Skandiabanken – Interim Report January-June 2012

skandia
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Summary

- Income for the period January–June amounted to SEK 874 million (829).
- Operating profit for the period January–June totalled SEK 196 million (101).
- Loan losses during the period January–June amounted to SEK 6 million (-17).
- Lending during the period January–June increased by SEK 3,002 million to SEK 55,415 million (52,413).
- Surplus liquidity has been further strengthened and amounted to SEK 20,640 million (18,595).
- During the first half of 2012 Skandiabanken issued commercial paper and bonds worth SEK 1,200 million.
- The capital ratio decreased compared with 31 December 2011, to 13.81% (14.31%).

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Important events during the period

Skandia Liv acquires Skandia AB
In December 2011 Skandia Liv announced its intention to acquire its parent company, Skandia AB including Skandiabanken, from the owner Old Mutual. The acquisition was carried out on 21 March 2012, whereby the newly formed Thule foundation acquired Skandia Liv from Skandia AB. Skandia Liv thereafter acquired Skandia AB from Old Mutual. The acquisition included Skandiabanken with subsidiaries.

The deal was carried out primarily out of concerns for efficiency losses. Both companies, Skandia Liv and Skandia AB with subsidiaries, had been working side by side, but under different conditions. Skandia AB and its subsidiaries generated profits for its owner, Old Mutual, while Skandia Liv distributed its profits to its customers, i.e., the policyholders. This arrangement worked, but was not sufficiently efficient, as resource-intensive control functions were needed to monitor the prohibition against profit distribution between the two companies. The acquisition has numerous advantages and will result in substantial cost and revenue synergies. From the customers' perspective, the deal improves the companies' opportunities to offer better products that offer even more value for money.

Changes on the Board
As a result of Skandia Liv's acquisition of Skandia AB from Old Mutual, additional changes have been made on Skandiabanken's board since the start of the year. These have entailed the departure of all representatives from Old Mutual and the election of five new board members.

The Board is currently made up of the following members: Niklas Midby (Chairman), Magnus Beer, Bengt-Åke Fagerman, Lars-Göran Orrevall, Marek Rydén, Ann-Charlotte Stjerna, Anna-Carin Söderblom Agius, Anne Andersson (employee representative), Yvonne Andersson (employee representative), and Johanna Rolin Moreno (employee representative).

Reorganisation and sale of services segment
In 2009 the advisory business and parts of the product development, business support, marketing and customer service units were transferred to Skandiabanken from Skandia AB. Skandiabanken performed services for Skandia AB and Skandia Liv under outsourcing agreements. The entire advisory business and most of the remaining service operations were sold to Skandia AB and Skandia Försäljning AB. In spring 2011 a process was started to sell the services segment's operations to Skandia AB. This sale was completed on 1 January 2012. The average number of employees of Skandiabanken on 31 December 2011 was 1,001, of whom 523 worked in continuing operations and 478 in operations that have now been discontinued. The sale was made at book value, entailing that no capital gain arose in the income statement.

Financial review

Group

Profit for the period January–June 2012 compared with corresponding period a year ago
Operating profit before tax amounted to SEK 196 million (101). Profit includes the result of Skandiabanken's operations in Norway, of which SEK 3.2 million (-5.3) is attributable to a positive effect of translation to Swedish kronor.

The results for the Swedish operations are broken down into banking and mutual fund operations. Profit for the Swedish banking operation amounted to SEK 68 million (13), driven by a higher level of net interest income. Profit was charged with SEK -11 million (-31) in nonrecurring expenses, most of which were related to restructuring.

Profit for the Swedish mutual fund operations amounted to SEK 14 million (15). The slightly lower level of profit than a year ago is attributable to lower asset-based fee revenue.

Profit for the Norwegian banking operation increased by SEK 39 million to SEK 114 million (75). The higher result is mainly attributable to an improvement in net interest income. Earnings include the recovery of SEK 14 million in loan losses.

Operating income

SEK million	2012 Jan.-June	2011 Jan.-June	Change %
Net interest income	577	495	17%
Net fee and commission income	233	242	-4%
Net financial income	27	7	286%
Other income	37	85	-56%
Total operating income	**874**	**829**	**5%**
Nonrecurring items	-2	-9	-100%
Total operating income, excl. nonrecurring items	**872**	**820**	**7%**

Net interest income
Net interest income for the Swedish banking operation increased by SEK 55 million to SEK 310 million (255). Larger margins on business volume in the retail market and higher volumes attributable to the liquidity buffer contributed to the increase in net interest income. The average volume of lending to the general public was virtually unchanged at SEK 26,009 million (26,070), and the average volume of deposits from the general public increased to SEK 32,827 million (30,748). The mutual fund operations showed net interest income of SEK 1 million (1), which pertains to interest income on liquid assets.

Net interest income for the Norwegian operations increased by SEK 27 million to SEK 266 million (239), of which SEK 7 million (-17) was attributable to a positive effect of translation to Swedish kronor. The increase in net interest income is mainly attributable to higher margins on business volumes in the retail market and larger volumes pertaining to the liquidity buffer. The average balance of lending to the general public decreased to SEK 27,695 million (28,183). The average balance of deposits from the general public increased to SEK 39,282 million (34,367).

The surplus liquidity that exists in Sweden and Norway is invested in local currency in the respective countries. Investments are made in fixed-income securities and lending to credit institutions. The average balance of surplus liquidity increased during the period, to SEK 23,446 million (15,352).

Net interest income has been charged with fees of SEK 48 million (44) to the Swedish State Stability Fund and to the Swedish and Norwegian state deposit guarantee schemes. The higher cost is explained by higher business volumes.

Net fee and commission income
Net fee and commission income decreased to SEK 233 million (242) and is mainly attributable to lower brokerage and securities commissions as a result of declining values in the stock and fund markets.

Net fee and commission income for the Swedish banking operation decreased to SEK 68 million (75). The lower outcome is mainly attributable to a decrease in fund-based securities commissions.

Net fee and commission income for the Norwegian banking operation decreased to SEK 92 million (99). Currency effects increased net fee and commission income by SEK 2 million. The decrease in net fee and commission income is mainly attributable to higher commissions paid for payment intermediation.

Net fee and commission income for the mutual fund operations increased to SEK 73 million (68). The change is due to a different composition of fund-based assets compared with the preceding year, entailing lower fee and commission expenses.

Net financial income
Net financial income for the Swedish banking operation increased to SEK 17 million (-0.4). The higher outcome is mainly attributable to exchange rate differences and the sale of fixed-income securities prior to maturity, entailing the classification of income under net financial items instead of under net interest income.

Net financial income for the Norwegian banking operation increased to SEK 10 million (7) and is attributable to a higher outcome generated by sales of fixed-income securities prior to maturity.

Other operating income
Other operating income decreased by SEK 37 million to SEK 51 million (88), of which all income pertains to the Swedish banking operation. Other operating income decreased mainly as a result of lower income from other Skandia companies for services performed, as a result of restructuring.

Other operating income in the Norwegian banking operation amounted to SEK 0 million (6).

