



Press release 19 July 2017

Interim Report January–June 2017

SBAB's Interim Report January–June 2017 is now available for download on www.sbab.se/IR.

Q2 2017 (Q1 2017)

- Total lending: SEK 315.6 billion (305.1)
- Total deposits: SEK 102.7 billion (100.0)
- Operating profit: SEK 539 million (549)
- Net interest income: SEK 777 million (779)
- Expenses: SEK 244 million (232)
- C/I ratio: 31.2 % (29.9)
- Net loan losses: SEK 1 million (recovery: 6)
- Return on equity: 12.4% (12.6)
- Common Equity Tier 1 (CET1) capital ratio: 31.4 % (29.9)

January–June 2017 (January–June 2016)

- Total lending: SEK 315.6 billion (302.7)
- Total deposits: SEK 102.7 billion (88.0)
- Operating profit: SEK 1,088 million (929)
- Net interest income: SEK 1,556 million (1,322)
- Expenses: SEK 476 million (436)
- C/I ratio: 30.6 % (32.0)
- Net loan losses: recovery of SEK 5 million (0)
- Return on equity: 12.7% (11.6)
- Common Equity Tier 1 (CET1) capital ratio: 31.4% (28.4)

CEO statement from Klas Danielsson:

I can confirm that SBAB is continuing to strengthen its position and long-term competitiveness.

We work, in line with our mission of helping to improve housing and household finances, toward our vision of offering the best residential mortgages in Sweden. The first quarter's positive operational trend continued in the second quarter with strong customer and volume growth, a favourable earnings trend and raised brand awareness. The customer and volume growth is strong due to our leading mortgage offering with favourable terms, simplicity, transparency and high availability. In the second quarter, contrary to our competitors' actions, we lowered the three-month mortgage interest rate by 0.10 percentage points. Our mortgage offering in combination with our strong brand and high reputation resulted in an extremely strong customer inflow and volume growth for both lending and deposits. The earnings trend was favourable due to increased volumes, healthy margins and cost-efficiency. SBAB's share of net growth in the residential mortgage market totalled approximately 18% for the first five months, compared with our total market share of 7.52% at 31 May. We are also



delighted to have increased our market share of financing of new housing production in 2017, and that we are thereby helping to boost housing starts and reduce the housing shortage in Sweden.

Responsible credit granting

High credit quality is part and parcel of responsible credit granting. We have succeeded in combining high credit quality with high growth. This was confirmed by the Swedish FSA's most recent annual mortgage market survey, which found that SBAB's credit quality had made good progress and, in certain cases, was leading in terms of various ratios that illustrate the trend for different lending risks. In some areas we clearly posted the strongest progress in the sector. Over the last few years, we have consistently strengthened credit quality in new lending in terms of customers' loan-to-value (LTV) ratios and level of debt. The decisive factors behind our strengthened credit quality were internal changes in credit rules as a consequence of rising risk in our operating environment from increased indebtedness and rising housing prices. New regulations such as mandatory repayment requirements have also impacted developments.

Responsible credit granting is more than high credit quality. Responsible credit granting is also working in line with our mission and utilising our role as a credit provider to help improve housing quality and household finances in Sweden. However, escalating micro-regulation of credit granting is making it increasingly difficult for us to discharge our role and work in line with our mission. Different parts of the recently introduced Mortgage Credit Directive, the new mandatory repayment requirement introduced last year and the new rules on borrowing ceilings and raised repayment requirements that are likely next year, are examples of regulations that micro-manage customers' personal finances through sweeping brush strokes that allow little scope for exceptions or adaptations in the customer's best interest. As a consequence, various customers and customer groups are being locked out of the housing market, while others are being locked in, as a housing market is created in which people with existing homes and mortgages are afraid of moving, or are unable to move, due to the risk of being covered by the new rules with their associated negative impact on personal finances. This extensive, complex and impenetrable regulatory trend is becoming increasingly concerning and has already started to have a clear impact on our prerequisites for providing responsible credit granting. The regulatory trend also risks moving precipitously with the introduction of new rules before the most recently implemented rules have had time to impact and be analysed. A regulatory game of dominos could have undesirable consequences for the housing market.

Our brand and customer offering

SBAB's brand is strong and well-known. Our brand is highly respected and stands for safety and trust. Our brand also has one of the highest levels of brand awareness in the residential mortgage market. We work to continue strengthening our reputation and position, and to make clear that SBAB is also a challenger that stands for innovation, change and development in our area — housing quality and household finances. We will do our best to make household finances fun, because then, I believe, more people will take an interest in household finances and choose to switch mortgage providers. On November 15, we are putting on the show "Making household finances fun!" at Globen in Stockholm. Follow the entertaining journey as the show evolves by watching our films on www.sbab.se, which have already had more than one million viewings.



At www.booli.se, we offer various housing and housing-related services. In the third quarter, we will launch new housing and household finances services to our residential mortgage customers on www.sbab.se.

Have a great summer.

Klas Danielsson
CEO of SBAB

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