

SBAB! Interim Report

1 January - 30 June 2013 | SBAB Bank AB (publ)

“Stable trend in deposits and new lending”

Second quarter of 2013 (first quarter 2013)

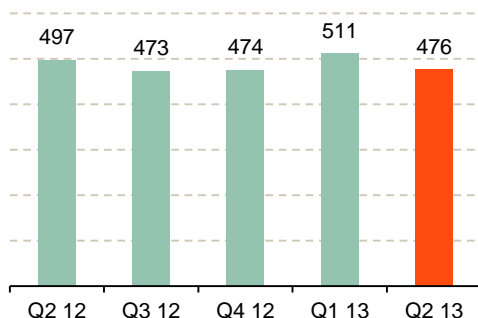
- Profit, excluding net result from financial instruments, amounted to SEK 281 million (339)
- NII amounted to SEK 502 million (538)
- Expenses totalled SEK 212 million (184)
- Loan losses amounted to positive SEK 17 million (positive 12), corresponding to a loan loss rate of negative 0.03 percent (negative 0.02)
- Operating profit totalled SEK 259 million (325)
- Return on equity was 10.0 percent (11.4)
- The Core Tier 1 capital ratio was 23.8 percent (21.2) without taking the transitional regulations into account and 7.0 percent (6.9) taking the transitional regulations into account

January-June 2013 (January-June 2012)

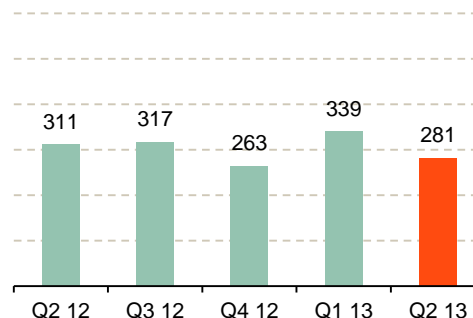
- Profit, excluding net result from financial instruments, amounted to SEK 620 million (521)
- NII amounted to SEK 1,040 million (951)
- Expenses totalled SEK 396 million (376)
- Loan losses amounted to positive SEK 29 million (5), corresponding to a loan loss rate of negative 0.02 percent (0.00)
- Operating profit totalled SEK 584 million (40)
- Return on equity was 10.7 percent (0.7)
- The Core Tier 1 capital ratio was 23.8 percent (15.6) without taking the transitional regulations into account and 7.0 percent (6.6) taking the transitional regulations into account

- New lending for the quarter amounted to SEK 9.8 billion (8.4) and the total volume of deposits was SEK 31.6 billion (28.9).
- Successful unsecured bond of EUR 750 million was issued.

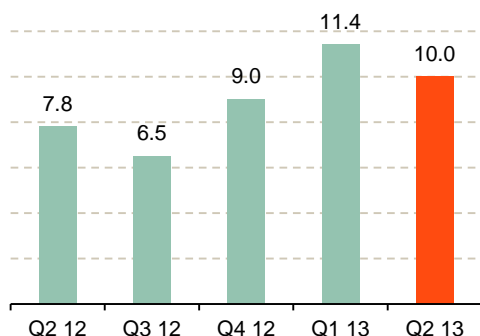
Operating income, excluding net result from financial instruments (SEK million)



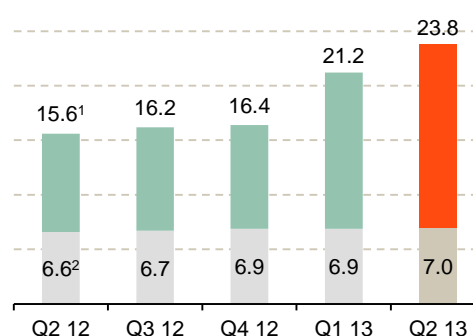
Operating profit, excluding net result from financial instruments (SEK million)



Return on equity (percent)



Core Tier 1 capital ratio without¹ and with² transitional regulations (percent)



CEO's comments

SBAB's operating profit for the second quarter of 2013 amounted to SEK 259 million, and for the half-year to SEK 584 million. Excluding net result from financial instruments, the operating profit was SEK 281 million and SEK 620 million. Compared with the first quarter, net interest decreased somewhat as a consequence of increasing competition in the housing market. The return on equity was 10 percent. Over the period, we have observed a stable trend in deposits and new lending. It has been an eventful quarter:



SBAB Fri – free-of-charge mutual fund

March saw the launch of SBAB's three savings funds and in April we expanded our offering with SBAB Fri – a mutual fund that is free of charges. These savings funds are a clear indication that SBAB is continuing to challenge competitors and offer products based on customers' needs.

Successful bond issue

In April SBAB issued an EUR 750 million unsecured bond as part of SBAB's EMTN programme. The issue generated significant interest among investors, indicating strong market confidence in SBAB.

Strong unit for financing of multi-family dwellings

In mid-June SBAB decided to merge its two sales units for corporate customers and tenant-owner associations and create a strong and efficient unit for the financing of multi-family dwellings. SBAB is a leading operator in the multi-family dwelling market, and merging these two units enables both internal and external synergies that further strengthen our position. This move also provides clear support for our main business and our efforts toward our vision of creating a new era in banking.

Carl-Viggo Östlund
CEO

Results overview

| Group SEK million | 2013 Q2 | 2013 Q1 | 2012 Q2 | 2013 Jan-Jun | 2012 Jan-Jun |
|---|------------|------------|------------|-----------------|-----------------|
| Net interest income | 502 | 538 | 522 | 1,040 | 951 |
| Net commission income | -26 | -27 | -27 | -53 | -51 |
| Net result from financial instruments measured at fair value (Note 2) | -22 | -14 | -91 | -36 | -481 |
| Other operating income | - | - | 2 | - | 2 |
| Total operating income | 454 | 497 | 406 | 951 | 421 |
| Costs | -212 | -184 | -175 | -396 | -376 |
| Loan losses, net (Note 3) | 17 | 12 | -11 | 29 | -5 |
| Operating profit/loss | 259 | 325 | 220 | 584 | 40 |
| Operating profit excl. net result from financial instruments | 281 | 339 | 311 | 620 | 521 |
| Tax | -30 | -72 | -59 | -102 | -11 |
| Profit/loss for the period | 229 | 253 | 161 | 482 | 29 |
| New lending, SEK billion | 9.8 | 8.4 | 8.5 | 18.2 | 16.7 |
| Total deposits, SEK billion | 31.6 | 28.9 | 18.3 | 31.6 | 18.3 |
| Cost/Income ratio excl. loan losses | 47% | 37% | 43% | 42% | 89% |
| Return on equity ¹⁾ | 10.0% | 11.4% | 7.8% | 10.7% | 0.7% |
| Loan loss rate ²⁾ | -0.03% | -0.02% | 0.02% | -0.02% | 0.00% |
| Core Tier 1 capital ratio ³⁾ | 23.8% | 21.2% | 15.6% | 23.8% | 15.6% |

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

³⁾ Without taking the transitional regulations into account.

Market development and volumes

Development in the second quarter of 2013 compared with the first quarter of 2013

Retail Market and Collaboration Market

SBAB offers savings and loan products to private individuals, and the reach of SBAB's residential mortgage products is extended through partnerships with banks, estate agents and others.

