

SBAB! Year-end Report

1 January – 31 December 2013 | SBAB Bank AB (publ)

Strong growth in customers but lower earnings

Fourth quarter 2013 (third quarter 2013)

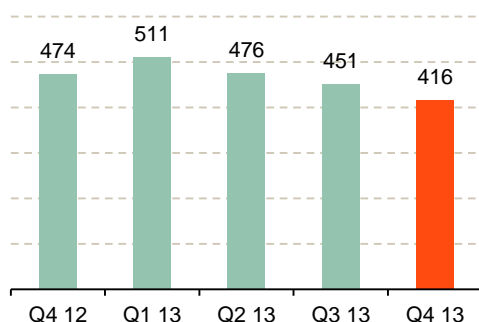
- Profit excl. net result from financial instruments amounted to SEK 135 million (291)
- Operating profit totalled SEK 255 million (246)
- NII amounted to SEK 443 million (480)
- Expenses totalled SEK 252 million (167)
- Loan losses amounted to SEK 29 million (positive 7), corresponding to a loan loss level of 0.05 percent (-0.01)
- Return on equity was 8.3 percent (8.3)
- The Core Tier 1 capital ratio was 23.3 percent (25.8) without taking the transitional regulations into account and 6.9 percent (7.3) taking the transitional regulations into account

January-December 2013 (Jan-Dec 2012)

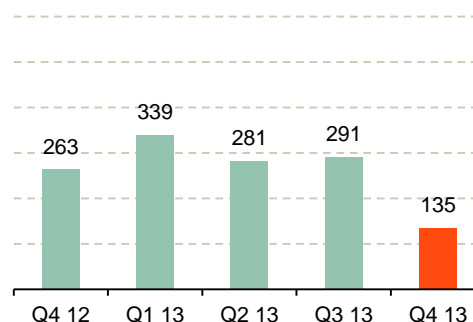
- Profit excl. net result from financial instruments amounted to SEK 1,046 million (1,101)
- Operating profit totalled SEK 1,085 million (500)
- NII amounted to SEK 1,963 million (1,941)
- Expenses totalled SEK 815 million (728)
- Loan losses amounted to positive SEK 7 million (loss 20), corresponding to a loan loss level of -0.00 percent (0.01)
- Return on equity was 9.5 percent (4.2)
- The Core Tier 1 capital ratio was 23.3 percent (16.4) without taking the transitional regulations into account and 6.9 percent (6.9) taking the transitional regulations into account

- New lending for the quarter amounted to SEK 11.1 billion (8.6) and the total lending volume was SEK 258.7 billion (257.5).
- New deposits for the quarter amounted to SEK 10.0 billion (4.3) and the total volume of deposits was SEK 45.9 billion (35.9).
- Earnings for the quarter were burdened by the non-recurring effect of impairment losses totalling SEK 38 million.

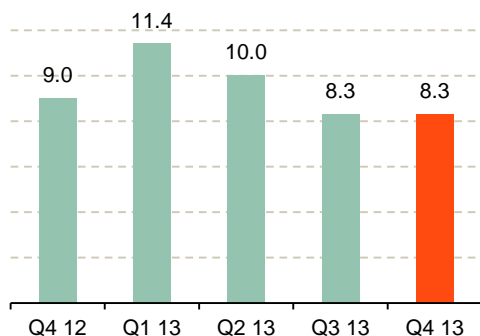
Operating income, excluding net result from financial instruments (SEK million)



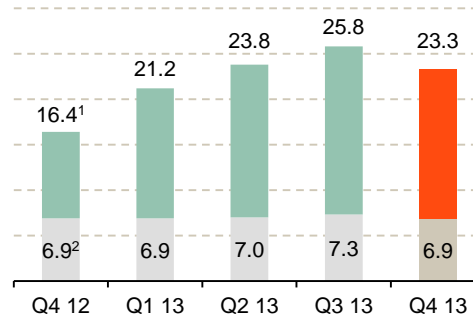
Operating profit, excluding net result from financial instruments (SEK million)



Return on equity (percent)



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



CEO's comments

SBAB's operating profit amounted to SEK 255 million for the fourth quarter and to SEK 1,085 million for the 2013 full-year. For the full-year, the return on equity was 9.5 percent. The capital base remained strong with a Core Tier 1 capital ratio of 23.3 percent.

In the fourth quarter, earnings continued to be affected by competition in residential mortgages and real-estate lending, which led to pressure on margins in both the retail and corporate markets. Combined with an increase in costs, to some extent of a non-recurring nature, profit was lower than in preceding quarters.

These results lead to greater demands on cost and capital efficiency, so that we can provide a strong customer offering while achieving healthy profitability.



The strategy remains firm – customer experience is the key to success

On 13 January 2014, Carl-Viggo Östlund was dismissed as CEO. SBAB's strategy of broadening and developing its operations remains firm. This means that SBAB will also offer everyday banking services within payments and cards in addition to the current savings and loan products. I am convinced that customer experience is the key to success in the Swedish banking market. Part of that experience involves delivering new services and products in the most efficient manner possible, not least to be able to offer our customers attractive prices.

