

Interim report

1 January – 30 June 2012

SBAB Bank AB (publ)

“Market leading in new deposits.

Carl-Viggo Östlund, CEO

The interim period January-June 2012 compared with January-June 2011

- Net interest income amounted to SEK 951 million (782).
- Net expense from financial instruments measured at fair value amounted to SEK 481 million (expense: 544).
- Expenses totalled SEK 376 million (335).
- The net effect of loan losses was a negative SEK 5 million (pos: 19).
- Operating profit totalled SEK 40 million (loss: 130).
- New lending amounted to SEK 16.7 billion (14.1) and deposits increased to SEK 18.3 billion (8.8).
- The core Tier 1 capital ratio amounted to 15.6 percent (15.0) without taking the transitional regulations into account and 6.6 percent (6.7) taking the transitional regulations into account.
- During the first five months of the year, SBAB Bank had a market share of new deposits from retail customers of 36 percent.

The second quarter of 2012 compared with the first quarter of 2012

- Net interest income amounted to SEK 522 million (429).
- Net expense from financial instruments measured at fair value amounted to SEK 91 million (expense: 390).
- Expenses totalled SEK 175 million (201).
- The net effect of loan losses was a negative SEK 11 million (pos: 6).
- Operating profit SEK 220 million (loss: 180).
- New lending amounted to SEK 8.5 billion (8.2) and deposits increased to SEK 18.3 billion (12.8).

Summary SBAB Bank Group ¹⁾	2012 Jan-June	2011 Jan-June	Change, %	2012 Q2	2012 Q1	Change, %	2011 Q2	Change, %	2011 Jan-Dec
Income statement items									
Net interest income, SEK million	951	782	22	522	429	22	377	38	1,618
Total operating income, SEK million	421	186	126	406	15	2 607	181	124	1,179
Expenses, SEK million	-376	-335	12	-175	-201	13	-179	2	-707
Loan losses, net, SEK million	-5	19	n.a	-11	6	n.a	32	n.a	-8
Operating profit, excl. net result of financial instruments, SEK million	521	414	26	311	210	48	206	51	813
Operating profit/loss, SEK million	40	-130	n.a	220	-180	n.a	34	547	464
Balance sheet items									
Lending ²⁾ , SEK billion	254.9	244.4	4	254.9	254.3	0	244.4	4	248.1
Deposits, SEK billion	18.3	6.2	195	18.3	12.8	43	6.2	195	8.8
Key data									
Loan loss rate, % ³⁾	0.00	-0.02		0.02	-0.01		-0.05		0.00
Return on equity, % ⁴⁾	0.7	-2.4		7.8	-6.4		1.3		4.2
Core Tier 1 capital ratio ⁵⁾	15.6	13.4		15.6	14.4		13.4		15.0

¹⁾ SBAB Bank Group, "SBAB Bank".

²⁾ Lending to the public (including corporate customers and tenant-owner associations), "lending".

³⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

⁴⁾ Return on equity calculated on a full-year basis.

⁵⁾ Without taking the transitional regulations into account.

For balance sheet items and information concerning capital adequacy, all comparative figures in parentheses throughout the report refer to the figures at the preceding year-end, except individual quarterly figures, which are compared with the preceding quarter for all amounts. This is a translation of the Swedish interim report.



SBAB Bank reported an improved operating profit for the second quarter compared with the year-earlier period. This was the result of continued stable net interest income trend, lower expenses and the fact that the impact on earnings from the market valuation of financial instruments was not as negative as in the first quarter.



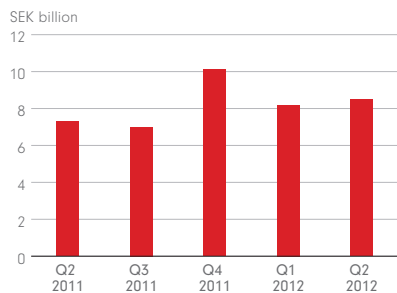
Our deposits through savings accounts are breaking records and, for the first five months of the year, we were the market leader in new deposits from households in Sweden, with a market share of 36 percent. This underscores the strength of our strategy of challenging the major banks by broadening our customer offering with straightforward and competitive products. During the quarter, we launched a new mobile site and will shortly challenge banks by featuring funds and also offer retail loans to customers who do not have a mortgage with us.

SBAB Bank is a bank focused on consumers and to further strengthen our focus, we will gradually reduce and streamline our corporate business to enable a sale of that part of the operation.

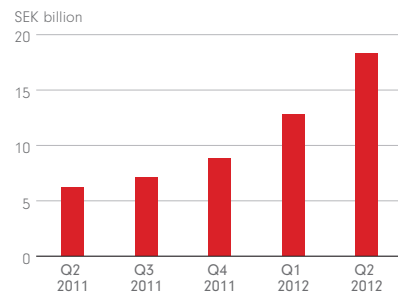
For many people, purchasing a residence is the largest private financial transaction that they will undertake during their lifetime. On our website, we try to facilitate matters for customers by clearly presenting our funding costs and how we determine our prices. SBAB has a history of believing that what is good for our customers is also good for SBAB Bank – which we live by in the continued advancement of SBAB Bank.