Increasing demand and relatively weak supply resulted in housing prices continuing to rise in major cities in the second quarter, according to SBAB's quarterly survey of estate agents. However, the tenant-owned market remains stronger than the small house market. SBAB experienced healthy demand for residential mortgages during the period, while the competitive situation in the market has intensified. New lending to retail customers amounted to SEK 7.8 billion (7.0) for the quarter. In residential mortgages to private individuals, SBAB's market share amounted to 7.4 percent and for private loans it was 0.5 percent.

SBAB's savings accounts, which are characterised by competitive interest rates and straightforward product terms and conditions, continue to attract new customers. SBAB's retail deposits rose by SEK 2.4 billion (0.9) to a total SEK 25.8 billion (23.3) in the quarter. The market share within retail deposits amounted to 2.0 percent.

Tenant-owner Associations Market

SBAB offers savings and loan products to tenant-owner associations. New lending to tenant-owner associations amounted to SEK 1.4 billion (1.2) and the total lending volume was SEK 55.3 billion (55.2). SBAB's market share with regard to loans to tenant-owner associations was 15.7 percent.

SBAB's deposits from tenant-owner associations were unchanged in the quarter, and amounted to SEK 1.8 billion (1.8).

Corporate market

SBAB offers savings and loans products to companies. New lending to the corporate market amounted to SEK 0.7 billion (0.1) and the total lending volume was SEK 34.3 billion (36.9).

SBAB's deposits from the corporate market rose by SEK 0.3 billion (0.2) in the quarter. At the close of the quarter, deposits from the corporate market amounted to SEK 4.0 billion (3.7).

Financial performance

Development in the second quarter of 2013 compared with the first quarter of 2013

Operating profit

SBAB's operating profit, excluding net result from financial instruments, decreased by 17 percent to SEK 281 million (339). The operating profit amounted to SEK 259 million (325). The change in profit derived mainly from lower net interest income and higher costs.

Net interest income and commission income

SBAB's net interest income for the period was SEK 502 million (538). The lower net interest income is mainly due to a lower margin on lending than in the comparative period. Net commission income for the period amounted to an expense of SEK 26 million (expense 27), including a fee of SEK 24 million (23) for the government stability fund.

Expenses

SBAB's expenses amounted to SEK 212 million (184), of which personnel costs accounted for SEK 90 million (89). The increase in expenses is primarily due to marketing activities in conjunction with the launch of SBAB's savings funds, as well as higher IT costs particularly for operation and development.

Loan losses

SBAB's loan losses amounted to positive SEK 17 million (positive 12). This outcome is due to reversals made within individual provisions attributable to corporate market loans and the redemption of collective provisions for retail and corporate market loans.

Net result from financial instruments measured at fair value

Net result from financial instruments measured at fair value amounted to an expense of SEK 22 million (expense 14) for the period. The single greatest factor impacting earnings was the sale of RMBS's in the quarter. Earnings were also impacted by unrealised market value changes to basis swaps. Basis swaps are used to minimise interest-rate and currency risks that arise in conjunction with funding in foreign currency. For further information on fair-value recognition of derivative instruments, see Note 2.

Lending and deposits

New lending for the period amounted to SEK 9.8 billion (8.4) and the total lending volume amounted to SEK 257.6 billion (257.6), compared with SEK 255.9 billion at the start of the year. New deposits for the period amounted to SEK 2.6 billion (1.3) and the total deposit volume amounted to SEK 31.6 billion (28.9), compared with SEK 27.7 billion at the start of the year.

Funding

During the second quarter of 2013 SBAB issued an unsecured bond of EUR 750 million. 5-year maturity means this issue is the longest unsecured public EUR transaction ever undertaken by SBAB, and provides a point of reference for future funding.

The total value of debt securities in issue declined by SEK 7.2 billion during the quarter to SEK 243.6 billion (250.8). During the quarter securities valued at SEK 32.3 billion (44.3) were issued. At the same time, securities valued at SEK 5.7 billion (11.1) were repurchased, while securities for SEK 37.5 billion (33.3) matured. In addition, revaluations of liabilities due to changes in premiums/discounts and changes in exchange rates for the SEK have contributed to the decline.

Funding through the issuance of covered bonds takes place in the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation) "SCBC". Total outstanding covered debt totalled SEK 147.4 billion (155.0), compared with SEK 152.9 billion at the beginning of the year.

Capital adequacy

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational and market risk in accordance with the standardised approach. SBAB's capital adequacy ratio under Pillar 1, with consideration for transitional regulations, amounted to 10.8 percent (11.5) at 30 June 2013, compared with 11.5 percent at the beginning of the year. The corresponding Core Tier 1 capital ratio was 7.0 percent (6.9), compared with 6.9 percent at the beginning of the year. For information concerning other capital ratios, refer to the table on page 10.

Due to the low risk in SBAB's operations the company is also well capitalised in accordance with forthcoming Basel III regulations.

The internally calculated capital requirement was SEK 8,620 million (8,142), compared to SEK 9,239 million at the beginning of the year.

Liquidity reserve

SBAB's liquidity reserve mainly comprises securities¹⁾. The market value of these assets amounted to SEK 31.6 billion (35.3), excluding RMBSs. Taking the Riksbank's haircuts into account, the value of the assets was SEK 29.7 billion (33.8).

For SBAB, the number of MCO days amounts to 102 (74). SBAB considers the number of MCO days to be satisfactory.

¹⁾During the period, a portion of the securities assets comprised RMBSs (Residential Mortgage-Backed Securities). The reason for the inclusion of the RMBSs in the liquidity reserve in Note 10 is that SBAB adheres to the Swedish Banking Association's template for the disclosure of a bank's liquidity reserve. These securities are backed by underlying property assets in Spain and the Netherlands. Unlike other securities assets in the liquidity reserve, which are recognised at market value, RMBSs are recognised at amortised cost. On 30 June 2013, the difference between the carrying amount and fair value of the RMBSs was SEK 0.3 billion. For further information, refer to "Reclassified assets" in Note 7.

As of 1 January 2013, the liquidity coverage ratio is calculated in accordance with the Swedish Financial Supervisory Authority's regulation, FFFS 2012:6. The liquidity coverage ratio was 213 percent for all currencies combined, 1,332 percent for the EUR and 402 percent for the USD, which exceeds the minimum requirement of 100 percent.

For further information on the liquidity reserve, the calculation of MCO days and the liquidity coverage ratio, see Note 10.