The growth in customer numbers bodes well ahead of our upcoming bank launch

During the final quarter of the year, strong customer growth persisted and SBAB's popular savings accounts continued to attract customers. More than 50,000 new customers opened saving accounts over the year. Deposits increased by slightly more than SEK 18 billion, corresponding to a growth of 66 percent. SBAB's market share of new deposits from households amounted to fully 22 percent. With more than 250,000 customers, we already have a firm foundation ahead of the forthcoming launch of our everyday banking services.

Per Anders Fasth, CEO

Overview of earnings

Group SEK million	2013 Q4	2013 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
Net interest income	443	480	491	1,963	1,941
Net commission income	-27	-29	-18	-109	-95
Net result from financial instruments measured at fair value (Note 2)	120	-45	10	39	-601
Other operating income	-	-	1	-	3
Total operating income	536	406	484	1,893	1,248
Costs	-252	-167	-194	-815	-728
Loan losses, net (Note 3)	-29	7	-17	7	-20
Operating profit/loss	255	246	273	1,085	500
Operating profit excl. net result from financial instruments	135	291	263	1,046	1,101
Tax	-57	-53	-80	-212	-140
Profit/loss for the period	198	193	193	873	360
New lending, SEK billion	11.1	8.6	10.1	40.0	38.0
Total deposits, SEK billion	45.9	35.9	27.7	45.9	27.7
Cost/Income ratio excl. loan losses	47%	41%	40%	43%	58%
Return on equity ¹⁾	8.3%	8.3%	9.0%	9.5%	4.2%
Loan loss rate ²⁾	0.05%	-0.01%	0.03%	-0.00%	0.01%
Core Tier 1 capital ratio ³⁾	23.3%	25.8%	16.4%	23.3%	16.4%

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

Performance in the fourth quarter 2013 compared with the third quarter 2013

Retail Market and Collaboration Market

SBAB offers savings and loan products to private individuals. Residential mortgage products are also offered through partnerships with banks and estate agents.

Strong demand and very weak supply resulted in housing prices continuing to rise in major cities in the fourth quarter, according to SBAB's quarterly survey of estate agents. The tenant-owner market continues to develop more strongly than the small house market, especially in the Stockholm area. SBAB experienced a slightly increased demand for residential mortgages during the period, while the competitive situation in the market remains tough. New lending to retail customers amounted to SEK 8.5 billion (7.3) for the quarter. In residential mortgages to private individuals, SBAB's market share amounted to 7.3 percent (7.3) and for retail loans it was 0.6 percent (0.6).

SBAB's savings accounts, with their competitive interest rates and straightforward product terms and conditions, continue to attract new customers. SBAB's retail deposits rose by SEK 8.0 billion (3.7) to a total SEK 37.5 billion (29.5) in the quarter. Market share within retail deposits amounted to 2.9 percent (2.3).

Corporate and Tenant-owner associations

SBAB offers savings and loan products to tenant-owner associations and companies.

New lending to tenant-owner associations amounted to SEK 1.3 billion (1.2) and the total lending volume was SEK 55.0 billion (55.1). Market share with regard to loans to tenant-owner associations amounted to 15.0 percent (15.4). New lending to the corporate market amounted to SEK 1.3 billion (0.1) and the total lending volume was SEK 32.0 billion (32.9).

SBAB's deposits from tenant-owner associations rose by SEK 0.2 billion (0.2) to a total of SEK 2.2 billion (2.0) during the quarter. SBAB's deposits from companies rose by SEK 1.8 billion (0.4) to a total of SEK 6.2 billion (4.4) in the quarter.

Financial performance

Performance in the fourth quarter 2013 compared with the third quarter 2013

Operating result

SBAB's operating profit, excluding net result from financial instruments, decreased by 54 percent to SEK 135 million (291). Operating profit totalled SEK 255 million (246). Profit was primarily affected by lower net interest income and higher costs.

Net interest income and commission expense

SBAB's net interest income for the period was SEK 443 million (480). The lower net interest income is mainly due to a temporarily higher liquidity, driven by the strong growth in deposits during the quarter, but also an expense for strengthened liquidity preparedness. Net commission income for the period amounted to an expense of SEK -27 million (-29), including a fee of SEK -29 million (-29) for the government stability fund.

Expenses

SBAB's expenses amounted to SEK 252 million (167), of which personnel costs accounted for SEK 93 million (74). In addition to the increase in personnel costs, in part attributable to investments in resources and additional appointments ahead of the launch of new banking services, costs also rose as a result of a non-recurring effect from impairment of intangible assets totalling SEK 38 million, along with increased marketing expenses.

Loan losses

SBAB's loan losses amounted to SEK -29 million (positive 7). The outcome is in line with previous years and mainly an accounting effect attributable to increased collective provisions. Confirmed loan losses remained low and unchanged compared with previous quarters.