Expenses before loan losses

SEK million	2012 Jan.-June	2011 Jan.-June	Change %
Staff costs	-191	-214	-11%
Other administrative expenses	-469	-445	5%
Depreciation	-4	-4	0%
Other operating expenses	-20	-48	-58%
Total expenses before loan losses	**-684**	**-711**	**-4%**
Nonrecurring expenses	12	85	-86%
Total expenses excl. nonrecurring items	**-672**	**-626**	**7%**

Excluding nonrecurring items, expenses were higher than in the same period a year ago. Of total nonrecurring expenses, amounting to SEK 12 million, all pertained to restructuring costs.

Staff costs
The average number of employees was 465 (531).

Staff costs for the Swedish banking operation decreased by SEK 20 million to SEK 104 million (124), mainly as a result of restructuring.

Staff costs for the Norwegian banking operation decreased by SEK 6 million to SEK 77 million (83), of which SEK 2 million pertains to a negative effect of translation to Swedish kronor.

Staff costs for the mutual fund operations amounted to SEK 10 million (5), and the average number of employees was 11 (7).

Other administrative expenses
Administrative expenses for the Swedish banking operation increased to SEK 262 million (240) and included SEK 12 million in restructuring costs. The rest of the increase in costs pertains mainly to external services.

In the Norwegian banking operation, expenses increased to SEK 171 million (165). The outcome was negatively affected by SEK 4 million from translation to Swedish kronor.

Expenses for the mutual fund operations increased by SEK 1 million to SEK 50 million (49). The increase in expenses is mainly attributable to restructuring and a higher number of employees.

Other operating expenses
Other operating expenses decreased by SEK 28 to SEK 20 million (48) and pertain to marketing costs.

Loan losses

SEK million (unless indicated otherwise)	2012 Jan.-June	2011 Jan.-June	Change
Loan losses	6	-17	23
- of which, confirmed loan losses	-26	-11	-15
- of which, paid in towards confirmed loan losses in previous years	17	3	14
- of which, provisions	15	-9	24
Loan loss level as % of opening balance of lending to the general public	-0.02%	0.06%	-0.08
Lending to the general public[1]	55,415	53,606	1,809
Impaired loans, gross	179	191	-12
Provisions on the balance sheet	116	127	-11
Impaired loans, net	63	64	-1
Share of impaired loans, net, as % of lending to the general public	0.11%	0.12%	-0.12

[1] Excluding loans of SEK 0 million (2,100) to the Swedish National Debt Office.

Net loan losses decreased by SEK 23 million to SEK 6 million (-17).

Loan losses in the Swedish banking operation decreased to SEK -1 million (-9). The decrease is mainly attributable to a lower need for provisions, mainly for home mortgages.

Impaired loans, net, were unchanged compared with a year ago, at SEK 63 million (64). Impaired loans, net, in the Swedish operation decreased by SEK 2 million to SEK 24 million (26). The change pertained primarily to home mortgages.

The loan loss level, i.e., loan losses in relation to the opening balance of lending to the general public, decreased to -0.02% (0.06%). For the Swedish banking operation, the loan loss level decreased to 0.01% (0.07%).

For the Norwegian operation, loan losses decreased to SEK 7 million (-8). The decrease is mainly attributable to recoveries of loan losses, which had a positive impact on the outcome, along with a lower need for provisions for home mortgages, lines of credit and credit card credits.

Impaired loans for the Norwegian operation increased by SEK 1 million, net, to SEK 39 million

(38), of which SEK 21 million (16) pertained to home mortgages. The loan loss level decreased to -0.05% (0.06).

Tax charge for the period

The tax charge increased by SEK 37 million to SEK 52 million (15). The change is attributable to a non-recurring effect in the form of a deferred tax asset and a corresponding deferred tax revenue of SEK 13 million; this was related to a changed method of calculating deferred tax on temporary differences in endowment insurance policies.

In connection with the sale of the services segment, a dissolution of reserves was made for pensions and payroll tax, totalling SEK 10 million. This pertained to provisions for so-called 62-year pensions and payroll tax for transferred employees. The rest of the increase in the tax charge is attributable to a higher profit.

Comprehensive income for the period

Statement of comprehensive income

SEK million	Jan.-June 2012	Jan.-June 2011	Change
Profit for the period after tax	**144**	**86**	**58**
Other comprehensive income			
Change in value of available-for-sale financial assets	40	23	17
Hedge of net investment	0	0	0
Translation difference	9	21	-12
Taxes attributable to change in value of available-for-sale financial assets	-11	-6	-5
Total other comprehensive income after tax	**38**	**38**	**0**
Comprehensive income for the period after tax	**182**	**124**	**58**

Comprehensive income after tax amounted to SEK 182 million (124) and consists of profit as per the income statement, totalling SEK 144 million (86), plus income and expenses reported in the statement of comprehensive income, totalling SEK 38 million (38). An account of the outcome for the period with respect to the income statement is commented on above.

Other comprehensive income for the period amounted to SEK 38 million (38). The result is mainly attributable to unrealised gains of SEK 40 million (23) pertaining to holdings of fixed-income securities classified as "Available-for-sale financial assets" and to positive translation differences of SEK 9 million (21). The translation difference pertains to foreign exchange differences that arise upon translation of the Norwegian operation's financial statements to the group's reporting currency.

Balance sheet, liquidity and managed assets, 30 June 2012 compared with 31 December 2011

SEK million	30 June 2012	31 Dec. 2011	Change, %
Total assets	83,463	76,767	9%
Lending to the general public[1]	55,415	52,413	6%
Of which, Sweden	26,688	25,429	5%
Of which, Norway	28,727	26,984	6%
Deposits from the general public	77,013	71,302	8%
Of which, Sweden	34,430	33,138	4%
Of which, Norway	42,583	38,164	12%
Outstanding issued securities	1,194	–	n/a
Of which, commercial paper	694	–	n/a
Of which, bonds	500	–	n/a
Total liquidity buffer[2]	20,640	18,595	n/a
Liquidity buffer[3]	15,853	14,888	n/a
Deposit-to-loan ratio	139%	136%	2%
Managed assets in funds (NAV)	60,989	62,741	3%

[1] Excluding SEK 0 million (980) in loans to the Swedish National Debt Office.
[2] Balances with Central Bank of Sweden and Central Bank of Norway, short-term lending and deposits to/from credit institutions and fixed-income securities classified as "Available-for-sale" (AFS) financial assets", less pledged assets for borrowings from the Central Bank of Sweden.
[3] In accordance with the Financial Supervisory Authority's rules and regulations on management of liquidity risks (2010:7).

The group's total assets increased by SEK 6,696 million to SEK 83,463 million (76,767). The balance sheet includes Skandiabanken's operations in Norway. Adjusted for currency effects, total assets decreased by SEK 418 million.

Lending and deposits

Lending in Sweden increased slightly to SEK 26,688 million (25,429), excluding SEK 0 million (980) in loans to the Swedish National Debt Office. In Norway, lending increased to SEK 28,727 million (26,984). The higher lending volumes pertained primarily to home mortgages in both Sweden and Norway. In both countries, lending with a lower level of risk has increased in the form of mortgage loans granted to individuals, while loans with a higher risk, such as lines of credit and credit card credits, have decreased.

Deposit volumes have increased during the year, to SEK 77,012 million (71,302). The higher volumes pertain mainly to growth in deposits in Norway.