Carl-Viggo Östlund
CEO

New lending



Outstanding deposit volume



PERFORMANCE IN JANUARY-JUNE 2012 COMPARED WITH JANUARY-JUNE 2011

Operating results

SBAB Bank reported an operating profit of SEK 40 million (loss: 130) for the first half of 2012. The improvement in profit was mainly attributable to stronger net interest income. Loan losses remained low.

Net interest income and commission expense

SBAB Bank's net interest income for the first half of 2012 amounted to SEK 951 million (782). Net interest income was affected positively by higher average volume and improved earnings in the lending operations. Surplus liquidity resulting from earlier pre-funding was gradually reduced during the period, which also had a positive impact on net interest income.

SBAB Bank reported net commission expense of SEK 51 million (expense: 52), which was charged with a fee of SEK 58 million (55) for the Government stability fund.

Net expense from financial instruments measured at fair value ¹⁾

Net expense from financial instruments measured at fair value amounted to SEK 481 million (expense: 544) for the first half of 2012. The net expense was primarily impacted by unrealised market-value changes on basis swaps, which are used to manage the interest-rate and currency risks that arise in conjunction with foreign funding.

Expenses

SBAB Bank's expenses amounted to SEK 376 million (335), of which personnel costs accounted for SEK 172 million (167). Administration and operating

expenses rose primarily due to a higher level of access to SBAB Bank's products and services by telephone and the Internet. Expenses for ongoing development projects were somewhat higher than in the year-earlier period.

Loan losses

Loan losses remained low. The collective provision rose somewhat during the period, while earlier individual provisions were redeemed. The net effect of loan losses for the first half of the year was a negative SEK 5 million (pos: 19).

Lending

New lending for the period amounted to SEK 16.7 billion (14.1) and total lending increased to SEK 254.9 billion (248.1).

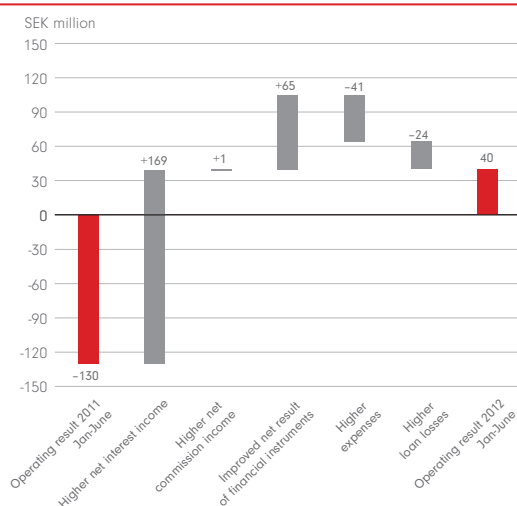
New retail lending amounted to SEK 12.2 billion (9.5) and the lending volume increased to SEK 158.6 billion (151.1).

New lending to corporate customers and tenant-owner associations totalled SEK 4.5 billion (4.6) and the lending volume declined to SEK 96.4 billion (97.0).

Deposits

SBAB Bank's savings accounts, which are characterised by competitive interest rates and straightforward product terms and conditions, continued to attract new customers. The number of deposit customers and opened savings accounts continued to increase. SBAB Bank's deposit volume rose to SEK 18.3 billion (8.8). The sharp increase was attributable to a favourable interest rate and proactive marketing activities.

Change in operating result between the interim period in 2011 and in 2012²⁾



²⁾ The net result of financial instruments includes SEK 2 million in other operating income.

¹⁾ Fair-value recognition of derivatives

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

An accounting effect also arises in SBAB Bank's securities holding since the accounting policies that SBAB Bank applies entail that securities assets are measured at fair value (market value), while large portions of SBAB Bank'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. The majority of SBAB Bank's securities are held to maturity.

Funding

To limit SBAB Bank's liquidity and financing risk, the maturity of the bank's funding was extended during the period through the issuance of covered bonds with longer maturities and by reducing the proportion of short-term debt.

The total value of debt securities in issue declined SEK 19.5 billion during the period to SEK 257.2 billion (276.7).

SBAB Bank repaid and terminated its participation in the Government-guaranteed programme (SEK 11.1 billion) during the period.

Funding through the issuance of covered bonds takes place in SBAB Bank's wholly owned subsidiary The Swedish Covered Bond Corporation (SCBC). Outstanding covered debt totalled SEK 150.0 billion (160.7).

Under the framework of SBAB Bank's EMTN Programme, two private placements targeted to the retail market in Japan (Uridashi bonds) was issued during the period.

SBAB Bank's strong deposit growth during the period entailed lower funding demand than expected. Increased deposit volume resulted in a better balance between the different debit items in the balance sheet and reduced dependence on the various capital markets.

SBAB Bank's long and short-term ratings remained unchanged during the period.