Quarterly overview

| Group SEK million | 2013 Q2 | 2013 Q1 | 2012 Q4 | 2012 Q3 | 2012 Q2 |
|---|------------|------------|------------|------------|------------|
| Net interest income | 502 | 538 | 491 | 499 | 522 |
| Net commission income | -26 | -27 | -18 | -26 | -27 |
| Net result from financial instruments measured at fair value (Note 2) | -22 | -14 | 10 | -130 | -91 |
| Other operating income | - | - | 1 | - | 2 |
| Total operating income | 454 | 497 | 484 | 343 | 406 |
| Costs | -212 | -184 | -194 | -158 | -175 |
| Loan losses, net (Note 3) | 17 | 12 | -17 | 2 | -11 |
| Operating profit/loss | 259 | 325 | 273 | 187 | 220 |
| Operating profit excl. net result from financial instruments | 281 | 339 | 263 | 317 | 311 |
| Tax | -30 | -72 | -80 | -49 | -59 |
| Profit/loss for the period | 229 | 253 | 193 | 138 | 161 |
| New lending, SEK billion | 9.8 | 8.4 | 10.1 | 8.1 | 8.5 |
| Total deposits, SEK billion | 31.6 | 28.9 | 27.7 | 24.6 | 18.3 |
| Cost/Income ratio excl. loan losses | 47% | 37% | 40% | 46% | 43% |
| Return on equity ¹⁾ | 10.0% | 11.4% | 9.0% | 6.5% | 7.8% |
| Loan loss rate ²⁾ | -0.03% | -0.02% | 0.03% | -0.00% | 0.02% |
| Core Tier 1 capital ratio ³⁾ | 23.8% | 21.2% | 16.4% | 16.2% | 15.6% |

¹⁾ Return on equity calculated on a full-year basis.

²⁾ Loan losses calculated on a full-year basis in relation to lending to the public at the beginning of the year.

³⁾ Without taking the transitional regulations into account.

Performance for January-June 2013 (January-June 2012)

Operating profit for the period totalled SEK 584 million (40). Income amounted to SEK 951 million (421), with the increase due to higher net interest income and an improved net result from financial instruments. Net interest income amounted to SEK 1,040 million (951). The improvement was mainly due to lower funding costs. Net result from financial instruments measured at fair value amounted to an expense of SEK 36 million (expense 481) and was mainly affected by changed market values of basis swaps and the sale of RMBSSs.

Net interest income for the period was SEK 396 million (376). The increase was mainly attributable to higher personnel and marketing costs.

Loan losses remained low. The outcome for the period was positive in the amount of SEK 29 million (5). The outcome is due to reversals made within individual provisions attributable corporate and retail market loans and the redemption of collective provisions for retail and corporate market loans.

Other significant information

Credit rating

No rating changes occurred in the second quarter of 2013.

| Rating | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|----------------------------|------------|------------|------------|
| SBAB Bank AB (publ) | | | |
| <i>Long-term funding</i> | | | |
| -Standard & Poor's | A | A+ | A |
| -Moody's | A2 | A2 | 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 |

Risks and uncertainties for the Group and Parent Company

Although the worsened European macroeconomic situation has affected SBAB's earnings, it has had no significant impact on the company's financial position. The functioning of the capital market has remained favourable despite the partial discontinuation of the ECB's support measures. However, future macroeconomic development in Europe remains uncertain.

The economic trend in Sweden is the primary risk factor for SBAB's future earnings capacity and the quality of its assets are 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 is showing stable growth, inflation remains low in part due to supportive measures, interest rates are low, while stock market and property prices are rising. The Swedish economy is sensitive to global economic developments and to conditions on the international financial markets. Risks regarding these factors are assessed to have decreased slightly. A strained housing market and high household indebtedness result in the economy also being sensitive to changes in interest rates and house prices. Risks regarding these factors are assessed to have increased slightly.

For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the Annual Report for 2012.

Merger of sales units for the corporate market and tenant-owner associations

SBAB has a long history of financing multi-family dwellings, with a leading position in both the corporate and tenant-owner association markets. In order to build a strong and efficient unit for the financing of multi-family dwellings, in June SBAB therefore decided to merge these two sales units. In connection with this, SBAB has also decided to discontinue the on-going process to sell its corporate portfolio and to retain its lending operations to property companies as part of SBAB's housing financing offer. The new sales unit will be operative as of 1 September 2013. Per O. Dahlstedt, former head of the Corporate sales unit, has been appointed head of the new unit and will become a member of SBAB's Executive Management.

Financial calendar

Interim report January–September
Year-end report

28 October 2013
February 2014

Review report

This interim report has not been audited.

The Board of Directors and CEO affirm 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.

Stockholm, 18 July 2013

Bo Magnusson
Chairman of the Board

Ebba Lindsö
Board member

Jakob Grinbaum
Deputy Chairman of the Board

Jane Lundgren Ericsson
Board member

Kristina Ekengren
Board member

Karin Moberg
Board member

Per Anders Fasth
Board member

Helen Vallin
Board member (employee representative)

Anders Heder
Board member (employee representative)

Christer Åberg
Board member

Carl-Viggo Östlund
CEO

For further information, contact CEO Carl-Viggo Östlund, +46 8 614 43 01, carl-viggo.ostlund@sbab.se or CFO Lennart Krän, +46 8 614 43 28, lennart.kran@sbab.se.

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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 19 July 2013 at 9.00 a.m. (CET).

While every care has been taken in the translation of this report, readers are reminded that the Swedish version is the original version.

Income statement

| Group SEK million | 2013 Q2 | 2013 Q1 | 2012 Q2 | 2013 Jan-Jun | 2012 Jan-Jun | 2012 Jan-Dec |
|--|-------------|-------------|-------------|-----------------|-----------------|-----------------|
| Interest income | 2,034 | 2,075 | 2,253 | 4,109 | 5,636 | 10,485 |
| Interest expense | -1,532 | -1,537 | -1,731 | -3,069 | -4,685 | -8,544 |
| Net interest income | 502 | 538 | 522 | 1,040 | 951 | 1,941 |
| Commission income | 10 | 10 | 12 | 20 | 25 | 55 |
| Commission expense | -36 | -37 | -39 | -73 | -76 | -150 |
| Net result from financial instruments meas. at fair value (Note 2) | -22 | -14 | -91 | -36 | -481 | -601 |
| Other operating income | - | - | 2 | - | 2 | 3 |
| Total operating income | 454 | 497 | 406 | 951 | 421 | 1,248 |
| Personnel costs | -90 | -89 | -84 | -179 | -172 | -342 |
| Other expenses | -115 | -88 | -86 | -203 | -192 | -362 |
| Amortisation and depreciation of fixed assets | -7 | -7 | -5 | -14 | -12 | -24 |
| Total expenses before loan losses | -212 | -184 | -175 | -396 | -376 | -728 |
| Profit/loss before loan losses | 242 | 313 | 231 | 555 | 45 | 520 |
| Loan losses, net (Note 3) | 17 | 12 | -11 | 29 | -5 | -20 |
| Operating profit/loss | 259 | 325 | 220 | 584 | 40 | 500 |
| Tax | -30 | -72 | -59 | -102 | -11 | -140 |
| Profit/loss for the period | 229 | 253 | 161 | 482 | 29 | 360 |