Liquidity, funding and credit ratings

Due to the fact that deposits increased more than lending, surplus liquidity strengthened further by SEK 2,045 million to SEK 20,640 million (18,595). Surplus liquidity consists of balances in central banks, short-term lending to credit institutions and liquid, fixed-income securities that can be liquidated on short notice and converted to cash. In addition to surplus liquidity are granted credit facilities for a total amount of SEK 400 million (400).

Of surplus liquidity, SEK 15,853 million (14,888) qualifies as the liquidity buffer in accordance with the Financial Supervisory Authority's liquidity rules. In short, these entail that the holdings shall also be eligible with the central banks and that only intraday lending to banks may be included. The deposit-to-loan ratio was 139% (136%).

In 2012 Skandiabanken has continued its work on diversifying its sources of funding through the issuance of commercial paper as well as bonds in the Swedish market. During the first half of 2012 Skandiabanken issued commercial paper and bonds worth SEK 1,200 million.

Since 2011 Skandiabanken has long-term and short-term credit ratings of A3 and P-2, with a stable outlook, from the credit rating agency Moody's.

Further information about the liquidity buffer and handling is provided in the half-year report entitled "1206 Periodic information - capital adequacy and liquidity risk", see www.skandia-banken.se/Om oss/Finansiell info.

Managed assets in funds (NAV)

Managed assets in funds (NAV) decreased by SEK 1,752 million to SEK 60,989 million (62,741).

Managed assets in the mutual fund operations decreased by SEK 2,568 million to SEK 54,517 million (57,085). The decrease in volume is attributable to a greater outflow from fixed-income funds in connection with the stock market rise in early 2012.

Capital base and capital adequacy

	30 June 2012	31 Dec. 2011
Capital ratio	13,81%	14,31%
Tier 1 capital ratio[1]	9,76%	9,95%
Capital adequacy requirement, SEK billion	2,4	2,2
Capital adequacy quotient	1,73	1,79

[1] The bank's tier 1 capital consists of equity less certain items that may not be included in the capital base, such as intangible assets and deferred tax assets. The bank does not have any tier 1 capital contributions, which entails that its tier 1 capital is equal to its core tier 1 capital.

The capital ratio decreased compared with 31 December 2011 to 13.81% (14.31%). Risk-weighted exposures increased to SEK 29,824 million (27,630), of which SEK 2,256 million pertained to increased credit risk exposures. The change is mainly attributable to increased credit risk exposures secured by real estate and increased exposures pertaining to the liquidity buffer.

Currency risk exposures decreased by SEK 63 million, and exposures to operational risk were unchanged.

Comprehensive income for the period has been verified by the company's auditors and is thereby included in the capital base, which amounted to SEK 4,118 million (3,953).

The outcome pertains to calculation in accordance with the statutory minimum capital requirement, called Pillar I, for credit risk, market risk and operational risk. Skandiabanken applies the standardised approach for calculations of credit risk, and the capital requirement for operational risk is calculated in accordance with the basic indicator approach.

In addition to the statutory minimum capital adequacy requirement, banks are expected to maintain a higher capital base, which is handled under Pillar II, "Capital assessment and risk management". Consideration is given to Skandiabanken's total capital requirement in the Internal Capital Adequacy Assessment Process (ICAAP). This means that Skandiabanken has additional capital on hand for other material risks than those referred to above, i.e., credit risks, market risks and operational risks. A capital buffer is available above and beyond the capital requirement for identified risks and taking into account continued expansion.

For further disclosures, see note 11, "Capital adequacy analysis" and a separate report on Skandiabanken's website: www.skandiabanken.se/Om oss/Finansiell info/1206 Periodic information - capital adequacy and liquidity risk.

Effect of new capital adequacy rules 2013

The new capital adequacy rules are not expected to be ready until the end of 2012, which has caused uncertainty about the effect these will have on the capital ratio. Examples of new rules that will affect Skandiabanken, which uses the standardised approach for calculating credit risk, include a slight increase in risk weights for home mortgages. In addition, new accounting rules will be introduced for reporting of pensions in accordance with IAS 19, which will affect deductions from the capital base. The combined, anticipated effect is expected to correspond to less than 0.5% of the capital ratio.

Disclosures of risks and uncertainties, and anticipated future developments

Skandiabanken conducts retail banking in Sweden and Norway. The economic situation in both of these countries remained favourable during the first half of 2012, with relatively good economic growth and stable unemployment statistics. Growth in both countries is expected to be moderate going forward, with stable or slightly rising unemployment during the second half of 2012 and into 2013. However, there is a risk that this economic trend could be adversely affected by developments in other countries. Uncertainty prevails regarding the debt crisis in the euro zone, especially in the so-called PIIGS countries, i.e., Portugal, Italy, Ireland, Greece and Spain. Skandiabanken has no direct exposures to these countries, however, economic problems in these countries could have a negative impact on the European banking system, which in turn would also affect countries with sound finances.

The central banks are expected to keep interest rates low during the second half of 2012, followed by a period of slow increases. Although interest rates are expected to remain stable going forward, there is a risk for further interest rate cuts. This could have a negative impact on the bank's earnings capacity, especially on net interest income. In addition, competition continues to rise between the banks over savings products – both in Sweden and Norway – which could put additional pressure on net interest income. Stable economic growth in both countries also benefits net fee and commission income, however, this is affected to a large degree by the trend in the stock markets, which in the prevailing circumstances is a source of uncertainty.

Skandiabanken's total credit exposure amounted to SEK 83.5 billion (76.9), of which 62% (64%) pertained to home mortgages. Higher home mortgage rates combined with the new rules that were instituted in 2010 – prescribing that customers may only borrow up to 85% of a property's value – have had and are expected to continue to have a dampening effect on the Swedish housing market. Home prices in Norway, on the other hand, are expected to continue rising, albeit at a somewhat slower pace. The continued, anticipated growth in the Norwegian home mortgage market – with respect to both new investment and prices – is due to assumptions on higher real income levels and increased population growth. Skandiabanken has traditionally maintained a restrictive stance with respect to lending, which has resulted in low loan-to-value ratios among the bank's customers and low loan losses. As a result, the bank is expected to be able to handle any declines in property values.

Skandiabanken's credit exposure with respect to investments of surplus liquidity increased to SEK 27.4 billion (23.3). Skandiabanken's surplus liquidity is invested in fixed-income securities with good credit quality and market liquidity. The increase is attributable in part to the new rules from the Financial Supervisory Authority and in part to forthcoming regulatory changes regarding requirements on the composition of the liquidity buffer and continuing internal work on developing the bank's tolerance for liquidity risk. Liquidity risk is expected to continue to be low in view of the prognosticated surplus of deposits.

New rules for capital adequacy and large exposures, liquidity risk and other risks are currently being drafted to take effect on 1 January 2013. These rules will not be ready until the end of 2012 and cover a large number of regulatory areas, including capital, risk-weighted assets and the Pillar II process. This is leading to uncertainty regarding what effects the new rules will have on assessments of the need for resources, and it will entail a major undertaking to implement such an extensive body of rules in a short period of time.

A description of risks and risk management can be found in Skandiabanken's 2011 Annual Report, note 37. Information on capital adequacy and risk management (referred to as Pillar III) is provided in a more extensive yearly report (1112 Annual information about capital adequacy and risk management – Pillar III) and in a half-year report entitled "1206 Periodic information - capital adequacy and liquidity risk". See www.skandia-banken.se/Om oss/ Finansiell info.