Capital adequacy

SBAB Bank primarily recognises credit risk pursuant to the internal ratings-based approach (IRB approach) and operational and market risk in accordance with the standardised approach.

Taking the transitional regulations into account, SBAB Bank's capital adequacy ratio and Tier 1 capital ratio under Pillar 1 amounted to 10.4 percent (10.7) and 8.8 percent (8.9), respectively, at 30 June 2012. The core Tier 1 capital ratio was 6.6 percent (6.7) and the internally calculated capital requirement amounted to SEK 8,466 million (8,883). For information concerning

Rating	30 June 2012	30 June 2011	31 Dec 2011
SBAB Bank AB (publ)			
<i>Long-term funding</i>			
-Standard & Poor's	A+	A+	A+
-Moody's	A2	A1	A2
<i>Short-term funding</i>			
-Standard & Poor's	A-1	A-1	A-1
-Moody's	P-1	P-1	P-1
SCBC			
<i>Long-term funding</i>			
-Standard & Poor's	AAA	AAA	AAA
-Moody's	Aaa	Aaa	Aaa

capital ratios without taking the transitional regulations into account, refer to the table on page 12.

Liquidity

SBAB Bank's liquidity reserve primarily comprises a securities portfolio. At 30 June 2012, the assets in the securities portfolio amounted to SEK 35.6 billion (48.9), corresponding to 83 days (71) MCO³⁾. Taking the Riksbank's haircuts into account, the value of the assets was SEK 33.9 billion (n.a.).

Part of the securities in the portfolio comprise RMBS (Residential Mortgage-Backed Securities). These securities are backed by underlying property assets in Spain, the Netherlands, the UK, Italy and Australia. Unlike other securities in the liquidity reserve, which are market-valued on a regular basis, RMBS are recognized at the accrued cost. For further information, refer to Note 8 "Reclassified assets."

Pursuant to the Riksbank's recommendations, SBAB Bank publishes its liquidity coverage ratio on a quarterly basis. The liquidity coverage ratio (LCR), as it is known internationally, was introduced by the Basel Committee in December 2010. This measurement 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 a significant share of the bank's deposits).

³⁾ Measurement of liquidity risk

SBAB Bank measures and stress tests liquidity risk by totalling the maximum conceivable need for liquidity for every day during the coming 365 days. This measurement of liquidity risk is known as the Maximum Cumulative Outflow (MCO). MCO calculations are based on a crisis scenario in which all loans are assumed to be extended on maturity, meaning that no liquidity is added through loan redemption, and where no funding is available. Accordingly, the maximum need for liquidity can be identified for every given future period, and the necessary liquidity

reserve can be established.

In the first quarter of 2012, the definition of "liquidity reserve" used for MCO calculations was revised. In the past, only assets in the liquidity portfolio were included in the liquidity reserve. Following this revision, the liquidity reserve also includes the surplus liquidity that arises outside the liquidity portfolio, provided that the surplus liquidity meets the other requirements to be defined as a liquidity reserve. As of the second quarter of 2012, the company's holding of RMBS is not included in the calculation of MCO.

Liquidity reserve, SEK million	30 June 2012	Distribution by currency			
		SEK	EUR	USD	Other
Securities issued or guaranteed by central governments, central banks or multinational development banks	9,818	3,534	5,813	181	290
Securities issued or guaranteed by municipalities or non-governmental public sector entities	3,257	2,969	-	288	-
Third party covered bonds	16,723	9,037	7,616	70	-
Securities issued by financial companies (excl. covered bonds)	5,812	-	5,183	356	273
Total assets	35,610	15,540	18,612	895	563
Bank and loan facilities	1,556	-	-	1,556	-
Total liquidity reserve	37,166	15,540	18,612	2,451	563
Distribution by currency		42%	50%	7%	1%

The assets in SBAB Bank's liquidity reserve primarily comprise liquid, interest-bearing securities with a high rating and are 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 the highest rating upon acquisition. In addition to these collective limits, limits for individual issuers may also be set. RMBS are recognized at the accrued cost, while other securities are recognized at fair value.

The weight of the theoretical outflows are predetermined and set by a supervisory authority.

Based on the definitions of liquidity reserves and on the in and outflows in the stipulations on reporting liquidity risks from the Swedish Financial Supervisory Authority (FFFS 2011:37), the liquidity coverage ratio at the consolidated level for all currencies was 0.89 at 30 June 2012. According to the definitions in the Swedish measurement, which is proposed as a quantitative requirement as of 2013, the ratio is estimated at 1.30 as of 30 June 2012.

PERFORMANCE IN THE SECOND QUARTER OF 2012 COMPARED WITH THE FIRST QUARTER OF 2012

Operating profit for the quarter amounted to SEK 220 million (loss: 180).

Net interest income totalled SEK 522 million (429). The improvement in net interest income was mainly attributable to better operational earnings and lower pre-funding of the company's long-term funding.