Statement of comprehensive income

| Group SEK million | 2013 Q2 | 2013 Q1 | 2012 Q2 | 2013 Jan-Jun | 2012 Jan-Jun | 2012 Jan-Dec |
|---|------------|------------|------------|-----------------|-----------------|-----------------|
| Profit/loss for the period | 229 | 253 | 161 | 482 | 29 | 360 |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| <i>Components that will be reversed against the income statement</i> | | | | | | |
| Change in reclassified financial assets, before tax | 5 | 4 | 6 | 9 | 12 | 20 |
| Tax attributable to Components that will be reversed against the income statement | -1 | -1 | -1 | -2 | -3 | -6 |
| <i>Components that will not be reversed against the income statement</i> | | | | | | |
| Revaluation effects of defined benefit pension plans, before tax | - | - | - | - | - | -6 |
| Tax attributable to components that will not be reversed against the income statement | - | - | - | - | - | 3 |
| Other comprehensive income, net after tax | 4 | 3 | 5 | 7 | 9 | 11 |
| Total comprehensive income for the period | 233 | 256 | 166 | 489 | 38 | 371 |

Balance sheet

| Group SEK million | 30/06/2013 | 30/06/2013 | 31/12/2012 |
|---|----------------|----------------|----------------|
| ASSETS | | | |
| Cash and balances at central banks | 0 | 0 | 0 |
| Chargeable treasury bills and other eligible bills | 7,932 | 2,078 | 12,860 |
| Lending to credit institutions | 20,772 | 17,823 | 18,269 |
| Lending to the public (Note 4) | 257,561 | 254,912 | 255,946 |
| Change in value of interest-rate-hedged items in portfolio hedges | 743 | 1,020 | 1,617 |
| Bonds and other interest-bearing securities | 25,871 | 33,688 | 31,452 |
| Derivative instruments (Note 5) | 7,061 | 12,755 | 12,745 |
| Shares and participations | 205 | - | 150 |
| Deferred tax assets | - | - | 34 |
| Intangible fixed assets | 168 | 87 | 122 |
| Tangible fixed assets | 39 | 30 | 33 |
| Other assets | 2,546 | 948 | 238 |
| Prepaid expenses and accrued income | 750 | 864 | 962 |
| TOTAL ASSETS | 323,648 | 324,205 | 334,428 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Liabilities to credit institutions | 19,568 | 18,711 | 17,538 |
| Deposits from the public | 31,563 | 18,318 | 27,654 |
| Debt securities in issue | 243,607 | 257,237 | 253,897 |
| Derivative instruments (Note 5) | 10,476 | 12,307 | 15,383 |
| Other liabilities | 255 | 304 | 361 |
| Accrued expenses and prepaid income | 2,681 | 2,611 | 3,698 |
| Provisions | 323 | 118 | 77 |
| Subordinated debt | 5,918 | 6,164 | 7,052 |
| Total liabilities | 314,391 | 315,770 | 325,660 |
| Equity | | | |
| Share capital | 1,958 | 1,958 | 1,958 |
| Other reserves | -20 | -29 | -27 |
| Retained earnings | 6,837 | 6,477 | 6,477 |
| Profit/loss for the period | 482 | 29 | 360 |
| Total equity | 9,257 | 8,435 | 8,768 |
| TOTAL LIABILITIES AND EQUITY | 323,648 | 324,205 | 334,428 |

The comparison figures have been recalculated with regard to new accounting regulations regarding IAS 19 which are being applied retroactively.

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 2013 | 1,958 | -27 | 6,837 | | 8,768 |
| Total comprehensive income for the period | | 7 | | 482 | 489 |
| Closing balance, 30 June 2013 | 1,958 | -20 | 6,837 | 482 | 9,257 |
| | Share capital | Other reserves | Retained earnings | P/L for the period | Total equity |
| Opening balance, 1 January 2012 | 1,958 | -51 | 6,477 | | 8,384 |
| Changed accounting policy, IAS 19 | | 13 | | | 13 |
| Adjusted opening balance at 1 January 2012 | 1,958 | -38 | 6,477 | | 8,397 |
| Total comprehensive income for the period | | 9 | | 29 | 38 |
| Closing balance, 30 June 2012 | 1,958 | -29 | 6,477 | 29 | 8,435 |
| | Share capital | Other reserves | Retained earnings | P/L for the period | Total equity |
| Opening balance, 1 January 2012 | 1,958 | -51 | 6,477 | | 8,384 |
| Changed accounting policy, IAS 19 | | 13 | | | 13 |
| Adjusted opening balance at 1 January 2012 | 1,958 | -38 | 6,477 | | 8,397 |
| Total comprehensive income for the period | | 11 | | 360 | 371 |
| Closing balance, 31 December 2012 | 1,958 | -27 | 6,477 | 360 | 8,768 |

Cash-flow statement

| Group | 2013 | 2012 | 2012 |
|---|---------------|---------------|---------------|
| SEK million | Jan-Jun | Jan-Jun | Jan-Dec |
| Cash and cash equivalents at the beginning of the period | 17,536 | 18,939 | 18,939 |
| Cash flow from operating activities | 3,944 | -1,554 | -2,293 |
| Cash flow from investing activities | -67 | -61 | -110 |
| Cash flow from funding activities | -1,000 | - | 1,000 |
| Increase/Decrease in cash and cash equivalents | 2,877 | -1,615 | -1,403 |
| Cash and cash equivalents at the end of the period | 20,413 | 17,324 | 17,536 |

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 | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|---|---------------|---------------|---------------|
| Core Tier 1 capital | | | |
| Equity | 9,257 | 8,422 | 8,761 |
| Profit/loss for this period, not revalued | -482 | -29 | - |
| Profit/loss, last revalued period | 253 | -132 | - |
| Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale | 30 | 42 | 37 |
| Non-controlling interest | 755 | 706 | 731 |
| Intangible fixed assets | -168 | -87 | -122 |
| Deferred tax assets | - | - | -36 |
| Net reserves for IRB exposures and net pension liabilities | -46 | -93 | -69 |
| Core Tier 1 capital | 9,599 | 8,829 | 9,302 |
| 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 | 12,593 | 11,823 | 12,296 |
| Tier 2 capital | | | |
| Perpetual subordinated debentures | - | - | - |
| Time-limited subordinated debentures | 2,272 | 2,313 | 3,300 |
| Net reserves for IRB exposures and net pension liabilities | -46 | -93 | -70 |
| Tier 2 capital | 2,226 | 2,220 | 3,230 |
| Amount for capital base net after deductible items and limit value | 14,819 | 14,043 | 15,526 |

* Encompassed by transitional rules to FFFS 2007:1

Capital requirements

| Group SEK million | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|--|---------------|---------------|---------------|
| Credit risk recognised in accordance with IRB approach | | | |
| Exposures to corporates | 905 | 2,409 | 2,173 |
| Retail exposures | 1,083 | 846 | 908 |
| Positions in securitisations | 182 | 221 | 423 |
| Total exposures in accordance with IRB approach | 2,170 | 3,476 | 3,504 |
| Credit risk reported 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 | 439 | 413 | 387 |
| Exposures to corporates | 164 | 164 | 169 |
| Retail exposures | 120 | 72 | 76 |
| Past due items | 1 | 0 | 1 |
| Exposures to CIUs | 16 | - | 12 |
| Other items | 11 | 10 | 9 |
| Total exposures in accordance with standardised approach | 751 | 659 | 654 |
| Risk in commercial portfolio | 150 | 178 | 162 |
| Operational risk | 154 | 211 | 211 |
| Currency risk | - | - | - |
| Total minimum capital requirements | 3,225 | 4,524 | 4,531 |
| Addition to transitional rules | 7,707 | 6,251 | 6,279 |
| Total capital requirements according to transition rules | 10,932 | 10,775 | 10,810 |

In February 2013, SBAB received permission from Finansinspektionen (the Swedish Financial Supervisory Authority) to include tenant-owner associations with a turnover of less than EUR 50 million and with full collateral in the retail exposure category, and to apply an internal method for the calculation of Loss Given Default (LGD) for those exposures. Since this portfolio is secured, internal LGD is lower than that prescribed, resulting in a reduction in the minimum capital requirement without taking transitional regulations into account.