Parent company

The account of important events and significant risks provided above also pertains to the parent company. This also applies for the outcome for the period regarding net interest income, net financial items and loan losses as well as the balance sheet items pertaining to lending, deposits and fixed-income securities.

Profit for the period January–June 2012 compared with corresponding period a year ago

Operating profit before tax amounted to SEK 181 million (89) for the first half of the year.

Operating income

Net fee and commission income decreased by SEK 15 million to SEK 160 million (175). The lower outcome is mainly attributable to lower brokerage and securities commissions resulting from falling stock and fund markets. Other operating income amounted to SEK 37 million (447), of which SEK (362) million pertains to discontinued operations.

Expenses before loan losses

Expenses before loan losses amounted to SEK 625 million (1,017). Staff costs totalled SEK 182 million (482). Other administrative expenses amounted to SEK 419 million (481). Depreciation, amortisation and impairment losses amounted to SEK 4 million (4). Other operating expenses decreased to SEK 20 million (50) and pertained to marketing costs.

Capital base and capital adequacy

The capital ratio was 14.27% (14.66%), and the Tier 1 capital ratio was 10.17% (10.24%). The total capital requirement was SEK 2,358 million (2,182), and the capital adequacy quotient was 1.78% (1.83%). The capital base amounted to SEK 4,204 million (3,997). Comprehensive income for the period has been verified by the company's auditors and is therefore included in the capital base.

For further disclosures, see note 3 to the parent company's financial statements, "Capital adequacy analysis".

Events after the balance sheet date

No significant events have taken place after the end of the interim reporting period.

Key ratios

	Group			Parent company		
	2012 June	2011 June	2011 Full year	2012 June	2011 June	2011 Full year
Return on equity, %	8.88	6.34	5.18	9.82	5.65	5.25
Cost/income ratio after loan losses[1]	0.77	0.88	0.90	0.77	0.92	0.92
Capital ratio, %[2]	13.81	14.56	14.31	14.27	14.89	14.66
Tier 1 capital ratio, %[3]	9.76	10.09	9.95	10.17	10.36	10.24
Provision ratio for impaired loans %[4]	66.0	66.4	62.3	66.0	66.4	62.3
Share of impaired loans, net, %[5]	0.11	0.12	0.15	0.11	0.12	0.15
Loan loss ratio, %[6]	-0.02	0.06	0.06	-0.02	0.06	0.06
Average number of employees[7]	465	531	522	454	524	515

[1] Total costs including loan losses in relation to total operating income.
[2] Capital base in relation to risk-weighted assets incl. the audited profit for the period.
[3] Tier 1 capital in relation to risk-weighted assets incl. the audited profit for the period.
[4] Provisions for loan losses in relation to impaired loans, gross.
[5] Impaired loans, net, in relation to total lending to the general public, excl. loans to the Swedish National Debt Office.
[6] Loan losses in relation to lending to the general public, excl. loans to the Swedish National Debt Office.
[7] After adjustment for discontinued operations.

Income statement, group

SEK million	Note	2012 Jan.-June	2011 Jan.-June[1]	2011 Full year
Interest income		1,454	1,148	2,554
Interest expense		-877	-653	-1,515
Net interest income	3	**577**	**495**	**1,039**
Fee and commission income		480	517	997
Fee and commission expense		-247	-275	-507
Net fee and commission income	4	**233**	**242**	**490**
Net financial income	5	27	7	14
Other operating income		37	85	131
Total operating income		**874**	**829**	**1,674**
Staff costs		-191	-214	-398
Other administrative expenses		-469	-445	-991
Depreciation, amortisation and impairment of tangible and intangible assets		-4	-4	-8
Other operating expenses		-20	-48	-69
Total expenses before loan losses		**-684**	**-711**	**-1,466**
Profit before loan losses		**190**	**118**	**208**
Net loan losses	6	6	-17	-34
Net gains/losses on disposal of tangible and intangible assets		—	0	0
Profit for the period		**196**	**101**	**174**
Income tax expense		-52	-15	-31
Net profit for the period		**144**	**86**	**143**
Net profit for the period for discontinued operations, after tax		**—**	**0**	**0**
Net profit for the period		**144**	**86**	**143**
Attributable to:				
Shareholders of Skandiabanken AB		144	86	143

[1] For the sake of comparison, the outcome for Jan.–June 2011 has been adjusted downward to take into account divested operations.

Statement of comprehensive income, group

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Net profit for the period	**144**	**86**	**143**
Other comprehensive income			
Change in value of available-for-sale financial assets	40	23	27
Hedges of net investment	0	0	0
Translation difference	9	21	1
Taxes attributable to change in value of available-for-sale financial assets	-11	-6	-7
Total other comprehensive income after tax	**38**	**38**	**21**
Comprehensive income for the period after tax	**182**	**124**	**164**
Attributable to:			
Shareholders of Skandiabanken AB (publ)	182	124	164

Balance sheet, group

SEK million	Note	30/6/2012	30/6/2011	31/12/2011
Assets				
Cash and cash balances with central banks		664	3,909	696
Eligible treasury bills, etc.		4,071	466	—
Lending to credit institutions		3,947	395	2,013
Lending to the general public	7	55,415	55,706	53,393
Fair value of portfolio hedge of interest rate risk		44	-23	68
Financial assets at fair value		32	67	34
Available-for-sale financial assets		18,740	14,054	19,644
Assets held to maturity		—	—	15
Goodwill and other intangible assets		1	5	3
Property, plant and equipment		6	12	8
Current tax assets		6	3	19
Deferred tax assets		29	40	25
Other assets		295	490	624
Prepaid expenses and accrued income		213	195	225
Total assets		**83,463**	**75,319**	**76,767**
Liabilities and equity				
Due to credit institutions		68	31	42
Deposits and borrowing from the general public		77,012	70,069	71,302
Issued securities		1,194	—	—
Financial liabilities at fair value		55	38	83
Liabilities attributable to assets held to maturity		—	—	112
Current tax liabilities		25	37	43
Other liabilities		390	509	714
Accrued expenses and deferred income		422	560	421
Provisions for pensions		108	101	44
Subordinated liabilities		1,200	1,200	1,200
Total liabilities		**80,474**	**72,545**	**73,961**
Equity				
Equity attributable to shareholders of Skandiabanken AB (publ)				
Share capital		400	400	400
Reserves		40	19	2
Retained earnings including profit for the period		2,549	2,355	2,404
Total equity attributable to shareholders of Skandiabanken AB (publ)		2,989	2,774	2,806
Total equity		**2,989**	**2,774**	**2,806**
Total liabilities and equity		**83,463**	**75,319**	**76,767**

Statement of changes in equity, group

SEK million	Share capital	Fair value reserve[1]	Translation reserve[2]	Retained earnings	Minority interest	Total
Opening equity 2011	**400**	**0**	**-19**	**2,260**	**6**	**2,647**
Profit for the year				86		86
Other comprehensive income		17	21			38
Comprehensive income for the year		17	21	86	0	124
Contribution from parent company, share-based payment				0		0
Group contribution received				12		12
Tax on group contribution				-3		-3
Divested operation[3]					-6	-6
Closing equity, 30 June 2011	**400**	**17**	**2**	**2,355**	**0**	**2,774**
Opening equity 2011	**400**	**0**	**-19**	**2,260**	**6**	**2,647**
Profit for the year				143		143
Other comprehensive income		20	1			21
Comprehensive income for the year		20	1	143	0	164
Contribution from parent company, share-based payment				0		0
Group contribution received				6		6
Group contribution rendered				-6		-6
Tax on group contribution				1		1
Divested operation[3]					-6	-6
Closing equity 2011	**400**	**20**	**-18**	**2,404**	**0**	**2,806**
Opening equity 2012	**400**	**20**	**-18**	**2,404**	**0**	**2,806**
Profit for the year				144		144
Other comprehensive income		30	9			39
Comprehensive income for the year		30	9	144	0	183
Contribution from parent company, share-based payment				0		0
Shareholder's contribution				35		35
Tax on group contribution						0
Divested operation[4]				-35		-35
Closing equity, 30 June 2012	**400**	**50**	**-9**	**2,548**	**0**	**2,989**

[1] The fair value reserve includes unrealised changes in value of available-for-sale financial assets. Skandiabanken applies this category for fixed-income securities and for shareholdings. Upon divestment, unrealised changes in value are reclassified in the income statement.