Operating income amounted to SEK 406 million (15), whereby net expense from financial items amounted to SEK 91 million (expense: 390). Similar to the first quarter, the single greatest factor impacting earnings was market value changes on basis swaps, which remained negative in the second quarter, albeit less negative than the earnings impact during the first three months of the year.

Expenses for the second quarter amounted to SEK 175 million (201). During the quarter, SBAB Bank increased its cost control and prioritized certain development projects. The proactive measures led to a

reduction in primarily consulting expenses and slightly lower marketing expenses.

The net effect of loan losses for the second quarter was a negative SEK 11 million (pos: 6). The difference was mainly due to higher collective provisions. Confirmed loan losses remained low.

SBAB Bank experienced favourable demand for residential mortgages during the period and new lending amounted to SEK 8.5 billion (8.2). Total lending increased to SEK 254.9 billion (254.3).

New lending to retail customers amounted to SEK 6.5 billion (5.7) and new lending to corporate customers and tenant-owner associations totalled SEK 2.0 billion (2.5).

SBAB Bank's savings accounts continued to attract new customers during the second quarter. Deposits increased 43 percent to SEK 18.3 billion (12.8) at the end of the period. The sharp increase was attributable to competitive interest rates and proactive marketing.

OTHER SIGNIFICANT EVENTS DURING THE SECOND QUARTER

SBAB Bank has decided to reduce and streamline its credit operations for corporate customers to enable a future sale of this part of the business.

REVIEW REPORT

This interim report has not been audited.

Financial calendar

Interim report January–September	25 October 2012
Year-end report	7 February 2013

The Board of Directors and Managing Director provide their assurance that this interim report provides a fair and accurate view of the company's operations, position and earnings, and describes the significant risks and uncertainties to which the company is exposed.

Stockholm, 19 July 2012

Arne Liljedahl
Chairman

Per Anders Fasth
Board Member

Jakob Grinbaum
Board Member

Hanna Lagercrantz
Board Member

Helena Levander
Board Member

Ebba Lindsö
Board Member

Karin Moberg
Board Member

Christer Åberg
Board Member

Anna Christenson
Board Member
(Employee representative)

Anders Heder
Board Member
(Employee representative)

Carl-Viggo Östlund
CEO

Income Statement

Group SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Interest income	2,253	3,383	2,590	5,636	4,786	10,449
Interest expense	-1,731	-2,954	-2,213	-4,685	-4,004	-8,831
Net interest income	522	429	377	951	782	1,618
Commission income	12	13	16	25	28	60
Commission expense	-39	-37	-40	-76	-80	-150
Net income/expense from financial instruments measured at fair value (Note 3)	-91	-390	-172	-481	-544	-349
Other operating income	2	-	0	2	0	0
Total operating income	406	15	181	421	186	1,179
Personnel costs	-84	-88	-84	-172	-167	-323
Other expenses	-86	-106	-89	-192	-155	-357
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-5	-7	-6	-12	-13	-27
Total expenses before loan losses	-175	-201	-179	-376	-335	-707
Profit/loss before loan losses	231	-186	2	45	-149	472
Loan losses, net (Note 4)	-11	6	32	-5	19	-8
Operating profit/loss	220	-180	34	40	-130	464
Tax	-59	48	-9	-11	34	-123
Profit/loss for the period	161	-132	25	29	-96	341

Statement of Comprehensive Income

Group SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Profit/loss for the period	161	-132	25	29	-96	341
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	5	4	5	9	13	28
Change in instruments used in cash flow hedging, after tax	-	-	-0	-	0	1
Other comprehensive income, net after tax	5	4	5	9	13	29
Total comprehensive income for the period	166	-128	30	38	-83	370

Income Statement, Quarterly

Group SEK million	2012 Q2	2012 Q1	2011 Q4	2011 Q3	2011 Q2
Interest income	2,253	3,383	2,897	2,766	2,590
Interest expense	-1,731	-2,954	-2,439	-2,388	-2,213
Net interest income	522	429	458	378	377
Commission income	12	13	20	12	16
Commission expense	-39	-37	-26	-44	-40
Net income/expense from financial instruments measured at fair value	-91	-390	190	5	-172
Other operating income	2	-	-	0	0
Total operating income	406	15	642	351	181
Personnel costs	-84	-88	-84	-72	-84
Other expenses	-86	-106	-126	-76	-89
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-5	-7	-7	-7	-6
Total expenses before loan losses	-175	-201	-217	-155	-179
Profit/loss before loan losses	231	-186	425	196	2
Loan losses, net	-11	6	-28	1	32
Operating profit/loss	220	-180	397	197	34
Tax	-59	48	-105	-52	-9
Profit/loss for the period	161	-132	292	145	25