Net result from financial instruments measured at fair value

The net expense from financial instruments measured at fair value amounted to SEK 120 million (-45) for the period. The greatest factor impacting earnings was unrealised market value changes on 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 11.1 billion (8.6) and the total lending volume amounted to SEK 258.7 billion (257.5), compared with SEK 255.9 billion at the start of the year. New deposits for the period amounted to SEK 10.0 billion (4.3) and the total deposit volume amounted to SEK 45.9 billion (35.9), compared with SEK 27.7 billion at the end of 2012.

Funding

The total value of debt securities in issue rose by SEK 2.2 billion during the quarter to SEK 243.9 billion (241.7). During the quarter securities valued at SEK 22.3 billion (28.1) were issued. At the same time, securities valued at SEK 6.5 billion (5.8) were repurchased, while securities for SEK 13.0 billion (22.1) matured. Revaluations of liabilities (both up and down) due to changes in premiums/discounts and changes in exchange rates for the SEK have contributed to the increase in debt securities in issue.

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 152.7 billion (150.2), compared with SEK 152.9 billion at the end of 2012.

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 10.5 percent (11.1) at 31 December 2013, compared with 11.5 percent at the beginning of the year. As part of the process of adapting to forthcoming capital adequacy regulations, the minority interest that is included in the capital base has been reduced by SEK 656 million during the quarter through the shareholder's contribution in FriSpar Bolån AB being repaid to the shareholders. The Core Tier 1 capital ratio, with consideration for transitional regulations, was 6.9 percent (7.3), compared with 6.9 percent at the beginning of the year. For information concerning other capital ratios, refer to the tables on pages 11-12.

SBAB's current capitalisation covers by a good margin the level expected in accordance with capital adequacy rules being introduced by the upcoming Basel III regulations.

The internally calculated capital requirement was SEK 8,722 million (8,571), 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 46.1 billion (34.4), excluding RMBSs. Taking the Riksbank's haircuts into account, the value of the assets was SEK 43.4 billion (32.3).

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 accounting of 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 31 December 2013, the difference between the RMBSs book value and fair value was SEK 0.2 billion. For further information, refer to "Reclassified assets" in Note 7.

For SBAB, the number of MCO days amounts to 142 (178). SBAB considers the number of MCO days to be satisfactory.

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 180 percent for all currencies combined, 864 percent for the EUR and 192 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 Q4	2013 Q3	2013 Q2	2012 Q1	2012 Q4
Net interest income	443	480	502	538	491
Net commission income	-27	-29	-26	-27	-18
Net result from financial instruments measured at fair value (Note 2)	120	-45	-22	-14	10
Other operating income	-	-	-	-	1
Total operating income	536	406	454	497	484
Costs	-252	-167	-212	-184	-194
Loan losses, net (Note 3)	-29	7	17	12	-17
Operating profit/loss	255	246	259	325	273
Operating profit excl. net result from financial instruments	135	291	281	339	263
Tax	-57	-53	-30	-72	-80
Profit/loss for the period	198	193	229	253	193
New lending, SEK billion	11.1	8.6	9.8	8.4	10.1
Total deposits, SEK billion	45.9	35.9	31.6	28.9	27.7
Cost/Income ratio excl. loan losses	47%	41%	47%	37%	40%
Return on equity ¹⁾	8.3%	8.3%	10.0%	11.4%	9.0%
Loan loss rate ²⁾	0.05%	-0.01%	-0.03%	-0.02%	0.03%
Core Tier 1 capital ratio ³⁾	23.3%	25.8%	23.8%	21.2%	16.4%

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-December 2013 compared with January-December 2012

Operating profit for the period amounted to SEK 1,085 million (500). Income amounted to SEK 1,893 million (1,248), with the increase primarily due to an improved net result from financial instruments. Net interest income amounted to SEK 1,963 million (1,941). The net result from financial instruments measured at fair value amounted to SEK 39 million (-601) and was mainly affected by changed market values of basis swaps and the sale of RMBSs.

Costs for the period amounted to SEK 815 million (728). The increase is attributable to depreciation, amortisation and impairment losses, combined with higher personnel and IT costs associated with the development of the bank's offering.

SBAB's loan losses amounted to a positive SEK 7 million (-20). The outcome is attributable above all to the redemption of collective provisions for retail loans. Reversals made within individual provisions attributable to corporate loans have also contributed to the outcome.

Other significant information

Rating

Rating	31/12/2013	31/12/2012
SBAB Bank AB (publ)		
<i>Long-term funding</i>		
-Standard & Poor's	A	A
-Moody's	A2	A2
<i>Short-term funding</i>		
-Standard & Poor's	A-1	A-1
-Moody's	P-1	P-1
SCBC		
<i>Long-term funding</i>		
-Standard & Poor's	AAA	AAA
-Moody's	Aaa	Aaa

On 14 January 2014, credit rating agency Moody's initiated a review of SBAB's long and short-term rating, with a possible downgrade as a result. SCBC's rating was unaffected. For further information, go to sbab.se/ir.