[2] Translation reserve refers to exchange rate differences that arise upon translation of foreign operations' financial statements to the group's reporting currency and exchange rate differences pertaining to hedges of net investments in foreign currency. Upon divestment, unrealised changes in value are reclassified in the income statement.

[3] Refers to the subsidiary Svenska Lärarfonder AB.

[4] Includes an adjustment for defined benefit pension plans related to divested operation.

Cash flow statement, group

SEK million	2012 Jan.-June	2011 Jan.-June	2011 Full year
Cash flow from operating activities	1,818	3,456	1,841
Cash flow from investing activities	4	-6	-13
Cash flow from financing activities[1]	35	—	25
Cash flow for the period	**1,857**	**3,450**	**1,853**
Cash and cash equivalents at start of period	2,667	813	813
Exchange rate differences in cash and cash equivalents	19	10	1
Cash flow for the period	1,857	3,450	1,853
Cash and cash equivalents at end of period	**4,543**	**4,273**	**2,667**

[1] A dividend of SEK 0 million (0) was paid to the parent company Skandia Insurance Company Ltd (publ).

Cash and cash equivalents are defined as cash, clearing and settlement claims and liabilities, account balances in other banks and overnight loans with original terms of less than three days.

Notes, group

Note 1 Accounting policies

The interim report for Skandiabanken Aktiebolag (publ) pertains to the period 1 January–30 June 2012. Skandiabanken is domiciled in Stockholm, Sweden, with registered number 516401-9738.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU. The interim report for the group is prepared in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, the Financial Supervisory Authority's regulations and general guidelines on annual reports of credit institutions and securities companies (FFFS 2008:25), and recommendation RFR 1 issued by the Swedish Financial Reporting Board, "Complementary accounting rules for groups".

The same accounting policies and calculation methods have been applied in the interim report as in Skandiabanken's 2011 Annual Report, note 1 to the group's financial statements.

The interim report is presented in Swedish kronor (SEK), rounded off to the nearest million, unless indicated otherwise.

Note 2 Segment reporting

	Sweden Banking		Norway Banking		Eliminations		Total Banking		Sweden Mutual Funds		Eliminations, other		Total Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
SEK million	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June	Jan.-June
Income statements														
Net interest income	310	255	266	239			576	494	1	1		0	577	495
Net fee and commission income	68	75	92	99			160	174	73	68			233	242
Net financial items	17	0	10	7			27	7		0			27	7
Other operating income	51	88	0	6	-14	-7	37	87		0		-2	37	85
Operating income	**446**	**418**	**368**	**351**	**-14**	**-7**	**800**	**762**	**74**	**69**	**0**	**-2**	**874**	**829**
Staff costs	-104	-124	-77	-83			-181	-207	-10	-5		-2	-191	-214
Other administrative expenses	-262	-240	-171	-165	14	7	-419	-398	-50	-49		2	-469	-445
Depreciation of property, plant and equipment[1]	-1	-1	-1	-1			-2	-2					-2	-2
Amortisation of intangible assets	0		-2	-2			-2	-2					-2	-2
Other operating expenses	-10	-31	-10	-17			-20	-48		0			-20	-48
Expenses before loan losses	**-377**	**-396**	**-261**	**-268**	**14**	**7**	**-624**	**-657**	**-60**	**-54**	**0**	**0**	**-684**	**-711**
Net loan losses	-1	-9	7	-8			6	-17		0			6	-17
Gains/losses on disposals of tangible and intangible assets	0	0	0				0	0					0	0
Profit for the period	**68**	**13**	**114**	**75**	**0**	**0**	**182**	**88**	**14**	**15**	**0**	**-2**	**196**	**101**
Income tax expense	-13	10	-35	-21			-48	-11	-4	-4			-52	-15
Net profit for period	**55**	**23**	**79**	**54**	**0**	**0**	**134**	**77**	**10**	**11**	**0**	**-2**	**144**	**86**
External income	390	369	366	348			756	717	74	69			830	786
Internal income[2]	42	40	2	3			44	43	0				44	43
Internal expenses[2]	-2	-3	-25	-18			-27	-21	-17	-22			-44	-43
COMPREHENSIVE INCOME														
Net profit for period	**55**	**23**	**79**	**54**	**0**	**0**	**134**	**77**	**10**	**11**	**0**	**-2**	**144**	**86**
Other comprehensive income														
Change in value of available-for-sale financial assets	24	15	16	8			40	23					40	23
Hedge of net investment	0	0	0				0	0					0	0
Translation difference	9	21	0				9	21					9	21
Taxes attributable to change in value of available-for-sale financial assets	-6	-4	-5	-2			-11	-6					-11	-6
Total	**27**	**32**	**11**	**6**	**0**	**0**	**38**	**38**	**0**	**0**	**0**	**0**	**38**	**38**
Comprehensive income for the period after tax	**82**	**55**	**90**	**60**	**0**	**0**	**172**	**115**	**10**	**11**	**0**	**-2**	**182**	**124**

Footnotes to segment reporting table

[1] No impairment is recognised for tangible assets.

[2] Internal income and expenses are included in the lines "Operating income" and "Other administrative expenses".

Cont. note 2, Reporting of operating segments

SEK billion	Sweden Banking		Norway Banking		Eliminations		Total Banking		Sweden Mutual Funds		Eliminations, other		Total Group	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.	30 June	31 Dec.
Balance sheets														
Assets														
Lending to the general public[1]	26.7	26.4	28.7	27			55.4	53.4					55.4	53.4
Other assets	12.4	10.1	16.1	13.6	-0.5	-0.5	28	23.2	0.1	0.2			28.1	23.4
Total assets	**39.1**	**36.5**	**44.8**	**40.6**	**-0.5**	**-0.5**	**83.4**	**76.6**	**0.1**	**0.2**	**0**	**0**	**83.5**	**76.8**
Liabilities														
Deposits and borrowing from general public	34.4	33.1	42.6	38.2			77	71.3					77	71.3
Other liabilities	3.1	2	0.8	1.2	-0.5	-0.5	3.4	2.7	0.1	0.1		-0.1	3.5	2.7
Total liabilities	**37.5**	**35.1**	**43.4**	**39.4**	**-0.5**	**-0.5**	**80.4**	**74**	**0.1**	**0.1**	**0**	**-0.1**	**80.5**	**74**
Equity	1.6	1.5	1.4	1.3			3	2.8	0	0			3	2.8
Total liabilities and equity	**39.1**	**36.6**	**44.8**	**40.7**	**-0.5**	**-0.5**	**83.4**	**76.8**	**0.1**	**0.1**	**0**	**-0.1**	**83.5**	**76.8**

[1] Swedish banking operation incl. loans of SEK 0.0 billion (2.1) to Swedish National Debt Office.

