



Press release, 22 October 2014

Interim report 1 January – 30 September 2014

Strong profit trend and new strategy

SBAB's CEO, Klas Danielsson, comments:

The third quarter was characterised by a good business climate, and we enter the fourth quarter with a positive profit trend. We shall concentrate on improving, reinforcing and developing our residential mortgage offering. We have a new Vision – we shall offer the best residential mortgages in Sweden.

Strategic direction

In the quarter, we made the decision that our strategic direction shall be our core business – we shall focus on residential mortgages – which includes residential mortgages to private individuals and residential financing to property companies and tenant-owner associations. As a consequence of this strategic decision, we discontinued the development of bank services, such as card and payment services, and wound up our fund offering. Our savings offering with its excellent terms and conditions will remain as an important part of our customer offering.

Focus on the core business and cost reductions

Our direction in recent years, towards a widening of our bank offering to private individuals, caused an unprofitable cost trend and a lack of focus on our core business. An extensive offering entails ever higher costs in the current increasingly regulated and complex financial market. Due to the widening of our customer offering, we were unable to pay sufficient attention to the core business. We therefore risked weakening our long-term profitability. We are now changing our conditions. We are carrying out an efficiency programme that will reduce our costs in 2015 and 2016. Reduced costs and focus on the core business reinforce the conditions for continued good profitability. We hold a strong position on the residential property market, and we are a sought-after partner within residential financing. Our brand is well known and strong, our customers are highly satisfied and I am impressed by the profound knowledge and expertise within residential mortgages that exists within the organisation. In the remaining part of 2014 and in 2015, we shall lay the foundation for future growth by strengthening our customer offering and developing our communications with customers.

A changing residential mortgage market

The residential mortgage market is changing, which also provides new opportunities. The Swedish Bankers' Association recently issued recommendations on increased amortisation requirements, the Swedish Financial Supervisory Authority proposes requirements on the publication of actual mortgage rates and Swedish regulations will be introduced to implement the European Mortgage Credit Directive. Rising indebtedness is in focus; accordingly, responsible lending continues to be a key issue for SBAB.

A strong SBAB

I took up the position of CEO on 14 August. With my background as a financial entrepreneur, I view the opportunity to develop and strengthen SBAB, in cooperation with my approximately 400 colleagues, as a great privilege. I am convinced that we, as a focused residential mortgage player, will become a winner in the residential mortgage market – for our customers, our employees and all of us in Sweden, who own SBAB together.



Third quarter of 2014 compared with the second quarter of 2014

- Operating profit totalled SEK 361 million (502)
- Profit, excluding net result from financial instruments, amounted to SEK 353 million (273)
- Net interest income amounted to SEK 552 million (514)
- Expenses totalled SEK 347 million (219), of which restructuring costs accounted for SEK 175 million (-)
- The net effect of loan losses amounted to a gain of SEK 1 million (gain 20)
- Return on equity was 10.9% (14.3), and 10.7% (8.4) excl. net result from financial instruments
- The Common Equity Tier 1 capital ratio, without transitional rules, amounted to 26.1% (23.5)
- New lending for the quarter amounted to SEK 11.4 billion (11.7) and the total lending volume was SEK 257.4 billion (259.0)
- New deposits for the quarter amounted to SEK 1.8 billion (3.5) and the total volume of deposits was SEK 57.3 billion (55.5)

January–September 2014 compared with January–September 2013

- Operating profit totalled SEK 1,203 million (830)
- Profit, excluding net result from financial instruments, amounted to SEK 884 million (911)
- Net interest income amounted to SEK 1,562 million (1,520)
- Expenses totalled SEK 785 million (563), of which restructuring costs accounted for SEK 175 million (-)
- The net effect of loan losses amounted to a gain of SEK 22 million (gain 36)
- Return on equity was 12.0% (9.9), and 8.9% (11.0) excl. net result from financial instruments
- The Common Equity Tier 1 capital ratio, without transitional rules, amounted to 26.1% (25.8)

SBAB's interim report is available for download from: www.sbab.se/investor

For further information, please contact:

Klas Danielsson, CEO

Telephone: +46 8-614 43 01, klas.danielsson@sbab.se

Mikael Inglander, CFO SBAB

Telephone: +46 8-614 43 28, mikael.inglander@sbab.se