Risks and uncertainties for the Group and Parent Company

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, underpinned by low inflation, low interest rates and rising stock market and property prices. 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 in recent months, however they remain significant. A strained housing market and high household indebtedness result in the economy also being sensitive to changes in interest rates and house prices. The risks associated with these factors are expected to increase as long as housing prices and indebtedness continue to rise faster than incomes. For further information on SBAB's risks and risk management, please refer to the Risk Management section and Note 2 in the 2012 Annual Report.

Annual General Meeting and Annual Report

SBAB's Annual General Meeting will be held on 24 April 2014 in Stockholm. Further information will be published at sbab.se in March 2014. The Annual Report for 2013 will be published at sbab.se in the week beginning 24 March 2014.

Dividends

SBAB's dividend policy, which was adopted at the 2013 AGM, means that ordinary dividends should be at least 40 percent of profit for the year after tax, taking the Group's capital structure into account. In view of the fact that the Swedish Financial Supervisory Authority has announced additional increases in risk weight floors for residential mortgages, which would increase the need for equity, the Board proposes that the net profit for 2013 be carried forward and that no dividend be paid.

Changes at FriSpar Bolån AB

The owners of FriSpar Bolån AB, SBAB, Sparbanken Öresund AB (publ) and Sparbanken Syd have concluded, partly because of changes to the regulatory framework for capital adequacy, that there is no justification for continuing to pursue the partnership between the owners in the form of a company. As of 6 December 2013, FriSpar Bolån AB is no longer paying out any new residential mortgages. In December 2013 the owners therefore agreed that the partnership should evolve into a mediation arrangement, in which Öresund and Syd act as mediators for loans from SBAB, and that SBAB or SCBC will contract certain operations out to Syd and Öresund by means of assignments. In December 2013 FriSpar therefore transferred all outstanding loans in FriSpar to SBAB.

Events after the balance-sheet date

Change of CEO

On 13 January 2014, it was announced that Carl-Viggo Östlund, who has been CEO of SBAB since 2012, is leaving the bank. Since that date, Per Anders Fasth has been acting CEO of SBAB. Per Anders Fasth has been a board member of SBAB since 2011 and is a partner in the management consultancy firm Quartz+ Co, with chief responsibility for banking and insurance. He has left these assignments in conjunction with his appointment as CEO. His previous experience includes 15 years as Senior Vice President within the SEB Group and CEO of ERC, a company specialising in bank restructuring.

Financial calendar

Interim report January–March 2014	25 April 2014
Interim report January–June 2014	18 July 2014
Interim report January–September 2014	22 October 2014
Year-end report 2014	February 2015

The CEO affirms that this year-end 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, 7 February 2014

Per Anders Fasth
CEO

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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 7 February 2014 at 9.00 A.M. (CET).

Income statement

Group SEK million	2013 Q4	2013 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
Interest income	1,999	2,039	2,280	8,147	10,485
Interest expense	-1,556	-1,559	-1,789	-6,184	-8,544
Net interest income	443	480	491	1,963	1,941
Commission income	12	8	19	40	55
Commission expense	-39	-37	-37	-149	-150
Net result from financial instruments meas. at fair value (Note 2)	120	-45	10	39	-601
Other operating income	-	-	1	-	3
Total operating income	536	406	484	1,893	1,248
Personnel costs	-93	-74	-91	-346	-342
Other expenses	-112	-85	-97	-400	-362
Amortisation and depreciation of fixed assets	-47	-8	-6	-69	-24
Total expenses before loan losses	-252	-167	-194	-815	-728
Profit/loss before loan losses	284	239	290	1,078	520
Loan losses, net (Note 3)	-29	7	-17	7	-20
Operating profit/loss	255	246	273	1,085	500
Tax	-57	-53	-80	-212	-140
Profit/loss for the period	198	193	193	873	360

Statement of comprehensive income

Group SEK million	2013 Q4	2013 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
Profit/loss for the period	198	193	193	873	360
OTHER COMPREHENSIVE INCOME					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	2	6	2	17	20
Tax attributable to Components that will be reversed against the income statement	-0	-1	-1	-3	-6
<i>Components that have not or will not be reversed against the income statement</i>					
Revaluation effects of defined benefit pension plans, before tax	34	-	-6	34	-6
Tax attributable to components that will not be reversed against the income statement	-8	-	3	-8	3
Other comprehensive income, net after tax	28	5	-2	40	11
Total comprehensive income for the period	226	198	191	913	371