Key ratios														
Investment margin %[1]	1.69	1.54	1.27	1.31	—	—	1.48	1.43	1.23	1.31		—	1.48	1.41
C/I-ratio after loan losses[2]	0.85	0.98	0.69	0.83	1	1	0.77	0.91	0.81	0.79		1	0.77	0.91
Loan loss ratio, %[3]	0.01	0.04	-0.05	0.08	—	—	-0.02	0.06	—	—		—	-0.02	0.06
Average balance, SEK bn	36.8	34.9	41.8	38.1	-0.7	-0.5	77.9	72.5	0.1	0.2		-0.1	78.0	70.3
Number of customers, thousands	436	443		360	—	—	436	803					436	803
Average number of employees[4]	268	331	186	193	—	—	454	524	11	7			465	531

Footnotes to segment reporting table

[1] Net interest income as % of average volume (total assets).

[2] Expenses incl. loan losses in relation to operating income.

[3] Loan losses as % of opening balance of lending to the general public.

[4] After adjustment for divested operation.

Note 3 Net interest income

	2012 Jan.-June			2011 Jan.-June			2011 Full year		
	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate
Lending to credit institutions	2,313	18	1.51%	2,722	24	1.74%	3,392	58	1.70%
Lending to the general public	53,811	1,125	4.18%	54,903	961	3.50%	53,492	2,049	3.83%
Fixed-income securities	21,129	311	2.95%	12,052	162	2.70%	14,914	444	2.98%
Of which, available-for-sale financial assets	21,129	311	2.95%	12,052	162	2.70%	14,914	444	2.98%
Other	700	0	0%	669	0	0	792	1	0.05%
Total interest income[1]	**77,953**	**1,454**	**3.73%**	**70,346**	**1,147**	**3.26%**	**72,590**	**2,552**	**3.51%**
Due to credit institutions	103	2	3.45%	72	2	4.65%	56	2	2.62%
Deposits and borrowing from the general public	72,109	845	2.34%	65,115	627	1.92%	67,237	1,460	2.17%
Issued securities	192	2	2.40%	—	—	—	—	—	—
Subordinated liabilities	1,200	22	3.68%	1,200	20	3.38%	1,200	43	3.57%
Other	4,349	6	0.26%	3,959	3	0.16%	4,097	8	0.21%
Total interest expenses[1]	**77,953**	**877**	**1.84%**	**70,346**	**652**	**1.85%**	**72,590**	**1,513**	**2.08%**
Net interest income[1]		**577**	**1.48%**		**495**	**1.41%**		**1,039**	**1.43%**

[1]The deviation in the sum of interest income and interest expense compared with the income statement pertains to interest expenses attributable to hedge instruments. In the note, this is transferred to interest income to provide a more accurate picture of the purpose of the hedges.

Note 4 Net fee and commission income

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Payment intermediation fees	132	136	292
Commissions on lending	0	1	1
Commissions on deposits	1	1	1
Commissions on securities	346	377	700
Other commissions	1	2	3
Total fee and commission income	**480**	**517**	**997**
Payment intermediation fees	-25	-21	-50
Commissions on securities	-221	-251	-451
Other commissions	-1	-3	-6
Total fee and commission expenses	**-247**	**-275**	**-507**
Net fee and commission income	**233**	**242**	**490**

Note 5 Net financial income

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Financial assets at fair value classified as held for trading	**0**	**-3**	**0**
- Shares in participations and other equity instruments, change in value	0	-3	0
- Interest-bearing derivatives, change in value	0	0	0
Available-for-sale financial assets	**7**	**1**	**2**
- Fixed-income securities, change in value	7	1	2
Hedge accounting[1]	**6**	**-3**	**-11**
- Change in value of hedged item	-24	-28	63
- Change in value of hedge instrument	30	25	-74
Exchange rate movements	**14**	**12**	**23**
Total	**27**	**7**	**14**

[1] Pertains to the outcome of hedge accounting of fair value of portfolio hedge of interest rate risk.

Note 6 Loan losses, net

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Specific provision for individually assessed loan receivables			
The period's write-off of confirmed loan losses	0	0	-1
Reversal of previous provisions for probable loan losses that are reported as confirmed loan losses in the period's accounts	0	0	0
The period's provision for probable loan losses	-2	-8	-18
Paid in from confirmed loan losses in previous years	1	0	0
Reversal of provisions for probable loan losses that are no longer necessary	7	5	9
Net expense for the period for individually assessed loan receivables	**6**	**-3**	**-10**
Collective provision for individually assessed loan receivables	**0**	**0**	**0**
Collectively assessed homogeneous groups of loan receivables with limited value and similar credit risk			
The period's write-off of confirmed loan losses	-26	-11	-26
Paid in from confirmed loan losses in previous years	15	3	11
Provision/reversal for collectively assessed homogenous loan receivables	11	-6	-9
Net expense for the period for collectively assessed homogeneous groups of loan receivables	**0**	**-14**	**-24**
Net loan losses for the period	**6**	**-17**	**-34**

Note 7 Lending to the general public

	30/6/2012	30/6/2011	31/12/2012
Amortised cost[1]	55,531	55,833	53,526
Provision for impaired loans	-116	-127	-133
Total lending to the general public	**55,415**	**55,706**	**53,393**
Loan receivables broken down by geographic region			
Loan receivables at amortised cost (before provision for loan losses)[1]	**55,531**	**55,833**	**53,526**
Sweden[1]	26,707	27,924	26,428
Norway	28,824	27,909	27,098
Specific provisions for individually assessed loan receivables	**32**	**31**	**36**
Sweden	11	13	13
Norway	21	18	23
Collective provisions for individually assessed loan receivables	**1**	**2**	**2**
Sweden	0	1	—
Norway	1	1	2
Provisions for collectively assessed homogenous groups of loan receivables	**83**	**94**	**95**
Sweden	8	6	6
Norway	75	88	89
Total provisions	**116**	**127**	**133**
Sweden	19	20	19
Norway	97	107	114
Loan receivables at amortised cost (before provision for loan losses)[1]	**55,415**	**55,706**	**53,393**
Sweden[1]	26,688	27,904	26,409
Norway	28,727	27,802	26,984
Impaired loans broken down by geographic region			
Impaired loans (after provision for probable loan losses)	**63**	**64**	**80**
Sweden	24	26	33
Norway	39	38	47

[1] Including SEK 0 million (2,100) in loans to the Swedish National Debt Office.