Capital adequacy

| Group SEK million | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|---|------------|------------|------------|
| Core Tier 1 capital | 9,599 | 8,829 | 9,302 |
| Tier 1 capital | 12,593 | 11,823 | 12,296 |
| Total capital | 14,819 | 14,043 | 15,526 |
| Without transitional regulations | | | |
| Risk-weighted assets | 40,305 | 56,547 | 56,638 |
| Core Tier 1 capital ratio | 23.8% | 15.6% | 16.4% |
| Tier 1 capital ratio | 31.2% | 20.9% | 21.7% |
| Capital adequacy ratio | 36.8% | 24.8% | 27.4% |
| Capital quotient | 4.60 | 3.10 | 3.43 |
| Without transitional regulations | | | |
| Risk-weighted assets | 136,648 | 134,687 | 135,124 |
| Core Tier 1 capital ratio | 7.0% | 6.6% | 6.9% |
| Tier 1 capital ratio | 9.2% | 8.8% | 9.1% |
| Capital adequacy ratio | 10.8% | 10.4% | 11.5% |
| Capital quotient | 1.36 | 1.30 | 1.44 |

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 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 the annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

Compared with 2012, the IAS 19 accounting policy has been changed for the group. In addition, a number of disclosure requirements have been changed, affecting the appearance and content of the interim reports for 2013.

One of these is IAS 1 Presentation of Financial Statements. The components in other comprehensive income are divided into two groups. The division is made according to whether or not the components can be assumed to be subject to future reversal via the income statement. The tax accruing to each of the groups is to be separated.

The changes to IAS 19 Employee Benefits mean the disappearance of the compensatory effect that the corridor method entailed. This will result in increased volatility in the balance sheet and other comprehensive income. The transitional effect arising from the discontinuation of the corridor method for unrecognised accumulated actuarial gains amounted to SEK 18 million on 1 January 2012 including special employer's contributions and excluding corporate income tax (SEK 13 million including corporate income tax), which implies a corresponding positive effect on equity. The new regulations also had an adverse impact of SEK 3 million on profit during 2012.

In IFRS 7, Financial Instruments: Additional disclosure requirements have been added regarding the offsetting of financial assets and liabilities. The disclosure requirements apply to all recognised financial instruments that are offset in accordance with item 42 in IAS 32, but also to recognised financial instruments covered by a legally binding framework agreement on offsetting or any similar agreement, regardless of whether or not they are offset in accordance with item 42 in IAS 32. During 2013, these disclosures shall also be made in the interim reports.

IFRS 13 Fair Value Measurement entails a new uniform standard for the assessment of fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard has not resulted in any change in how SBAB established fair value and does not result in any new items to be measured at fair value. Beyond this, IFRS 13 contains extensive disclosure requirements that, as a consequence of an addition to IAS 34 Interim Financial Reporting, shall also, to a large extent, be provided in the interim reports.

In other regards, the accounting policies and calculation methods are unchanged compared with the 2012 Annual Report.

According to SBAB's preliminary assessment, new or changed international accounting standards that have not yet been applied will have a limited effect on the financial reports.

Note 2 Net result from financial instruments measured at fair value

| Group | 2013 | 2013 | 2012 | 2013 | 2012 | 2012 |
|--|------------|------------|------------|------------|-------------|-------------|
| SEK million | Q2 | Q1 | Q2 | Jan-Jun | Jan-Jun | Jan-Dec |
| Gains/losses on interest-bearing financial instruments | | | | | | |
| - Securities measured at fair value through profit or loss | -358 | -111 | 187 | -469 | 367 | 950 |
| - Change in value of hedged items in hedge accounting | 560 | 614 | -549 | 1174 | -445 | -742 |
| - Realised expense from financial liabilities | -11 | -34 | -30 | -45 | -109 | -192 |
| - Derivative instruments | -233 | -501 | 255 | -734 | -336 | -697 |
| - Loan receivables | 23 | 20 | 24 | 43 | 43 | 90 |
| Currency translation effects | -3 | -6 | 22 | -9 | -1 | -10 |
| Gains/losses on shares and participations measured at fair value through the income statement | 0 | 4 | - | 4 | - | 0 |
| Total | -22 | -14 | -91 | -36 | -481 | -601 |

Changes in the market value of basis swaps are attributable to "Derivative instruments". All derivative instruments represent financial hedges of interest-rate risk and/or currency risk in funding or lending.

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), 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 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. 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 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 SEK million | 2013 Q2 | 2013 Q1 | 2012 Q2 | 2013 Jan-Jun | 2012 Jan-Jun | 2012 Jan-Dec |
|---|------------|------------|------------|-----------------|-----------------|-----------------|
| CORPORATE MARKET | | | | | | |
| INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS | | | | | | |
| Write-off of confirmed loan losses for the period | -1 | -0 | - | -1 | - | -0 |
| Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period | 1 | - | - | 1 | - | - |
| Provision for probable loan losses for the period | -0 | -0 | -0 | -0 | -0 | -26 |
| Recoveries in respect of confirmed loan losses in prior years | - | - | - | - | - | 0 |
| Reversal of prior year provisions for probable loan losses no longer required | 0 | 8 | 14 | 8 | 16 | 26 |
| Guarantees | 0 | 0 | -0 | 0 | -0 | -0 |
| Net income for the period for individual provisions for corporate market loans | 0 | 8 | 14 | 8 | 16 | -0 |
| COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS | | | | | | |
| Allocations to/redemption of collective provisions | 7 | -5 | -10 | 2 | -12 | 4 |
| Guarantees | -3 | 5 | -7 | 2 | -6 | -6 |
| Net income/cost for the period for collective provisions for corporate market loans | 4 | 0 | -17 | 4 | -18 | -2 |
| RETAIL MARKET | | | | | | |
| INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS | | | | | | |
| Write-off of confirmed loan losses for the period | -3 | -4 | -4 | -7 | -5 | -9 |
| Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period | 2 | 5 | 3 | 7 | 4 | 5 |
| Provision for probable loan losses for the period | -2 | -2 | -1 | -4 | -2 | -9 |
| Reversal of prior year provisions for probable loan losses no longer required | 0 | 0 | 0 | 0 | 0 | 0 |
| Guarantees | 0 | - | - | 0 | - | - |
| Net cost for the period for individual provisions for retail market loans | -3 | -1 | -2 | -4 | -3 | -13 |
| COLLECTIVE PROVISION FOR RETAIL MARKET LOANS | | | | | | |
| Write-off of confirmed loan losses for the period | -6 | -3 | -7 | -9 | -13 | -27 |
| Recoveries in respect of confirmed loan losses in prior years | 0 | 1 | 0 | 1 | 0 | 3 |
| Allocation to/redemption of collective provisions | 23 | 8 | -4 | 31 | 9 | 19 |
| Guarantees | -1 | -1 | 5 | -2 | 4 | 0 |
| Net income/cost for the period for collective provisions for retail market loans | 16 | 5 | -6 | 21 | 0 | -5 |
| NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES | 17 | 12 | -11 | 29 | -5 | -20 |