Balance Sheet

Group
SEK million

	30 June 2012	30 June 2011	31 Dec 2011
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,078	2,029	2,118
Lending to credit institutions	17,823	24,906	23,454
Lending to the public (Note 5)	254,912	244,396	248,150
Change in value of interest-rate-hedged items in portfolio hedges	1,020	122	1,557
Bonds and other interest-bearing securities	33,688	47,503	45,387
Derivative instruments (Note 6)	12,755	11,473	17,496
Deferred tax assets	-	74	-
Intangible fixed assets	87	33	38
Property, plant and equipment	30	29	30
Other assets	948	1,028	319
Prepaid expenses and accrued income	864	975	1,201
TOTAL ASSETS	324,205	332,568	339,750
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	18,711	24,426	21,233
Deposits from the public	18,318	6,180	8,769
Debt securities in issue	257,237	273,988	276,678
Derivative instruments (Note 6)	12,307	10,779	14,060
Other liabilities	304	591	161
Accrued expenses and prepaid income	2,611	2,622	4,067
Provisions	131	94	165
Subordinated debt	6,164	5,957	6,233
Total liabilities	315,785	324,637	331,366
Equity			
Share capital	1,958	1,958	1,958
Other reserves	-42	-67	-51
Retained earnings	6,477	6,136	6,136
Profit/loss for the period	29	-96	341
Total equity	8,422	7,931	8,384
TOTAL LIABILITIES AND EQUITY	324,205	332,568	339,750

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 2012	1,958	-51	6,477		8,384
Total comprehensive income for the period		9		29	38
Closing balance, 30 June 2012	1,958	-42	6,477	29	8,422
Opening balance, 1 January 2011	1,958	-80	6,136		8,014
Total comprehensive income for the period		13		-96	-83
Closing balance, 30 June 2011	1,958	-67	6,136	-96	7,931
Opening balance, 1 January 2011	1,958	-80	6,136		8,014
Total comprehensive income for the period		29		341	370
Closing balance, 31 December 2011	1,958	-51	6,136	341	8,384

Cash Flow Statement

Group SEK million	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Cash and cash equivalents at the beginning of the period	18,939	8,959	8,959
Cash flow from operating activities	-1,554	10,456	9,513
Cash flow from investing activities	-61	-14	-34
Cash flow from funding activities	-	501	501
Increase in cash and cash equivalents	-1,615	10,943	9,980
Cash and cash equivalents at the end of the period	17,324	19,902	18,939

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

Capital Base

Group SEK million	30 June 2012	30 June 2011	31 Dec 2011
Core Tier 1 capital			
Equity	8,422	7,931	8,384
Loss for the period, not reviewed	-29	-	-
Most recent reviewed earnings period (March)	-132	-	-
Unrealised change in value of loans and receivables previously classified as available-for-sale assets	42	67	51
Change in value attributable to derivative instruments included in cash flow hedges	-	0	-
Minority interest	706	614	706
Intangible fixed assets	-87	-33	-38
Deferred tax assets	-	-74	-
Net provisions for IRB exposures	-93	-106	-128
Core Tier 1 capital	8,829	8,399	8,975
Tier 1 capital contribution			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
Tier 1 capital	11,823	11,393	11,969
Tier 2 capital			
Perpetual subordinated debentures (Upper Tier 2)	-	-	-
Time-limited subordinated debentures (Lower Tier 2)	2,313	2,608	2,456
Net provisions for IRB exposures	-93	-105	-129
Tier 2 capital	2,220	2,503	2,327
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	14,043	13,896	14,296

*Encompassed by the transitional regulations to FFFS 2007:1

Capital Requirement

Group SEK million	30 June 2012	30 June 2011	31 Dec 2011
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	2,409	2,266	2,491
Retail exposures	846	860	894
Positions in securitisation	221	-	229
Total exposures in accordance with IRB approach	3,476	3,126	3,614
Credit risk recognised in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	413	418	514
Exposures to corporates	164	953	142
Retail exposures	72	35	48
Past-due items	0	1	1
Other items	10	8	8
Total exposures in accordance with standardised approach	659	1,415	713
Risks in the trading book	178	252	239
Operational risk	211	217	217
Currency risk	-	-	-
Commodity risk	-	-	-
Total minimum capital requirement	4,524	5,010	4,783
Addition according to transitional regulations	6,251	5,652	5,930
Total capital requirement according to transitional regulations	10,775	10,662	10,713

Capital Adequacy

Group SEK million	30 June 2012	30 June 2011	31 Dec 2011
Core Tier 1 capital	8,829	8,399	8,975
Tier 1 capital	11,823	11,393	11,969
Total capital	14,043	13,896	14,296
Without transitional regulations			
Risk-weighted assets	56,547	62,630	59,786
Core Tier 1 capital ratio	15.6%	13.4%	15.0%
Tier 1 capital ratio	20.9%	18.2%	20.0%
Capital adequacy ratio	24.8%	22.2%	23.9%
Capital quotient	3.10	2.77	2.99
With transitional regulations			
Risk-weighted assets	134,687	133,276	133,917
Core Tier 1 capital ratio	6.6%	6.3%	6.7%
Tier 1 capital ratio	8.8%	8.5%	8.9%
Capital adequacy ratio	10.4%	10.4%	10.7%
Capital quotient	1.30	1.30	1.33

Notes

Note 1 Accounting policies

The SBAB Bank Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. It also complies with 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. The Group's interim report fulfils the requirements stipulated under IAS 34, Interim Financial Reporting.