Balance sheet

Group SEK million	31/12/2013	31/12/2012
ASSETS		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	8,183	12,860
Lending to credit institutions	20,267	18,269
Lending to the public (Note 4)	258,739	255,946
Change in value of interest-rate-hedged items in portfolio hedges	757	1,617
Bonds and other interest-bearing securities	38,736	31,452
Derivative instruments (Note 5)	6,449	12,745
Shares and participations	217	150
Deferred tax assets	-	34
Intangible fixed assets	165	122
Tangible fixed assets	37	33
Other assets	595	238
Prepaid expenses and accrued income	913	962
TOTAL ASSETS	335,058	334,428
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	15,191	17,538
Deposits from the public	45,869	27,654
Debt securities in issue	243,870	253,897
Derivative instruments (Note 5)	10,363	15,383
Other liabilities	306	361
Accrued expenses and prepaid income	3,502	3,698
Provisions	485	77
Subordinated debt	5,791	7,052
Total liabilities	325,377	325,660
Equity		
Share capital	1,958	1,958
Other reserves	13	-27
Retained earnings	6,837	6,477
Profit/loss for the year	873	360
Total equity	9,681	8,768
TOTAL LIABILITIES AND EQUITY	335,058	334,428

The comparison figures have been recalculated to take into account 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 year		40		873	913
Closing balance, 31 December 2013	1,958	13	6,837	873	9,681
	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 year		11		360	371
Closing balance, 31 December 2012	1,958	-27	6,477	360	8,768

Cash flow statement

Group SEK million	2013	2012
	Jan-Dec	Jan-Dec
Cash and cash equivalents at the beginning of the year	17,536	18,939
Cash flow from operating activities	2,818	-2,293
Cash flow from investing activities	-116	-110
Cash flow from funding activities	-1,000	1,000
Increase/Decrease in cash and cash equivalents	1,702	-1,403
Cash and cash equivalents at the end of the year	19,238	17,536

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

Capital base

Group SEK million	31/12/2013	31/12/2012
	Core Tier 1 capital	
Equity	9,681	8,761
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	23	37
Non-controlling interest	100	731
Intangible fixed assets	-165	-122
Deferred tax assets	-	-36
Net reserves for IRB exposures and net pension liabilities	-56	-69
Core Tier 1 capital	9,583	9,302
Tier 1 capital contribution		
Tier 1 capital contribution without redemption incentives*	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994
Tier 1 capital	12,577	12,296
Tier 2 capital		
Time-limited subordinated debentures	2,123	3,300
Net reserves for IRB exposures and net pension liabilities	-56	-70
Tier 2 capital	2,067	3,230
Amount for capital base net after deductible items and limit value	14,644	15,526

* Encompassed by transitional rules to FFFS 2007:1

The minority interest that is included in the capital base has been reduced by SEK 631 million as a result of the shareholder's contribution in FriSpar Bolån AB being repaid to the shareholders. This has been carried out as part of the process of adapting to forthcoming capital adequacy regulations.

Capital requirements

Group SEK million	31/12/2013	31/12/2012
Credit risk recognised in accordance with IRB approach		
Exposures to corporates	736	2,173
Retail exposures	1,124	908
Positions in securitisations	270	423
Total exposures in accordance with IRB approach	2,130	3,504
Credit risk reported in accordance with standardised approach		
Exposures to governments and central banks	0	0
Exposures to municipalities and comparable associations	0	0
Exposures to institutions	397	387
Corporate exposures	196	169
Retail exposures	99	76
Past due items	1	1
Exposures to CIUs	17	12
Other items	10	9
Total exposures in accordance with standardised approach	720	654
Risk in commercial portfolio	287	162
Operational risk	154	211
Currency risk	-	-
Total minimum capital requirements	3,291	4,531
Addition to transitional rules	7,877	6,279
Total capital requirements according to transition rules	11,168	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	31/12/2013	31/12/2012
Core Tier 1 capital	9,583	9,302
Tier 1 capital	12,577	12,296
Total capital	14,644	15,526
Without transitional regulations		
Risk-weighted assets	41,149	56,638
Core Tier 1 capital ratio	23.3%	16.4%
Tier 1 capital ratio	30.6%	21.7%
Capital adequacy ratio	35.6%	27.4%
Capital quotient	4.45	3.43
With transitional regulations		
Risk-weighted assets	139,600	135,124
Core Tier 1 capital ratio	6.9%	6.9%
Tier 1 capital ratio	9.0%	9.1%
Capital adequacy ratio	10.5%	11.5%
Capital quotient	1.31	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, one accounting policy, IAS 19, has been changed for the Group. Furthermore, 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 on the sale of 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 been published but not yet applied will have a limited effect on the financial reports. As regards IFRS 9, which will become mandatory on or after 1 January 2017, no complete preliminary assessment has as yet been made.