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 SEK million | 30/06/2013 | | 30/06/2012 | | 31/12/2012 | |
|---|----------------|-------------|-------------------|-------------------|-------------------|-------------|
| | Lending | Provision | Lending | Provision | Lending | Provision |
| Single-family dwellings and holiday homes | 102,189 | -154 | 98,679 | -170 | 100,227 | -170 |
| Tenant-owner rights | 65,049 | -82 | 59,587 | -104 | 61,677 | -98 |
| Tenant-owner associations | 55,127 | -9 | 54,192 | -33 | 55,199 | -12 |
| Private multi-family dwellings | 24,757 | -41 | 28,932 | -29 | 26,496 | -49 |
| Municipal multi-family dwellings | 4,199 | - | 5,209 | - | 4,796 | - |
| Commercial properties | 5,541 | - | 8,084 | - | 7,128 | - |
| Other | 990 | -5 | 569 | -4 | 759 | -7 |
| Provision for probable loan losses | -291 | - | -340 | - | -336 | - |
| Total | 257,561 | -291 | 254,912 | -340 | 255,946 | -336 |
| Doubtful and non-performing loan receivables | | | 30/06/2013 | 30/06/2012 | 31/12/2012 | |
| a) Doubtful loan receivables | | | 51 | 52 | 67 | |
| b) Non-performing loan receivables* included in doubtful loan receivables | | | 15 | 18 | 21 | |
| c) Non-performing loan receivables* not included in doubtful loan receivables | | | 386 | 468 | 452 | |
| d) Individual provisions for loan receivables | | | 42 | 32 | 54 | |
| e) Collective provisions for corporate market loans | | | 24 | 44 | 27 | |
| f) Collective provisions for retail market loans | | | 225 | 264 | 255 | |
| g) Total provisions (d+e+f) | | | 291 | 340 | 336 | |
| h) Doubtful loan receivables after individual provisions (a-d) | | | 9 | 20 | 13 | |
| i) Provision ratio for individual provisions (d/a) | | | 82% | 62% | 81% | |

*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 | 30/06/2013 | | 30/06/2012 | | 31/12/2012 | |
|--|----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | SBAB incl. all of | | SBAB incl. all of | | SBAB incl. all of | |
| | SBAB** | FriSpar | SBAB** | FriSpar | SBAB** | FriSpar |
| Retail lending | 167,987 | 168,266 | 158,557 | 159,078 | 162,388 | 163,055 |
| - new lending | 14,777 | 16,256 | 12,245 | 13,779 | 26,295 | 29,374 |
| Corporate lending (incl. tenant-owner assn.) | 89,574 | 89,588 | 96,355 | 96,383 | 93,558 | 93,574 |
| - new lending | 3,370 | 3,370 | 4,488 | 4,488 | 8,583 | 8,583 |
| Total | 257,561 | 257,854 | 254,912 | 255,461 | 255,946 | 256,629 |
| - new lending | 18,147 | 19,626 | 16,733 | 18,267 | 34,878 | 37,957 |

** In the SBAB 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 5 Derivative instruments

| Group SEK million | 30/06/2013 | | |
|-----------------------|-------------------------------------|--|----------------------------|
| | Assets measured at fair value | Liabilities measured at fair value | Total nominal amount |
| Interest-rate related | 4,554 | 3,351 | 230,152 |
| Currency related | 2,507 | 7,125 | 122,267 |
| Total | 7,061 | 10,476 | 352,419 |

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

Note 6 Operating segments

| Risk-adjusted income statement Group SEK million | Jan-Jun 2013 | | | | | | Jan-Jun 2012 | | | | | |
|--|------------------|-----------------|-------------------|-----------------|------------|------------|------------------|-----------------|-------------------|-----------------|-------------|-----------|
| | Tenant-owner | | | | | | Tenant-owner | | | | | |
| | Retail market | Assn. market | Collab. market | Corp. Market | Other | Total | Retail market | Assn. market | Collab. market | Corp. Market | Other | Total |
| Risk-adjusted income | 458 | 172 | 181 | 136 | | 947 | 419 | 146 | 147 | 168 | | 880 |
| Net result from financial instruments meas. at fair value | 4 | | -0 | | -40 | -36 | -1 | | | | -480 | -481 |
| Risk-adjusted expenses | -263 | -68 | -60 | -55 | 9 | -446 | -231 | -64 | -49 | -69 | | -413 |
| Tax | -44 | -23 | -27 | -18 | | -103 | -48 | -22 | -26 | -26 | 127 | 5 |
| Risk-adjusted profit after tax | 155 | 81 | 94 | 63 | -31 | 362 | 139 | 60 | 72 | 73 | -353 | -9 |
| RAROC, after tax | 14.7% | 17.0% | 15.8% | 13.8% | n/a | 15.2% | 15.1% | 11.8% | 15.3% | 11.7% | n/a | n/a |

Changes regarding the identification of operating segments

On 1 February 2013, a new organisation was established within SBAB. The former Retail business area was dissolved and replaced by three sales departments: Retail Market, Tenant-owner Associations Market and Collaboration Market. No changes have been made to the Corporate segment which remains from the previous organisation. In principle, the item Net result from financial instruments measured at fair value has not been distributed and is included in the Other column. The comparison figures have been recalculated for the three new segments Retail Market, Tenant-owner Associations Market and Collaboration Market.

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 regards to be required to cover unexpected losses during the coming year. At 30 June 2013, "Economic capital" was lower than recognised equity.

Recognised loan losses have been replaced by "Expected losses" in risk-adjusted expense. For further information on "Expected losses" and "Economic capital", refer to page 45 of the 2012 Annual Report.

