

# SBAB BANK

Press release, 25 October 2012

**Interim report 1 January – 30 September 2012**

## **Continued stable development of underlying operating profit**

### **SBAB Bank's CEO, Carl-Viggo Östlund, comments:**

During the quarter, SBAB reported a continued solid earnings trend. Operating profit, excluding net result of financial instruments, was once again higher than in the preceding quarter. However, market-value changes of financial instruments caused an adverse impact on the overall operating result. We foresee continued strong demand for mortgages, primarily in our lending to tenant-owner associations. Lower expenses compared with the preceding quarter confirm that our increased effort to take a proactive approach to cost control is generating results.

We have long been a challenger in the mortgage market and will continue on this path under the current expansion of our customer offering. We are at the cutting edge of developments in mobile-phone payments and, during the past quarter, we worked on pilot tests to guarantee the technology and security ahead of the next step. We now offer retail loans for everyone, not just those with SBAB mortgages as was previously the case.

Our straightforward and competitive savings accounts continued to attract many new customers during the third quarter. Backed by a market share of 21% during the first eight months of the year, we are cementing our position as the leading company in new retail deposits. Meanwhile, a higher share of funding through deposits enables us to achieve a better balance between various funding sources – which is entirely in line with our overall funding strategy.

At SBAB, we aim to offer a banking experience that no one thought was possible and to change the view of what a bank can be. We are doing this for the sake of our customers and to pose a challenge to the major banks. We are here to create a new era in banking.

### **The interim period January–September 2012 compared with January–September 2011**

- Operating profit, excluding net result of financial instruments measured at fair value, was SEK 839 million (606).
- Net interest income amounted to SEK 1,450 million (1,160).
- Expenses totalled SEK 533 million (490).
- The net effect of loan losses was a negative SEK 3 million (pos: 20).
- Net expense from financial instruments measured at fair value was SEK 611 million (expense: 539).
- Operating profit totalled SEK 228 million (67).
- New lending amounted to SEK 24.8 billion (21.1) and deposits increased to SEK 24.6 billion (8.8\*).
- The core Tier 1 capital ratio was 16.2% (15.0\*) without taking the transitional regulations into account and 6.7% (6.7\*) taking the transitional regulations into account.
- During the first eight months of the year, SBAB Bank had a share of 21% in the market for new deposits from retail customers.

\* For balance sheet items and information concerning capital adequacy, all comparative figures in parentheses refer to the figures at the preceding year-end.

**SBAB Bank** offers residential mortgages and saving products through the Internet and telephone, and also grants loans to the corporate sector and housing associations. By offering products and services that challenge and simplify, SBAB Bank contributes to increased competition in the Swedish market. The company was founded in 1984 and is wholly owned by the Swedish Government. In 2011, the company's lending volume amounted to SEK 248.1 billion and the deposit volume to SEK 8.8 billion. SBAB Bank has about 410 employees, of whom approximately 120 work at the headquarters in Stockholm. Learn more at [www.sbab.se/english](http://www.sbab.se/english)

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## The third quarter of 2012 compared with the second quarter of 2012

- Operating profit, excluding net result of financial instruments measured at fair value, was SEK 318 million (311).
- Net interest income amounted to SEK 499 million (522).
- Expenses totalled SEK 157 million (175).
- The net effect of loan losses was a positive SEK 2 million (neg: 11).
- Net expense from financial instruments measured at fair value amounted to SEK 130 million (expense: 91).
- Operating profit was SEK 188 million (220).
- New lending amounted to SEK 8.1 billion (8.5) and deposits increased to SEK 24.6 billion (18.3).

SBAB Bank's Interim report is available for download from: [www.sbab.se/investor](http://www.sbab.se/investor)

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