Note 2 Net income/expense from financial instruments measured at fair value

Group	2013	2013	2012	2013	2012
SEK million	Q4	Q3	Q4	Jan-Dec	Jan-Dec
Gains/losses on interest-bearing financial instruments					
- Securities measured at fair value through profit or loss	155	66	204	-248	950
- Change in value of hedged items in hedge accounting	137	107	47	1,419	-742
- Realised expense from financial liabilities	-49	-50	-17	-144	-192
- Derivative instruments	-156	-206	-250	-1,097	-697
- Loan receivables	23	21	24	87	90
Currency translation effects	7	8	2	6	-10
Gains/losses on shares and participations measured at fair value through the income statement	3	9	0	16	0
Total	120	-45	10	39	-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 Q4	2013 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
CORPORATE MARKET					
INDIVIDUAL PROVISION FOR CORPORATE MARKET LOANS					
Write-off of confirmed loan losses for the period	-1	0	-	-2	-0
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	0	-	-	1	-
Provision for probable loan losses for the period	-3	-0	-0	-3	-26
Recoveries in respect of confirmed loan losses in prior years	-	-	0	-	0
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	8	26
Guarantees	1	0	-	1	-0
Net income for the period for individual provisions for corporate market loans	-3	0	-0	5	-0
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS					
Allocations to/redemption of collective provisions	-4	3	1	1	4
Guarantees	-2	0	2	0	-6
Net income/cost for the period for collective provisions for corporate market loans	-6	3	3	1	-2
RETAIL MARKET					
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS					
Write-off of confirmed loan losses for the period	-3	-5	-2	-15	-9
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	1	3	0	11	5
Provision for probable loan losses for the period	-4	-1	-5	-9	-9
Reversal of prior year provisions for probable loan losses no longer required	0	0	0	0	0
Guarantees	0	-	-	0	-
Net cost for the period for individual provisions for retail market loans	-6	-3	-7	-13	-13
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS					
Write-off of confirmed loan losses for the period	-6	-6	-6	-21	-27
Recoveries in respect of confirmed loan losses in prior years	1	1	2	3	3
Allocation to/redemption of collective provisions	-7	14	-4	38	19
Guarantees	-2	-2	-5	-6	0
Net income/cost for the period for collective provisions for retail market loans	-14	7	-13	14	-5
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	-29	7	-17	7	-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	31/12/2013		31/12/2012	
	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	103,497	-150	100,227	-170
Tenant-owner rights	67,278	-82	61,677	-98
Tenant-owner associations	54,839	-13	55,199	-12
Private multi-family dwellings	23,465	-41	26,496	-49
Municipal multi-family dwellings	3,728	-	4,796	-
Commercial properties	5,034	-	7,128	-
Other	1,189	-5	759	-7
Provision for probable loan losses	-291	-	-336	-
Total	258,739	-291	255,946	-336
Doubtful and non-performing loan receivables			31/12/2013	31/12/2012
a) Doubtful loan receivables			62	67
b) Non-performing loan receivables* included in doubtful loan receivables			20	21
c) Non-performing loan receivables* not included in doubtful loan receivables			338	452
d) Individual provisions for loan receivables			47	54
e) Collective provisions for corporate market loans			26	27
f) Collective provisions for retail market loans			218	255
g) Total provisions (d+e+f)			291	336
h) Doubtful loan receivables after individual provisions (a-d)			15	13
i) Provision ratio for individual provisions (d/a)			76%	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	31/12/2013		31/12/2012	
	SBAB**	FriSpar	SBAB**	FriSpar
Retail lending	171,728	171,728	162,388	163,055
- new lending	30,061	32,675	26,295	29,374
Corporate lending (incl. tenant-owner assn.)	87,011	87,011	93,558	93,574
- new lending	7,306	7,306	8,583	8,583
Total	258,739	258,739	255,946	256,629
- new lending	37,367	39,981	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.

The table above has been updated on 28 March 2014 due to a typographical error in the previously published version.

In the fourth quarter, loans in FriSpar Bolån AB were purchased by the Parent Company. For further information, refer to page 6.

Note 5 Derivative instruments

Group SEK million	31/12/2013		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	4,560	2,884	229,154
Currency related	1,889	7,479	108,288
Total	6,449	10,363	337,442

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

Note 6 Operating segments

Segment income statement Group SEK million	Jan-Dec 2013					Jan-Dec 2012				
	Retail market	Collab. market	Tenant-owner	Other	Total*	Retail market	Collab. market	Tenant-owner	Other	Total*
Income ¹⁾	853	348	630	23	1,854	875	315	659	0	1,849
Net result from financial instruments meas. at fair value	16	0	0	23	39	0	0	0	-601	-601
Total operating income	869	348	630	46	1,893	875	315	659	-601	1,248
Expenses ²⁾	-497	-105	-213	0	-815	-420	-85	-223	0	-728
Loan losses, net	-6	-3	16	0	7	-17	-8	5	0	-20
Profit/loss before tax	366	240	433	46	1,085	438	222	441	-601	500
Tax	-71	-47	-85	-9	-212	-123	-62	-123	168	-140
Profit/loss after tax	295	193	348	37	873	315	160	318	-433	360
Return on equity	8.8%	8.6%	11.8%		9.5%	10.1%	9.1%	10.9%		4.2%

¹⁾ Net interest income, net commission income and other operating income are included in the distributed income

²⁾ Personnel costs, other expenses and amortisation and depreciation of fixed assets are included in the distributed expenses

*The total is consistent with the Group's income statement

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. In September 2013, the sales departments for the corporate and tenant-owner association markets were merged. In principle, the item Net income/expense 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, Collaboration Market and Corporate/Tenant-owner Associations Market.

The segments were previously divided in accordance with RAROC – in connection with the organisational change on 1 September the division was changed to be made according to SBAB's external results.