For the Parent Company, statutory IFRS is applied, which means that the interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish Financial Supervisory Authority's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

The accounting policies and methods of calculation remain unchanged compared with the 2011 Annual Report.

Note 2 Risks and uncertainties

Although the deteriorating European macroeconomic situation affected SBAB Bank's earnings, it had no significant impact on the company's financial position. While the introduction of the ECB's three-year repo facility had a positive effect on market functionality in the capital markets, the initial positive effects are beginning to wane. However, future European macroeconomic development remains uncertain.

The economic trend in Sweden is the primary risk factor for SBAB Bank's future earnings capacity and the quality of its assets since the operation is mainly exposed to credit risks in the Swedish housing market. The management of interest-rate and currency risks entails exposure to price risks.

For further information on SBAB Bank's risks and risk management, refer to the 2011 Annual Report.

Note 3 Net income/expense from financial instruments measured at fair value

Group SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Gains/losses on interest-bearing financial instruments						
-Securities measured at fair value through profit or loss	187	180	343	367	59	920
-Change in value of hedged items in hedge accounting	-549	104	-1,313	-445	-143	-3,285
-Realised expense from financial liabilities	-30	-79	-6	-109	-48	-116
-Derivative instruments	255	-591	792	-336	-436	2,070
-Loan receivables	24	19	16	43	28	72
Currency translation effects	22	-23	-4	-1	-4	-10
Total	-91	-390	-172	-481	-544	-349

Changes in the market value of basis swaps are attributable to "Derivative instruments". With respect to risk management, derivative instruments are related to and have their counter items in all other categories of interest-bearing financial instruments.

Note 4 Loan losses, net

Group SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
CORPORATE MARKET						
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS						
Write-off of confirmed loan losses for the period	-	-	-0	-	-1	-17
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	2	-	3	20
Provision for probable loan losses for the period	-0	-0	-0	-0	-0	-0
Recoveries in respect of confirmed loan losses in prior years	-	-	-	-	0	0
Reversal of prior year provisions for probable loan losses no longer required	14	2	0	16	5	5
Guarantees	-0	-0	-0	-0	-0	-0
Net income for the period for individual provisions for corporate market loans	14	2	2	16	7	8
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS						
Allocation to/redemption of collective provisions	-10	-2	5	-12	13	7
Guarantees	-7	1	-0	-6	-1	8
Net income/cost for the period for collective provisions for corporate market loans	-17	-1	5	-18	12	15
RETAIL MARKET						
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-4	-1	-3	-5	-3	-4
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	3	1	4	4	4	5
Provision for probable loan losses for the period	-1	-1	-0	-2	-1	-8
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0	-
Guarantees	-	-	-	-	-	-
Net cost for the period for individual provisions for retail market loans	-2	-1	1	-3	0	-7
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS						
Write-off of confirmed loan losses for the period	-7	-6	-2	-13	-4	-13
Recoveries in respect of confirmed loan losses in prior years	0	0	5	0	5	6
Allocation to/redemption of collective provisions	-4	13	23	9	-2	-24
Guarantees	5	-1	-2	4	1	7
Net income/cost for the period for collective provisions for retail market loans	-6	6	24	0	-0	-24
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	-11	6	32	-5	19	-8

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 5 Lending to the public

Group SEK million	30 June 2012		30 June 2011		31 Dec 2011	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	98,679	-170	91,933	-146	94,530	-162
Tenant-owner rights	59,587	-104	55,808	-107	56,454	-118
Tenant-owner associations	54,192	-33	53,292	-42	53,338	-29
Private multi-family dwellings	28,932	-29	28,579	-34	29,079	-36
Municipal multi-family dwellings	5,209	-	6,701	-	6,120	-
Commercial properties	8,084	-	8,148	-	8,548	-
Other	569	-4	265	-1	430	-4
Provision for probable loan losses	-340	-	-330	-	-349	-
Total	254,912	-340	244,396	-330	248,150	-349

Doubtful and non-performing loan receivables	30 June 2012		30 June 2011		31 Dec 2011	
a) Doubtful loan receivables		52		92		81
b) Non-performing loan receivables* included in doubtful loan receivables		18		13		17
c) Non-performing loan receivables* not included in doubtful loan receivables		468		304		424
d) Individual provisions for loan receivables		32		62		50
e) Collective provisions for corporate market loans		44		25		31
f) Collective provisions for retail market loans		264		243		268
g) Total provisions (d+e+f)		340		330		349
h) Doubtful loan receivables after individual provisions (a-d)		20		30		31
i) Provision ratio for individual provisions (d/a)		62%		67%		62%

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

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

Loan portfolio SEK million	30 June 2012		30 June 2011		31 Dec 2011	
	SBAB Bank**	SBAB Bank incl. all of FriSpar	SBAB Bank**	SBAB Bank incl. all of FriSpar	SBAB Bank**	SBAB Bank incl. all of FriSpar
Retail lending	158,557	159,078	147,752	152,730	151,130	155,631
-new lending	12,245	13,779	9,462	11,069	21,142	24,433
Corporate lending (incl. tenant-owner associations)	96,355	96,383	96,644	96,700	97,020	97,066
-new lending	4,488	4,488	4,606	4,606	9,965	9,965
Total	254,912	255,461	244,396	249,430	248,150	252,697
-new lending	16,733	18,267	14,068	15,675	31,107	34,398

** In the SBAB Bank Group, 51 percent of the partly owned FriSpar Bolån AB (a partnership with Sparbanken Öresund AB (publ) and Sparbanken Syd) is consolidated in accordance with the proportional method.