Note 8 Other pledged assets, contingent liabilities and other commitments

	30/6/2012	30/6/2011	31/12/2011
Other pledged assets	5,361	5,890	5,777
Contingent liabilities	4	—	44
Other commitments	31,724	27,670	26,046

Note 9 Derivatives

	30/6/2012			30/6/2011			31/12/2011		
	Assets at fair value	Liabilities at fair value	Nominal amount	Assets at fair value	Liabilities at fair value	Nominal amount	Assets at fair value	Liabilities at fair value	Nominal amount
Interest rate derivatives									
Swaps	12	55	9,645	54	29	8,915	10	83	8,870
Total	**12**	**55**	**9,645**	**54**	**29**	**8,915**	**10**	**83**	**8,870**
Foreign exchange derivatives									
Forward contracts	—	—	9	—	—	—	—	—	—
Swaps	8	0	691	0	9	682	13	0	708
Total	**8**	**0**	**700**	**0**	**9**	**682**	**13**	**0**	**708**
Total	**20**	**55**	**10,345**	**54**	**38**	**9,597**	**23**	**83**	**9,578**

Note 10 Related party disclosures

The category of related parties has changed in connection with Skandia Liv's acquisition of Skandia AB. Companies included in the Old Mutual Group are not included in the category of related parties after the date of the acquisition.

The structure entailing the outsourcing of services between Skandia Liv and Skandia AB and Skandiabanken that has been used for several years remains in 2012. The reason for this is that the employees in question will continue to be employed by the respective companies in 2012. Further information about this structure is provided in Skandia Liv's 2011 Annual Report. Related party transactions will change when the work with changes in this structure and employment affiliation are carried out at year-end.

Related party disclosures pertain to dealings and transactions with the parent company Skandia Liv and other group companies in the Skandia group. By related parties is also meant subsidiaries in the Skandiabanken group. Related parties to the group also consist of board members and senior executives of Skandiabanken and the Skandia group.

Related party transactions

Skandiabanken has SEK 152 million on deposit from Seven Days Finans AB. The CEO of the company is a board member of Skandiabanken. In other respects, customary business transactions were carried out between the group companies.

Note 11 Capital adequacy analysis

	30/6/2012	30/6/2011	31/12/2011
Capital adequacy measures			
Total capital ratio	13.81%	14.56%	14.31%
Tier 1 capital ratio	9.76%	10.09%	9.95%
Capital adequacy quotient	1.73	1.82	1.79
Capital base			
Equity according to most recent year-end book closing, 31 December	2,806	2,641	2,806
Verified profit for the period	182	133	—
Tier 1 capital, gross	**2,988**	**2,774**	**2,806**
Less intangible assets	-1	-5	-3
Less deferred tax assets	-29	-40	-34
Unrealised loss on available-for-sale financial assets	-49	-17	-20
Tier 1 capital, net	**2,909**	**2,712**	**2,749**
Unrealised gains on available-for-sale financial assets, equities	9	1	4
Perpetual subordinated debt	900	900	900
Dated subordinated debt	300	300	300
Total tier 2 capital	**1,209**	**1,201**	**1,204**
Capital base	**4,118**	**3,913**	**3,953**
Risk-weighted exposures			
Credit risk according to standardised approach	25,841	23,371	23,585
Currency risk	71	59	134
Operational risk according to basic indicator approach	3,912	3,451	3,911
Total risk-weighted exposures	**29,824**	**26,881**	**27,630**
Capital requirement			
Credit risk according to standardised approach	2,067	1,870	1,887
Currency risk	6	5	10
Operational risk according to basic indicator approach	313	275	313
Total minimum capital requirement	**2,386**	**2,150**	**2,210**

Applied rules and regulations

The capital requirement has been calculated in accordance with the Capital Adequacy and Large Exposures Act (2006:1371) and the Financial Supervisory Authority's regulations and general guidelines regarding capital adequacy and large exposures (FFFS 2007:1). The outcome pertains to calculations in accordance with the statutory minimum capital requirement, referred to as Pillar I, for credit risk, market risk and operational risk.

Disclosures of periodic information are made in accordance with the Financial Supervisory Authority's regulations and general guidelines on publication of information on capital adequacy and risk management (FFFS 2007:5). See www.skandiabanken.se/Om oss/Finansiell info/1206 Periodic information - capital adequacy and liquidity risk.

Skandiabanken applies the standardised approach for calculating credit risk. This involves 15 risk classes along with a number of different risk weights within each class. The capital requirement for currency risks covers all items both on and off the balance sheet at fair value and recalculated to Swedish kronor using the exchange rate in effect on the accounting date. Eight per cent of the total net position in foreign currency is estimated to make up the capital requirement. The capital requirement for operational risks is calculated in accordance with the basic indicator approach, which entails that the capital requirement makes up 15% of average operating income for the three most recent financial years. Skandiabanken has received permission from the Financial Supervisory Authority to calculate capital requirement for the trading account in accordance with the rules for credit risk.

Income statement, parent company

SEK million	Note	2012 Jan.-June	2011 Jan.-June	2011 Full year
Interest income		1,453	1,147	2,552
Interest expense		-877	-653	-1,515
Dividends received		0	0	—
Group contributions from subsidiaries		—	—	30
Fee and commission income	2	198	228	427
Fee and commission expense	2	-38	-53	-78
Net financial income		27	7	14
Other operating income		37	447	779
Total operating income		**800**	**1,123**	**2,209**
General administrative expenses				
Staff costs		-182	-482	-869
Other administrative expenses		-419	-481	-1,047
Depreciation, amortisation and impairment of tangible and intangible assets		-4	-4	-9
Other operating expenses		-20	-50	-73
Total expenses before loan losses		**-625**	**-1,017**	**-1,998**
Profit before loan losses		**175**	**106**	**211**
Net loan losses		6	-17	-34
Operating profit		**181**	**89**	**177**
Tax on profit for the period		-48	-11	-31
Net profit for the period		**133**	**78**	**146**

Statement of comprehensive income, parent company

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Net profit for the period	**133**	**78**	**146**
Other comprehensive income			
Change in value of available-for-sale financial assets	40	23	27
Hedge of net investment	0	0	0
Translation difference	9	21	1
Taxes attributable to changes in value of available-for-sale financial assets	-11	-6	-7
Total other comprehensive income after tax	**38**	**38**	**21**
Comprehensive income for the period after tax	**171**	**116**	**167**

Balance sheet, parent company

SEK million	30/6/2012	30/6/2011	31/12/2011
Assets			
Cash and cash balances with central banks	664	3,909	696
Eligible treasury bills, etc.	4,071	466	2,441
Lending to credit institutions	3,867	288	1,916
Lending to the general public	55,415	55,706	53,393
Fair value of portfolio hedge of interest rate risk	44	-23	68
Bonds and other fixed-income securities	18,708	14,034	17,177
Shares and participations, etc.	44	34	37
Shares and participations in group companies	41	41	42
Intangible assets	1	5	3
Tangible assets	6	12	12
Current tax assets	6	3	19
Deferred tax assets	5	28	28
Other assets	315	571	677
Prepaid expenses and accrued income	171	150	181
Total assets	**83,358**	**75,224**	**76,690**
Liabilities			
Due to credit institutions	68	31	43
Deposits and borrowing from the general public	77,012	70,069	71,302
Issued securities	1,194	—	—
Current tax liabilities	23	35	43
Other liabilities	443	545	797
Accrued expenses and deferred income	351	487	412
Provisions for pensions	16	57	49
Other provisions	—	0	—
Subordinated liabilities	1,200	1,200	1,200
Total liabilities and provisions	**80,307**	**72,424**	**73,846**
Share capital	**400**	**400**	**400**
Other reserves			
- Statutory reserve	81	81	81
- Fair value reserve	63	42	25
Retained earnings	2,374	2,199	2,192
Profit for the period	133	78	146
Total equity	**3,051**	**2,800**	**2,844**
Total liabilities, provisions and equity	**83,358**	**75,224**	**76,690**