Note 7 Classification of financial instruments

Group	31/12/2013				Total fair value
	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Loan receivables	Total	
Financial assets					
SEK million					
Cash and balances at central banks			0	0	0
Chargeable treasury bills and other eligible bills	8,183			8,183	8,183
Lending to credit institutions			20,267	20,267	20,267
Lending to the public			258,739	258,739	260,657
Change in value of interest-rate-hedged items in portfolio hedges			757	757	-
Bonds and other interest-bearing securities	36,370		2,366	38,736	38,516
Derivative instruments	1,319	5,130		6,449	6,449
Shares and participations			217	217	217
Other assets			595	595	595
Prepaid expenses and accrued income	559		354	913	913
Total	46,431	5,130	283,295	334,856	335,797

Group	31/12/2013				Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	
Financial liabilities					
SEK million					
Liabilities to credit institutions			15,191	15,191	15,191
Deposits from the public			45,869	45,869	45,869
Debt securities in issue			243,870	243,870	244,285
Derivative instruments	4,764	5,599		10,363	10,363
Other liabilities			306	306	306
Accrued expenses and prepaid income			3,502	3,502	3,502
Subordinated debt			5,791	5,791	5,793
Total	4,764	5,599	314,529	324,892	325,309

Fair value measurement of financial instruments

In the column "total fair value" above, information is also provided on the fair value of financial instruments that are recognised at amortised cost in the balance sheet. The carrying amount for current receivables and liabilities has been assessed to be equal to the fair value.

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	31/12/2013	
	Carrying amount	Fair value
SEK million		
Country of asset		
Spain	2,087	1,872
The Netherlands	279	274
Total	2,366	2,146

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 31 December 2013, the fair value of the assets would have amounted to SEK 2.1 billion had the assets continued to be recognised as "Available-for-sale financial assets." The carrying amount at 31 December 2013 was SEK 2.4 billion. At the same date, the fair value reserve attributable to the reclassified assets would have amounted to SEK 0.2 billion, net after tax, had the assets continued to be recognised as "Available-for-sale financial assets." The reserve amounted to SEK 23 million, net after tax, at 31 December 2013. After the reclassification date, SEK 227 million of the reserve before tax was reversed and exchange rate fluctuations had a negative impact of SEK -17 million before tax on the value of the reserve.

Note 8 Information about fair value

Group SEK million	31/12/2013			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
Assets				
Securities in the category trade	44,553			44,553
Derivatives in the category trade	5	1,314		1,319
Derivatives in hedge accounting		5,130		5,130
Total	44,558	6,444	-	51,002
Liabilities				
Derivatives in the category trade	7	4,757		4,764
Derivatives in hedge accounting		5,599		5,599
Total	7	10,356	-	10,363

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.

There were no transfers between the levels in 2013.

Quoted market prices (Level 1)

Measurement at quoted prices in an active market for identical assets and liabilities. A market is deemed to be active if the price data is easily accessible and corresponds to actual regularly occurring transactions. The measurement method is used for holdings of quoted interest-bearing securities, fund units and for publicly quoted derivatives, primarily interest-rate futures.

Measurement based on observable 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 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	31/12/2013			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	6,449	-4,469	0	-1,306	674
Repos	15,544	-11,072	-4,472	0	0
Liabilities					
Derivative instruments	-10,363	4,469	0	3,236	-2,658
Repos	-13,242	11,072	2,169	1	0
Total	-1,612	0	-2,303	1,931	-1,984

To limit the potential counterparty credit risk associated with derivative transactions involving non-standardised derivative instruments that are not cleared by clearing organisations approved by the Swedish Financial Supervisory Authority (in accordance with FFFS 2007:1), a framework agreement is to be entered into with the counterparty. Where appropriate, such framework agreements, known as ISDA Master Agreements, or similar agreements have been supplemented with associated collateral agreements, known as Credit Support Annexes (CSAs). A CSA must always be established for counterparties entering into derivative contracts with SCBC.

Counterparty credit risk is reconciled on a daily basis for all counterparties. CSAs are reconciled on a daily basis or on a weekly basis if a collateral agreement exists. When collateral agreements exist, collateral is transferred to reduce the exposure. Wherever applicable, the posted and received collateral takes the form of cash with a transfer of title which entitles the party that receives the collateral to use the collateral in its operations.

Note 10 Liquidity reserve

Liquidity Reserve SEK million	31/12/2013	Distribution by currency			
		SEK	EUR	USD	Other
Cash and balances from central banks*	1,000	1,000	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	13,585	4,894	8,030	661	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,626	3,640	-	986	-
Covered bonds issued by others	26,902	20,394	5,190	1,104	214
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	2,145	-	2,145	-	-
Other securities	-	-	-	-	-
Total assets	48,258	29,927	15,366	2,751	214
Bank and loan facilities	-	-	-	-	-
Total	48,258	29,927	15,366	2,751	214
Distribution by currency		62%	32%	6%	0%

* Refers to deposits at the Swedish National Debt Office.