Note 6 Derivative instruments

Group 30 June 2012, SEK million	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	7,486	5,939	398,480
Currency related	5,269	6,368	147,400
Total	12,755	12,307	545,880

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

Note 7 Operating segments

Risk-adjusted income statement

Group SEK million	Jan-June 2012				Jan-June 2011			
	Retail	Corporate	Other	Total	Retail	Corporate	Other	Total
Risk-adjusted income	712	168		880	567	150		717
Net income/expense from financial instruments measured at fair value	-1	-	-480	-481			-544	-544
Risk-adjusted expense	-344	-69		-413	-303	-68		-371
Tax	-96	-26	127	5	-70	-21	143	52
Risk-adjusted profit/loss after tax	271	73	-353	-9	194	61	-401	-146
RAROC*, after tax	14.4%	11.7%		n.a.	5.3%	4.0%		n.a.

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

Following a reorganisation of SBAB Bank, the former Finance segment is no longer a separate business area as of 1 January 2012. Accordingly, the comparative period for the two segments, Corporate and Retail, has been recalculated.

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 Bank regards as being required to cover unexpected losses during the coming year. At 30 June 2012, "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 expense. For further information on "Expected losses" and "Economic capital," refer to page 49 of the 2011 Annual Report.

Reconciliation

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

Group SEK million	2012 Jan-June	2011 Jan-June
Risk-adjusted income	880	717
Adjustment to return on recognised equity	22	13
Net expense from financial instruments measured at fair value	-481	-544
Total net interest income and other operating income	421	186
Risk-adjusted expense	-413	-371
Adjustment to recognised loan losses	32	55
Expenses and loan losses	-381	-316
Risk-adjusted loss before tax	-14	-198
Tax for the period according to risk-adjusted income statement	5	52
Risk-adjusted loss after tax	-9	-146
Risk-adjusted items		
Adjustment to return on recognised equity	22	13
Adjustment to recognised loan losses	32	55
Reversal of tax according to risk-adjusted income statement	-5	-52
Operating loss	40	-130
Recognised tax	-11	34
Loss for the period after tax	29	-96

Note 8 Reclassified assets

During autumn 2008, financial institutions were given the opportunity to reclassify holdings of "Financial assets available for sale" to "Loan receivables and accounts receivable." The assets were reclassified as a result of SBAB Bank's perception that the downturn in the global financial markets during autumn 2008 was of sufficient magnitude to justify a reclassification. The reclassification was implemented on 1 July 2008. The value that was assigned to the assets at the time was the prevailing market value. Since the assets in the RMBS portfolio are classified as "Loan receivables and accounts receivable," the assets must be recognised at accrued cost and a credit-risk assessment must be performed according to the same principles as the risk assessment of SBAB Bank's credit portfolio. No impairment need has arisen since the reclassification of RMBS, which is why the company has not recognized any impairment under the "Impairment of financial assets" item.

RMBS portfolio

Group

30 June 2012, SEK million	Carrying amount	Fair value
Country of asset		
Australia	515	504
Spain	2,725	2,086
UK	1,893	1,858
Italy	15	15
Netherlands	1,233	1,220
Total	6,381	5,683

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective rate of interest used in the reclassification was 6.3 percent. At the same date, the fair value reserve attributable to these assets had a negative value of SEK 200 million, net after tax. At 30 June 2012, the fair value of the assets would have amounted to SEK 5.7 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 30 June 2012 was SEK 6.4 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.5 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 42 million, net after tax, at 30 June 2012. After the reclassification date, SEK 202 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK 18 million before tax on the value of the reserve.

Income Statement

Parent Company SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Interest income	1,046	1,047	961	2,093	1,725	3,864
Interest expense	-1,052	-1,142	-989	-2,194	-1,807	-3,956
Net interest income	-6	-95	-28	-101	-82	-92
Dividends received	17	-	13	17	13	13
Group contributions received	-	-	-	-	-	510
Commission income	31	31	30	62	57	126
Commission expense	-17	-18	-18	-35	-38	-69
Net income/expense from financial transactions	-21	117	-100	96	-143	-206
Other operating income	139	130	107	269	215	521
Total operating income	143	165	4	308	22	803
Personnel costs	-88	-92	-85	-180	-168	-325
Other expenses	-104	-131	-89	-235	-157	-370
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	-4	-3	-3	-7	-6	-13
Total expenses before loan losses	-196	-226	-177	-422	-331	-708
Profit/loss before loan losses	-53	-61	-173	-114	-309	95
Loan losses, net	-8	-1	11	-9	27	3
Operating profit/loss	-61	-62	-162	-123	-282	98
Tax	20	17	45	37	77	-23
Profit/loss for the period	-41	-45	-117	-86	-205	75