Memorandum items, parent company

SEK million	30/6/2012	30/6/2011	31/12/2011
Other pledged assets	5,361	5,890	5,777
Contingent liabilities	4	—	4
Other commitments	31,724	27,670	26,046

Statement of changes in equity, parent company

SEK million	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Fair value reserve	Unrestricted equity: Translation reserve	Unrestricted equity: Fair value reserve[1]	Retained earnings	Total
Opening equity 2011	**400**	**81**	**1**	**3**	**4**	**2,191**	**2,676**
Net profit for the year						77	77
Reclassification upon disposal to income statement before tax for fair value reserve			-1		-1		-1
Unrealised change in value before tax, fair value reserve			24		24		24
Deferred tax, fair value reserve			-7		-7		-7
Change in hedge of net investment in foreign currency			0		0		0
Change in translation difference				22	22		22
Comprehensive income for the year			16	22	38	77	115
Contribution from parent company, share-based payment						0	0
Group contribution received						12	12
Tax on group contribution						-3	-3
Closing equity, 30 June 2011	**400**	**81**	**17**	**25**	**42**	**2,277**	**2,800**
Opening equity 2011	**400**	**81**	**1**	**3**	**4**	**2,191**	**2,676**
Net profit for the year						146	146
Reclassification upon disposal to income statement before tax for fair value reserve			-1		-1		-1
Unrealised change in value before tax, fair value reserve			27		27		27
Deferred tax, fair value reserve			-7		-7		-7
Change in hedge of net investment in foreign currency			0		0		0
Change in translation difference				2	2		2
Comprehensive income for the year			19	2	21	146	167
Contribution from parent company, share-based payment						0	0
Group contribution rendered						-6	-6
Shareholder's contribution						6	6
Tax on group contribution						1	1
Closing equity 2011	**400**	**81**	**20**	**5**	**25**	**2,338**	**2,844**
Opening equity 2012	**400**	**81**	**20**	**5**	**25**	**2,338**	**2,844**
Net profit for the year						133	133
Reclassification upon disposal to income statement before tax for fair value reserve			-7		-7		-7
Unrealised change in value before tax, fair value reserve			47		47		47
Deferred tax, fair value reserve			-10		-10		-10
Change in hedge of net investment in foreign currency			0		0		0
Change in translation difference				9	9		9
Comprehensive income for the year			30	9	39	133	172
Contribution from parent company, share-based payment						0	0
Shareholder's contribution						35	35
Tax on group contribution							0
Closing equity, 30/6/2012	**400**	**81**	**50**	**14**	**64**	**2,506**	**3,051**

[1] The fair value reserve consists of unrealised gains/losses from available-for-sale financial assets, hedges of net investments and translation differences.

Cash flow statement, parent company

SEK million	2012 Jan.-June	2011 Jan.-June	2011 Full year
Cash flow from operating activities	1,835	3,476	1,836
Cash flow from investing activities	4	5	2
Cash flow from financing activities[1]	35	-29	26
Cash flow for the period	**1,874**	**3,452**	**1,864**
Cash and cash equivalents at start of period	2,569	704	704
Exchange rate difference in cash and cash equivalents	19	10	1
Cash flow for the period	1,874	3,452	1,864
Cash and cash equivalents at end of period	**4,462**	**4,166**	**2,569**

[1] A dividend of SEK 0 million (0) was paid to the parent company Skandia Insurance Company Ltd (publ).

Cash and cash equivalents are defined as cash, clearing and settlement claims and liabilities, account balances in other banks and overnight loans with original terms of less than three days.

Notes, parent company

Note 1 Accounting policies

The interim report for Skandiabanken Aktiebolag (publ) pertains to the period 1 January–30 June 2012. Skandiabanken is domiciled in Stockholm, Sweden, with registered number 516401-9738.

The interim report for the parent company has been prepared in accordance with International Financial Reporting Standards (IFRS) as far as possible within the framework of the Annual Accounts Act for Credit Institutions and Securities Companies, the Financial Supervisory Authority's regulations and general guidelines on annual reports of credit institutions and securities companies (FFFS 2008:25), and recommendation RFR 2 issued by the Swedish Financial Reporting Board, "Accounting for legal entities".

The same accounting policies and calculation methods have been applied in the interim report as in Skandiabanken's 2011 Annual Report, note 1 to the parent company's financial statements.

The interim report is presented in Swedish kronor (SEK), rounded off to the nearest million, unless indicated otherwise.

For note information regarding Net financial items, Loan losses, Lending to the general public, Derivatives and Related party disclosures, please refer to notes 5, 6, 7, 9 and 10 for the group.

Note 2 Net fee and commission income

	2012 Jan.-June	2011 Jan.-June	2011 Full year
Payment intermediation fees	132	136	292
Commissions on lending	0	1	1
Commissions on deposits	1	1	1
Commissions on securities	64	88	130
Other commissions	1	2	3
Total fee and commission income	**198**	**228**	**427**
Payment intermediation fees	-25	-21	-50
Commissions on securities	-12	-29	-22
Other commissions	-1	-3	-6
Total fee and commission expenses	**-38**	**-53**	**-78**
Net fee and commission income	**160**	**175**	**349**

Note 3 Capital adequacy analysis

	30/6/2012	30/6/2011	31/12/2011
Capital adequacy measures			
Total capital ratio	14.27%	14.89%	14.66%
Tier 1 capital ratio	10.17%	10.36%	10.24%
Capital adequacy quotient	1.78	1.86	1.83
Capital base			
Total equity according to most recent yearly book-closing, 31 December	2,844	2,676	2,844
Verified profit for the period	207	124	—
Proposed dividend	—	—	—
Dividend paid	—	—	—
Tier 1 capital, gross	**3,051**	**2,800**	**2,844**
Less intangible assets	-1	-5	-3
Less deferred tax assets	-5	-28	-28
Unrealised loss on available-for-sale financial assets	-49	-17	-20
Tier 1 capital, net	**2,996**	**2,750**	**2,793**
Unrealised gains on available-for-sale financial assets, equities	8	1	4
Perpetual subordinated debt	900	900	900
Dated subordinated debt	300	300	300
Total tier 2 capital	**1,208**	**1,201**	**1,204**
Capital base	**4,204**	**3,951**	**3,997**
Risk-weighted exposures/basis for calculating capital requirement			
Credit risk according to standardised approach	25,775	23,272	23,513
Currency risk	71	59	134
Operational risk according to basic indicator approach	3,623	3,198	3,622
Total risk-weighted exposures	**29,469**	**26,529**	**27,269**
Capital requirement			
Credit risk according to standardised approach	2,062	1,862	1,881
Currency risk	6	4	11
Operational risk according to basic indicator approach	290	256	290
Total minimum capital requirement	**2,358**	**2,122**	**2,182**

Applied rules and regulations

The account provided in note 11 to the group's financial statements regarding applied rules for capital adequacy also applies for the parent company.

Stockholm, 2 August 2012

Øyvind Thomassen
CEO

This interim report has not been reviewed by the company's auditors.

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