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 *Finansinspektionen* (the Swedish Financial Supervisory Authority).

Parent Company

Parent Company's performance for January-December 2013 compared with January-December 2012

Operating profit for the period amounted to SEK 176 million (104). The operating profit was primarily attributable to higher net interest income of SEK 283 million (130). The net result from financial transactions amounted to SEK 128 million (213). Expenses totalled SEK 871 million (803). The net effect of loan losses was a gain of SEK 14 million (34). Lending to the public amounted to SEK 48.8 billion (46.4). 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 (25.8) and 41.1 percent (46.2), respectively.

Income statement

Parent Company SEK million	2013 Q4	2013 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
Interest income	829	818	955	3,243	4,162
Interest expenses	-782	-742	-861	-2,960	-4,032
Net interest income	47	76	94	283	130
Dividends received	-	-	-	19	17
Commission income	28	31	42	124	136
Commission expenses	-20	-19	-16	-74	-70
Net result of financial transactions	64	35	35	128	213
Other operating income	189	91	111	581	515
Total operating income	308	214	266	1,061	941
Personnel costs	-100	-80	-93	-371	-354
Other expenses	-131	-102	-115	-480	-434
Amortisation and depreciation of fixed assets	-5	-5	-4	-20	-15
Total expenses before loan losses	-236	-187	-212	-871	-803
Profit before loan losses	72	27	54	190	138
Loan losses, net	-20	-1	-12	-14	-34
Operating profit	52	26	42	176	104
Taxes	142	-5	2	154	-11
Profit for the period	194	21	44	330	93

Statement of comprehensive income

Parent Company SEK million	2013 Q4	2012 Q3	2012 Q4	2013 Jan-Dec	2012 Jan-Dec
Profit for the period	194	21	44	330	93
OTHER COMPREHENSIVE INCOME					
<i>Components that have been or will be reversed against the income statement</i>					
Change in reclassified financial assets, before tax	2	6	2	17	20
Tax attributable to components that will be reversed against the income statement	-0	-1	-1	-3	-6
Other comprehensive income, net after tax	2	5	1	14	14
Total comprehensive income for the period	196	26	45	344	107

Balance sheet

Parent Company SEK million	31/12/2013	31/12/2012
ASSETS		
Cash and balances at central banks	0	0
Chargeable treasury bills and other eligible bills	8,183	12,860
Lending to credit institutions (Note 11)	49,183	48,435
Lending to the public	48,758	46,360
Change in value of interest-rate-hedged items in portfolio hedges	1	-
Bonds and other interest-bearing securities	38,736	31,452
Derivative instruments	4,981	11,499
Shares and participations	217	150
Shares and participations in joint ventures	113	830
Shares and participations in Group companies	10,300	9,600
Intangible fixed assets	14	14
Tangible fixed assets	37	33
Other assets	477	76
Prepaid expenses and accrued income	695	719
TOTAL ASSETS	161,695	162,028
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to credit institutions	557	2,443
Deposits from the public	45,869	27,654
Debt securities in issue	91,316	101,782
Derivative instruments	7,909	13,909
Other liabilities	996	356
Accrued expenses and prepaid income	848	835
Provisions	133	65
Subordinated debt	5,791	7,052
Total liabilities	153,419	154,096
Equity		
Share capital	1,958	1,958
Statutory reserve	392	392
Fair value reserve	-23	-37
Retained earnings	5,619	5,526
Profit for the period	330	93
Total equity	8,276	7,932
TOTAL LIABILITIES AND EQUITY	161,695	162,028
Memorandum items		
Assets pledged for own liabilities	9	2,117
Commitments	48,298	59,587

Capital adequacy

Parent Company SEK million	31/12/2013	31/12/2012
Core Tier 1 capital	8,268	7,920
Tier 1 capital	11,262	10,914
Total capital	13,368	14,179
Without transitional regulations		
Risk-weighted assets	23,417	26,688
Core Tier 1 capital ratio	35.3%	29.7%
Tier 1 capital ratio	48.1%	40.9%
Capital adequacy ratio	57.1%	53.1%
Capital quotient	7.14	6.64
With transitional regulations		
Risk-weighted assets	32,507	30,719
Core Tier 1 capital ratio	25.4%	25.8%
Tier 1 capital ratio	34.6%	35.5%
Capital adequacy ratio	41.1%	46.2%
Capital quotient	5.14	5.77

Note 11 Lending to credit institutions

Of the Parent Company's lending to credit institutions, SEK 40,115 million relates to a receivable from the wholly owned subsidiary AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation, SCBC), compared with SEK 39,602 million at the end of 2012. 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.

Review Report

To the Board of Directors of SBAB Bank AB (publ)
Corp. ID No. 556253-7513

Introduction

We have reviewed the summary interim financial information (interim report) of SBAB Bank AB (publ) as of 31 December 2013 and the twelve-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on review engagements (ISRE) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 7 February 2014

KPMG AB

Hans Åkervall
Authorized Public Accountant