Statement of Comprehensive Income

Parent Company SEK million	2012 Q2	2012 Q1	2011 Q2	2012 Jan-June	2011 Jan-June	2011 Jan-Dec
Profit/loss for the period	-41	-45	-117	-86	-205	75
OTHER COMPREHENSIVE INCOME						
Change in reclassified financial assets, after tax	5	4	5	9	13	28
Change in instruments used in cash flow hedging, after tax	-	-	-0	-	0	1
Other comprehensive income, net after tax	5	4	5	9	13	29
Total comprehensive income for the period	-36	-41	-112	-77	-192	104

Parent Company's performance in January-June 2012 compared with January-June 2011

The Parent Company reported an operating loss of SEK 123 million (loss: 282) for the first half of 2012. The operating loss was primarily attributable to a higher net interest expense of SEK 101 million (expense: 82) and higher costs. The higher interest-rate scenario generated a negative impact in the form of higher interest expenses for both deposits and funding, at the same time as the interest-rate scenario had a positive impact on lending in the shape of increased interest income and higher volumes.

Other income improved, mainly as a result of higher income from services performed for the subsidiary SCBC.

Net income from financial transactions amounted to SEK 96 million (expense: 143). Net income for the period was primarily impacted by negative changes in the market value of basis swaps and positive interest-rate differentials between

mortgage bonds and associated interest-rate swaps.

Due to the continued development of the banking operations, expenses of SEK 422 million (331) were higher than in the year-earlier period. Expenses attributable to marketing activities and employees in the customer service operations also increased year-on-year. The net effect of loan losses was a negative SEK 9 million (pos: 27). The change was primarily due to a relocation of risk categories, which led to higher collective provisions.

Lending to the public amounted to SEK 44.8 billion (32.9). The increase was mainly due to loans being transferred from FriSpar.

The Parent Company has favourable capital adequacy. Taking the transitional regulations into account, the core Tier 1 capital ratio was 32.3 percent (26.6) and the capital adequacy ratio was 54.3 percent (45.9).

Balance Sheet

Parent Company SEK million	30 June 2012	30 June 2011	31 Dec 2011
ASSETS			
Cash and balances at central banks	0	0	0
Chargeable treasury bills and other eligible bills	2,078	2,029	2,118
Lending to credit institutions (Note 9)	56,744	52,035	56,412
Lending to the public	44,781	30,653	32,940
Change in value of interest-rate-hedged items in portfolio hedges	-	-11	-8
Bonds and other interest-bearing securities	33,688	47,503	45,387
Derivative instruments	10,475	8,936	13,813
Shares and participations in joint ventures	733	637	733
Shares and participations in Group companies	9,600	9,600	9,600
Intangible fixed assets	11	7	6
Property, plant and equipment	30	29	30
Other assets	209	984	718
Prepaid expenses and accrued income	588	687	899
TOTAL ASSETS	158,937	153,089	162,648
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	7,369	9,994	9,688
Deposits from the public	18,318	6,180	8,769
Debt securities in issue	107,993	114,226	116,753
Derivative instruments	9,951	7,798	12,109
Other liabilities	291	573	120
Accrued expenses and prepaid income	929	690	903
Provisions	174	142	248
Subordinated debt	6,164	5,957	6,233
Total liabilities	151,189	145,560	154,823
Equity			
Share capital	1,958	1,958	1,958
Legal reserve	392	392	392
Fair value reserve	-42	-67	-51
Retained earnings	5,526	5,451	5,451
Profit/loss for the year	-86	-205	75
Total equity	7,748	7,529	7,825
TOTAL LIABILITIES AND EQUITY	158,937	153,089	162,648

Capital Adequacy

Parent Company SEK million	30 June 2012	30 June 2011	31 Dec 2011
Core Tier 1 capital	7,737	7,560	7,432
Tier 1 capital	10,731	10,554	10,426
Total capital	13,002	13,133	12,819
Without transitional regulations			
Risk-weighted assets	23,931	28,117	25,159
Core Tier 1 capital ratio	32.3%	26.9%	29.5%
Tier 1 capital ratio	44.8%	37.5%	41.4%
Capital adequacy ratio	54.3%	46.7%	51.0%
Capital quotient	6.79	5.84	6.37
With transitional regulations			
Risk-weighted assets	23,931	28,834	27,948
Core Tier 1 capital ratio	32.3%	26.2%	26.6%
Tier 1 capital ratio	44.8%	36.6%	37.3%
Capital adequacy ratio	54.3%	45.5%	45.9%
Capital quotient	6.79	5.69	5.73

Note 9 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 47,792 million (36,300) 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.

SBAB BANK

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