Reconciliation

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

| Group SEK million | 2013 | 2012 |
|--|-------------|-------------|
| | Jan-Jun | Jan-Jun |
| Risk-adjusted income | 947 | 880 |
| Adjustment to return on recognised equity | 40 | 22 |
| Net expense from financial investments measured at fair value | -36 | -481 |
| Total net interest income and other operating income | 951 | 421 |
| Risk-adjusted expense | -446 | -413 |
| Adjustment to recognised loan losses | 79 | 32 |
| Expenses and loan losses | -367 | -381 |
| Risk-adjusted profit before tax | 465 | -14 |
| Tax for the period according to risk-adjusted income statement | -103 | 5 |
| Risk-adjusted profit after tax | 362 | -9 |
| Risk-adjusted items | | |
| Adjustment to return on recognised equity | 40 | 22 |
| Adjustment to recognised loan losses | 79 | 32 |
| Reversal of tax according to risk-adjusted income statement | 103 | -5 |
| Operating result | 584 | 40 |
| Recognised tax | -102 | -11 |
| Profit for the period after tax | 482 | 29 |

Note 7 Classification of financial instruments

| Group Financial assets SEK million | 30/06/2013 | | | | Total fair value |
|---|---|--|------------------|----------------|------------------|
| | Assets measured at fair value through P/L | Hedge-accounted derivative instruments | Loan receivables | Total | |
| Cash and balances at central banks | | | 0 | 0 | 0 |
| Chargeable treasury bills and other eligible bills | 7,932 | | | 7,932 | 7,932 |
| Lending to credit institutions | | | 20,772 | 20,772 | 20,772 |
| Lending to the public | | | 257,561 | 257,561 | 259,356 |
| Change in value of interest-rate-hedged items in portfolio hedges | | | 743 | 743 | - |
| Bonds and other interest-bearing securities | 23,244 | | 2,627 | 25,871 | 25,523 |
| Derivative instruments | 1,284 | 5,777 | | 7,061 | 7,061 |
| Shares and participations | 205 | | | 205 | 205 |
| Other assets | | | 2,546 | 2,546 | 2,546 |
| Prepaid expenses and accrued income | 375 | | 375 | 750 | 750 |
| Total | 33,040 | 5,777 | 284,624 | 323,441 | 324,145 |

| Group Financial liabilities SEK million | 30/06/2013 | | | | Total fair value |
|---|--|--|-----------------------------|----------------|------------------|
| | Liabilities measured at fair value through P/L | Hedge-accounted derivative instruments | Other financial liabilities | Total | |
| Liabilities to credit institutions | | | 19,568 | 19,568 | 19,568 |
| Deposits from the public | | | 31,563 | 31,563 | 31,563 |
| Debt securities in issue | | | 243,607 | 243,607 | 242,841 |
| Derivative instruments | 3,477 | 6,999 | | 10,476 | 10,476 |
| Other liabilities | | | 255 | 255 | 255 |
| Accrued expenses and prepaid income | | | 2,681 | 2,681 | 2,681 |
| Subordinated debt | | | 5,918 | 5,918 | 5,918 |
| Total | 3,477 | 6,999 | 303,592 | 314,068 | 313,302 |

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 due to SBAB's perception that the downturn in the global financial markets during autumn 2008 was of sufficient magnitude to justify 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," these assets have to be recognised at accrued cost and a credit-risk assessment must be performed according to the same principles as for the risk assessment of SBAB's credit portfolio.

Following the reclassification of the RMBS assets, no need to impair these assets has arisen, which is why the company has not recognised any impairment losses under the "Impairment of financial assets" item.

RMBS portfolio

| Group SEK million | 30/06/2013 | |
|-------------------------|-----------------|--------------|
| | Carrying amount | Fair value |
| Country of asset | | |
| Spain | 2,166 | 1,826 |
| The Netherlands | 461 | 453 |
| Total | 2,627 | 2,279 |

As of 1 July 2008, the fair value of the reclassified portfolio amounted to SEK 21.7 billion. The average effective rate 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 2013, the fair value of the assets would have amounted to SEK 2.3 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 30 June 2013 was SEK 2.6 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to a negative SEK 0.3 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to a negative SEK 30 million, net after tax, at 30 June 2013. After the reclassification date, SEK 218 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.

Note 8 Information about fair value

| Group SEK million | 30/06/2013 | | | Total |
|-----------------------------------|--------------------------------|--|------------------------------------|---------------|
| | Quoted market prices (Level 1) | Other observable market data (Level 2) | Unobservable market data (Level 3) | |
| Assets | | | | |
| Securities in the category trade | 31,381 | - | - | 31,381 |
| Derivatives in the category trade | 20 | 1,264 | - | 1,284 |
| Derivatives in hedge accounting | - | 5,777 | - | 5,777 |
| Total | 31,401 | 7,041 | - | 38,442 |
| Liabilities | | | | |
| Derivatives in the category trade | 22 | 3,455 | - | 3,477 |
| Derivatives in hedge accounting | - | 6,999 | - | 6,999 |
| Total | 22 | 10,454 | - | 10,476 |

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.

Quoted market prices (Level 1)

Measurement at quoted prices in a market for identical assets and liabilities. The measurement method is used for all holdings of quoted interest-bearing securities and for publicly quoted derivatives, primarily interest-rate futures.

Measurement based on observable market 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 market 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 for any assets or liabilities.

Note 9 Information about offsetting

| Group SEK million | Amount recognised in the balance sheet | 30/06/2013 | | | Net amount |
|------------------------|--|---|---|--|---------------|
| | | Financial assets and liabilities covered by a legally binding agreement regarding netting or a similar agreement but that are not offset in the balance sheet | | | |
| | | Related amounts that are not offset in the balance sheet | | | |
| | | Financial instruments | Provided (+)/ Received (-) collateral - securities | Provided (+)/ Received (-) cash collateral | |
| Assets | | | | | |
| Derivative instruments | 7,061 | -5,274 | - | -1,051 | 736 |
| Repos | 16,811 | -15,295 | -1,508 | -8 | 0 |
| Liabilities | | | | | |
| Derivative instruments | -10,476 | 5,274 | - | 2,631 | -2,571 |
| Repos | -18,342 | 15,295 | 3,047 | - | 0 |
| Total | -4,946 | 0 | 1,539 | 1,572 | -1,835 |

Note 10 Liquidity reserve

| Liquidity Reserve SEK million | 30/06/2013 | Distribution by currency | | | |
|--|---------------|--------------------------|---------------|--------------|----------|
| | | SEK | EUR | USD | Other |
| Cash and balances from central banks | - | - | - | - | - |
| Balances from other banks | - | - | - | - | - |
| Securities issued or guaranteed by central governments, central banks or multinational development banks | 12,171 | 4,298 | 7,185 | 688 | - |
| Securities issued or guaranteed by municipalities or non-governmental public sector entities | 4,164 | 3,408 | - | 756 | - |
| Covered bonds issued by others | 15,270 | 11,494 | 2,646 | 1,130 | - |
| Own covered bonds | - | - | - | - | - |
| Securities issued by non-financial companies | - | - | - | - | - |
| Securities issued by financial companies (excl. covered bonds) | 2,280 | - | 2,280 | - | - |
| Other securities | - | - | - | - | - |
| Total | 33,885 | 19,200 | 12,111 | 2,574 | - |
| Bank and loan facilities | - | - | - | - | - |
| Total | 33,885 | 19,200 | 12,111 | 2,574 | 0 |
| Distribution by currency | | 57% | 36% | 7% | 0% |

SBAB's liquidity portfolio primarily comprises liquid, fixed income securities with a high rating and it is an integral 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. RMBSs are reported in the table above at market value, in accordance with the Swedish Banking Association's template for the disclosure of a bank's liquidity reserve. Since the secondary market for RMBSs is no longer as liquid as when the assets were acquired, it has been concluded that the liquidity value of these securities is no longer sufficient to warrant their inclusion in the liquidity reserve used in internal measurements of liquidity risk. These assets are also excluded from regulatory liquidity measurements.

