	46.3%	46.4%
Excess* total capital	12,737	10,905
<b>With transition rules</b>		
Own funds	15,449	13,223
Risk exposure amount	50,414	29,938
Total capital ratio	30.6%	44.2%

\* Surplus of capital has been calculated based on the minimum capital requirements (without buffer requirements)

### Note 10 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 14,920 million relates to a receivable from the wholly-owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 31,181 million at the end of 2014. 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.

## Note 11 Acquisition of Booli Search Technologies AB

In December 2015, SBAB agreed to acquire 71% of the shares in Booli Search Technologies AB with affiliates (Booli). The closing of the transaction occurred on 14th of January 2016, which is the date on which control was obtained. Put and call options have been issued for the remaining shares and warrants. Considering the content of the agreement and SBAB's intention to utilise the options, the acquisition of Booli is recognised in its entirety already at completion.

Booli develops products and services focusing on the housing market. The company's services consist for example of booli.se which is one of Sweden's largest search services with approximately 270,000 unique users per week. SBAB consider the acquisition important in order to strengthen the company's competitiveness, its position on the mortgage market and its customer offer. Booli Search Technologies will become a subsidiary to SBAB and will be a part of the business area retail. Booli will operate as a separate business unit under the Booli trademark.

*Acquired net assets at the time of acquisition:*

	Fair value recognized on acquisition
Property, plant and equipment	19,167
Trade receivables	2,698,672
Cash and cash equivalents	7,030,153
Trade payables	-3,300,791
<b>Identified net assets</b>	<b>6,447,201</b>
Goodwill and intangible assets	79,771,518
<b>Purchase consideration transferred</b>	<b>86,218,719</b>

*The consideration consist of:*

Cash	58,874,350
Liability to owners of the remaining shares and warrants	27,344,369

The prepared acquisition calculation is preliminary and is estimated to be completed in 2016. In connection with the acquisition, intellectual property rights have been identified, primarily consisting of brand/domain names and software/database. A goodwill item arose in connection with the acquisition, attributable to synergies. The fair value of each intangible asset has not yet been determined. The allocation between intangible assets and goodwill has therefore not been determined either.

Transaction costs related to the acquisition have been recognised as an expense in the income statement, under Other expenses.

*The acquisition had the following impact on the cash flow of the Group:*

Consideration	58,874,350
Settled:	
Cash and cash equivalents (acquired)	7,030,153
<b>Net cash flow on acquisition</b>	<b>51,844,197</b>

## Review Report

To the Board of Directors of SBAB Bank AB (publ) Corp. ID No. 556253-7513

### Introduction

We have reviewed the interim financial information (the interim report) for SBAB Bank AB (publ) as of 31 December 2015 and for the twelve-month period that ended on this date. The Board of Directors and the CEO are responsible for the preparation and fair presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

### The direction and extent of the review

We have performed this review in accordance with the International Standard on Review Engagements ISRE 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 differs from an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practices as it has another direction and is substantially more limited in scope. The measures undertaken in a review do not afford us the certainty of knowing that we are aware of all significant matters that might otherwise have been identified in an audit. Therefore, the conclusion expressed here, which is based on a review, does not provide the same level of assurance as a conclusion expressed based on an audit would.

### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Companies for the group and in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies for the parent company.

Stockholm, 4 February 2016

KPMG AB

Anders Tagde  
Authorised Public Accountant