

# Stadshypotek's Interim Report

## January – June 2018

### **JANUARY–JUNE 2018 COMPARED WITH JANUARY–JUNE 2017**

Stadshypotek's operating profit increased by 7%, or SEK 406m, to SEK 6,223m (5,817). Net interest income grew by SEK 464m to SEK 6,841m (6,377), mainly due to higher lending volumes to the private -market in Sweden. Of the net interest income, SEK 465m (409) was attributable to the branch in Norway, SEK 211m (190) to the branch in Finland and SEK 242m (208) to the branch in Denmark. Excluding the branches, net interest income increased by SEK 296m. Net gains/losses on financial transactions decreased to SEK -5m (6).

Expenses increased by SEK 31m to SEK -586m (-555). This increase was mainly attributable to the higher sales compensation paid to the parent company for the services performed by the branch office operations on behalf of Stadshypotek in relation to the administration and sale of mortgage loans. The increase can also be explained by higher costs for, above all, IT development.

Loan losses totalled SEK -14m (2), calculated in accordance with the new reporting standard IFRS 9.

### **LENDING**

Compared with the end of the corresponding period of the previous year, loans to the public increased by 8%, or SEK 90bn, to SEK 1,273bn (1,183). In Sweden, loans to the public increased by 7%, or SEK 67bn, to SEK 1,084bn (1,017). Loans to the private market in Sweden increased by 7%, or SEK 45bn, to SEK 737bn (692).

The credit quality of lending operations remains very good. At 30 June 2018, Stadshypotek's impaired loans, before deduction of the provision for probable loan losses, amounted to SEK 130m (122). Of this amount, non-performing loans accounted for SEK 58m (57), while SEK 72m (65) related to loans on which the borrowers pay interest and amortisation. There were also non-performing loans of SEK 294m (281) that are not classed as impaired loans.

### **FUNDING**

Issues made under Stadshypotek's Swedish covered bond programme totalled SEK 71.3bn (49.9) for the first six months of the year. A nominal volume totalling SEK 76.6bn matured or was repurchased. In addition, there have been issues of EUR 200m (500), GBP 650m and NOK 5bn, while bonds to the value of EUR 1bn, USD 1.25bn and NOK 4.5bn have matured.

### **CAPITAL ADEQUACY**

The total capital ratio according to CRD IV was 52.8% (55.8) while the common equity tier 1 ratio calculated according to CRD IV was 31.3% (33.2).

## RATING

The rating was unchanged during the period.

<b>Stadshypotek</b>	<b>Covered bonds</b>	<b>Long-term</b>	<b>Short-term</b>
Moody's	Aaa	-	P-1
Standard & Poor's		AA-	A-1+
Fitch		AA	F1+

Stockholm, 18 July 2018

Maria Lidström Andersson  
Chief Executive

This information is of the type that Stadshypotek is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication through the agency of the contact person set out above, at 11,00 CET on 18 July 2017.