Calculation of MCO days

SBAB measures and stress-tests liquidity risk by totalling the maximum need of liquidity for each of the upcoming 365 days, MCO (Maximum Cumulative Outflow). 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.

Calculation of liquidity coverage ratio

The liquidity coverage ratio calculates the degree to which a bank's liquid 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 for January–June 2013 compared with January–June 2012

Operating profit for the period amounted to SEK 98 million (loss 123). The operating profit was primarily attributable to higher net interest income of SEK 160 million (expense: 101). Net result from financial transactions declined to SEK 29 million (96). Expenses totalled SEK 448 million (422). The net effect of loan losses was a gain of SEK 7 million (loss: 9). Lending to the public amounted to SEK 49.4 billion (44.8). The Parent Company has favourable capital adequacy. Taking the transitional regulations into account, the Core Tier 1 capital ratio and the capital adequacy ratio amounted to 25.4 percent (32.3) and 42.0 percent (54.3), respectively.

Income statement

| Parent Company SEK million | 2013 Q2 | 2013 Q1 | 2012 Q2 | 2013 Jan–Jun | 2013 Jan–Jun | 2012 Jan–Dec |
|---|-------------|-------------|-------------|-----------------|-----------------|-----------------|
| Interest income | 797 | 799 | 1,046 | 1,596 | 2,093 | 4,162 |
| Interest expenses | -717 | -719 | -1,052 | -1,436 | -2,194 | -4,032 |
| Net interest income | 80 | 80 | -6 | 160 | -101 | 130 |
| Dividends received | - | 19 | 17 | 19 | 17 | 17 |
| Commission income | 33 | 32 | 31 | 65 | 62 | 136 |
| Commission expenses | -16 | -19 | -17 | -35 | -35 | -70 |
| Net result of financial transactions | -23 | 52 | -21 | 29 | 96 | 213 |
| Other operating income | 150 | 151 | 139 | 301 | 269 | 515 |
| Total operating income | 224 | 315 | 143 | 539 | 308 | 941 |
| Personnel costs | -96 | -95 | -88 | -191 | -180 | -354 |
| Other expenses | -138 | -109 | -104 | -247 | -235 | -434 |
| Amortisation and depreciation of fixed assets | -5 | -5 | -4 | -10 | -7 | -15 |
| Total expenses before loan losses | -239 | -209 | -196 | -448 | -422 | -803 |
| Profit before loan losses | -15 | 106 | -53 | 91 | -114 | 138 |
| Loan losses, net | 1 | 6 | -8 | 7 | -9 | -34 |
| Operating profit | -14 | 112 | -61 | 98 | -123 | 104 |
| Taxes | 38 | -21 | 20 | 17 | 37 | -11 |
| Profit for the period | 24 | 91 | -41 | 115 | -86 | 93 |

Statement of comprehensive income

| Parent Company SEK million | 2013 Q2 | 2012 Q1 | 2012 Q2 | 2013 Jan–Jun | 2012 Jan–Jun | 2012 Jan–Dec |
|---|------------|------------|------------|-----------------|-----------------|-----------------|
| Profit for the period | 24 | 91 | -41 | 115 | -86 | 93 |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| <i>Components that will be reversed against the income statement</i> | | | | | | |
| Change in reclassified financial assets, before tax | 5 | 4 | 6 | 9 | 12 | 20 |
| Tax attributable to components that will be reversed against the income statement | -1 | -1 | -1 | -2 | -3 | -6 |
| Other comprehensive income, net after tax | 4 | 3 | 5 | 7 | 9 | 14 |
| Total comprehensive income for the period | 28 | 94 | -36 | 122 | -77 | 107 |

Balance sheet

| Parent Company SEK million | 30/06/2013 | 30/06/2013 | 31/12/2012 |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Cash and balances at central banks | 0 | 0 | 0 |
| Chargeable treasury bills and other eligible bills | 7,932 | 2,078 | 12,860 |
| Lending to credit institutions (Note 11) | 54,281 | 56,744 | 48,435 |
| Lending to the public | 49,382 | 44,781 | 46,360 |
| Bonds and other interest-bearing securities | 25,871 | 33,688 | 31,452 |
| Derivative instruments | 5,942 | 10,475 | 11,499 |
| Shares and participations | 205 | - | 150 |
| Shares and participations in joint ventures | 866 | 733 | 830 |
| Shares and participations in Group companies | 9,600 | 9,600 | 9,600 |
| Intangible fixed assets | 13 | 11 | 14 |
| Tangible fixed assets | 39 | 30 | 33 |
| Other assets | 1,716 | 209 | 76 |
| Prepaid expenses and accrued income | 522 | 588 | 719 |
| TOTAL ASSETS | 156,369 | 158,937 | 162,028 |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Liabilities to credit institutions | 4,604 | 7,369 | 2,443 |
| Deposits from the public | 31,563 | 18,318 | 27,654 |
| Debt securities in issue | 97,025 | 107,993 | 101,782 |
| Derivative instruments | 7,762 | 9,951 | 13,909 |
| Other liabilities | 250 | 291 | 356 |
| Accrued expenses and prepaid income | 1,014 | 929 | 835 |
| Provisions | 179 | 174 | 65 |
| Subordinated debt | 5,918 | 6,164 | 7,052 |
| Total liabilities | 148,315 | 151,189 | 154,096 |
| Equity | | | |
| Share capital | 1,958 | 1,958 | 1,958 |
| Statutory reserve | 392 | 392 | 392 |
| Fair value reserve | -30 | -42 | -37 |
| Retained earnings | 5,619 | 5,526 | 5,526 |
| Profit for the period | 115 | -86 | 93 |
| Total equity | 8,054 | 7,748 | 7,932 |
| TOTAL LIABILITIES AND EQUITY | 156,369 | 158,937 | 162,028 |
| Memorandum items | | | |
| Assets pledged for own liabilities | 4,427 | 6,632 | 2,117 |
| Commitments | 67,954 | 58,523 | 59,587 |

Capital adequacy

| Parent Company SEK million | 30/06/2013 | 30/06/2012 | 31/12/2012 |
|---|------------|------------|------------|
| Core Tier 1 capital | 8,024 | 7,737 | 7,920 |
| Tier 1 capital | 11,018 | 10,731 | 10,914 |
| Total capital | 13,266 | 13,002 | 14,179 |
| Without transitional regulations | | | |
| Risk-weighted assets | 21,785 | 23,931 | 26,688 |
| Core Tier 1 capital ratio | 36.8% | 32.3% | 29.7% |
| Tier 1 capital ratio | 50.6% | 44.8% | 40.9% |
| Capital adequacy ratio | 60.9% | 54.3% | 53.1% |
| Capital quotient | 7.61 | 6.79 | 6.64 |
| Without transitional regulations | | | |
| Risk-weighted assets | 31,592 | 23,931 | 30,719 |
| Core Tier 1 capital ratio | 25.4% | 32.3% | 25.8% |
| Tier 1 capital ratio | 34.9% | 44.8% | 35.5% |
| Capital adequacy ratio | 42.0% | 54.3% | 46.2% |
| Capital quotient | 5.25 | 6.79 | 5.77 |

Note 11 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 45,413 million (39,602) relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (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.